



# **PMAC Annual report**

**1 July 2017 to 30 June 2018**



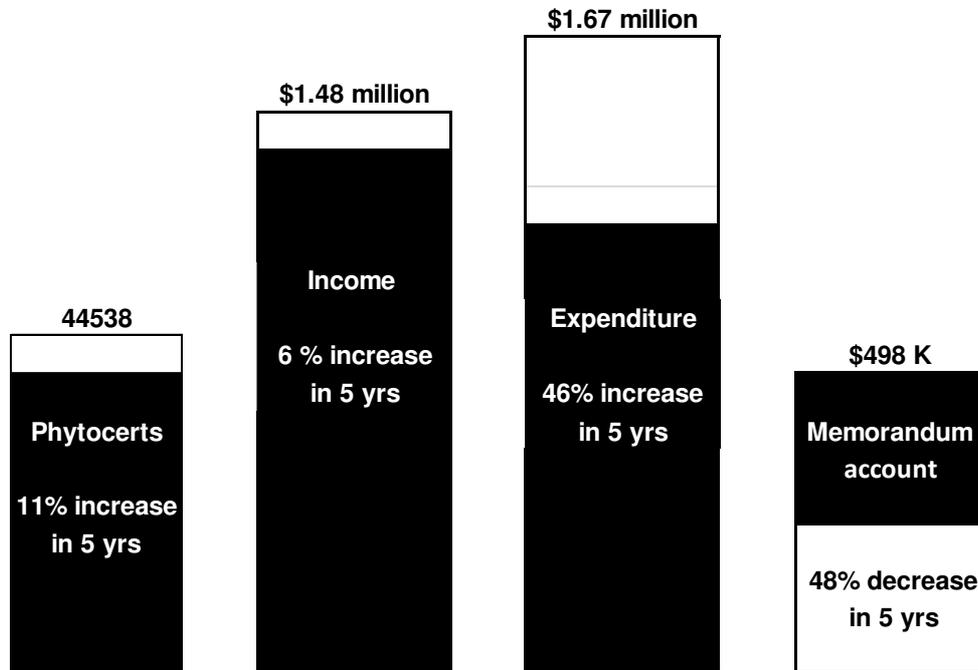


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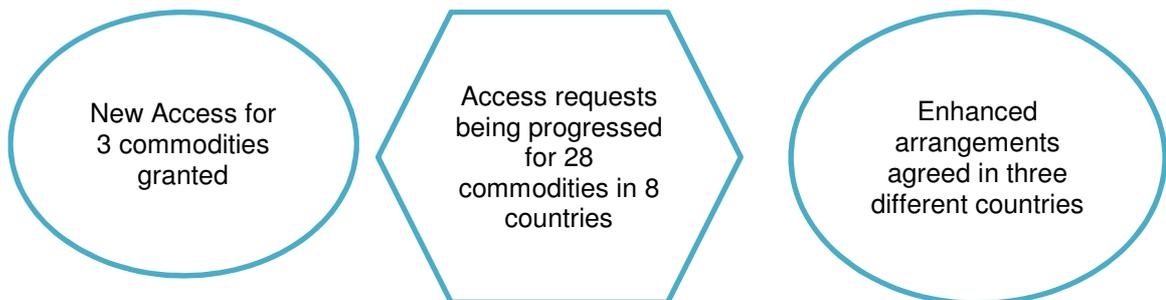
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# 1. 2018 Highlights

## Managing our funds - Income and expenditure June 2014 to June 2018



## Work to improve access



## MPI rebrands April 2017 – three teams now undertake PMAC activity

Teams pre April	Teams post April	Director
Market Access	Market Access	Tim Knox
Plant exports	Plant exports	Pete Thomson
	Plant Wine and organics assurance group	Allan Kinsella

## 2. Michael Ahie – Chairman’s report



The profile for horticulture continues to grow and its future looks bright. Global demand for plant-based foods continues to increase. The developed world continues to see an increasing move towards flexitarian type diets which prioritise natural plant-based food over ‘synthetic’ and animal-based protein products. Many consumers are concerned about the effect traditional animal-based food production has on the environment and even global climate change. Since millennials are leaders in this dialogue and this trend towards more plant-based foods in developed country diets is likely to continue.

New Zealand is not alone in identifying this change and many other countries such as Chile, Peru, Australia and Vietnam (to name but a few) are scaling up horticultural production. New Zealand has been a net horticultural exporter since the 1980’s and has been present in the market place longer than most other countries

. The high quality of our product has earned our exporters a well-earned reputation for safe and nutritious foods. We continue to build on this with new varieties tailored to specific market tastes and the smart use of science to produce low residue, pest and disease free product that handles and stores well. It is a great credit to our horticulturalists and scientist that we continue to command premiums in so many markets.

I want to acknowledge our partners MPI and MFAT for their role in supporting our horticultural export success. MPI has developed frameworks that allow cost efficient credible robust assurances for the exported product. MPI officials have also negotiated reasonable access into a good range of markets for the horticultural and seed sectors. In parallel, MFAT has successfully negotiated a raft of FTA’s and multi-lateral arrangements which have further supported export activity. Since PMAC was first formed in 1992 it has supported this work and facilitated meaningful conversations between officials and Industry.

The world of international trade is changing fast and the last year has seen further acceleration of that change. The WTO (and prior to that GATT<sup>1</sup>) has provided a relatively stable international trade environment since 1948. Protectionism and challenges to the WTO system over the last year are threatening that system. The support that our exporters need from officials within MPI and MFAT to defend the place of the WTO, maintain access to individual markets and grow new markets increases yearly.

In many countries communication between Government Officials and Industry bodies is strained and the opportunity to have open discussion about the pros and cons of different options is limited. PMAC works to provide a forum for these discussions in New Zealand. PMAC also promotes two ways understanding between the Agencies and Industry allowing each to perform their role while working on common issues to develop good solutions for areas of concern.

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<sup>1</sup> The World Trade Organization (WTO) is an intergovernmental organization that regulates international trade. The WTO officially commenced on 1 January 1995 under the Marrakesh Agreement, signed by 124 nations on 15 April 1994, replacing the General Agreement on Tariffs and Trade (GATT), which commenced in 1948

Communication has facilitated industries appreciation of MPI's role as the regulator, the need to set high standards which Industry must meet and the requirement for assurances to be separated from commercial imperatives. Understanding by Officials helps their regulations to best leverage the audited systems and processes utilized by Industry and enables them to negotiate the best possible access conditions for New Zealand product.

PMAC's membership has grown over the last two years with the addition of Potatoes New Zealand at the 2017 AGM and the nomination of Summerfruit New Zealand for membership at our 2018 AGM. Communication at the PMAC table is robust and the genuine sharing of information in both directions makes PMAC meetings a useful forum for strategic conversations. The use of working groups for detailed technical discussions operates well and ensures implementation and strategy remain aligned. The activity associated with two of our projects: the OPI project and Food assurances project are described in this annual report. In both cases neither project would have progressed as well without the Agency/ Industry cooperation.

In a recent article, Brent Clothier of Plant and Food Research outlined that changing land use from farming to horticulture would make a significant difference to New Zealand's greenhouse gas emissions and bring us closer to meeting our net-zero emissions goal by 2050. He noted that currently 120,000 hectares of land in New Zealand is used for horticulture, a small fraction of the 2 million hectares that are suitable. Many factors will need to change if even a portion of this potential land is converted away from livestock farming; including labor issues, infrastructure and cultural acceptability. But high on this list must also be markets for additional product. This means retaining and growing access to current markets and increasing access to new markets. PMAC still has much to achieve if it is going to support this potential growth.

I want to acknowledge all PMAC council members for their personal time given to PMAC activities over the past year. I also want to acknowledge Executive Officer Helen Gear for her support, energy and dedicated effort to PMAC.

Michael Ahie  
Chairman

## 3. Agency activity and use of cost recovered funds

### 3.1. Introduction

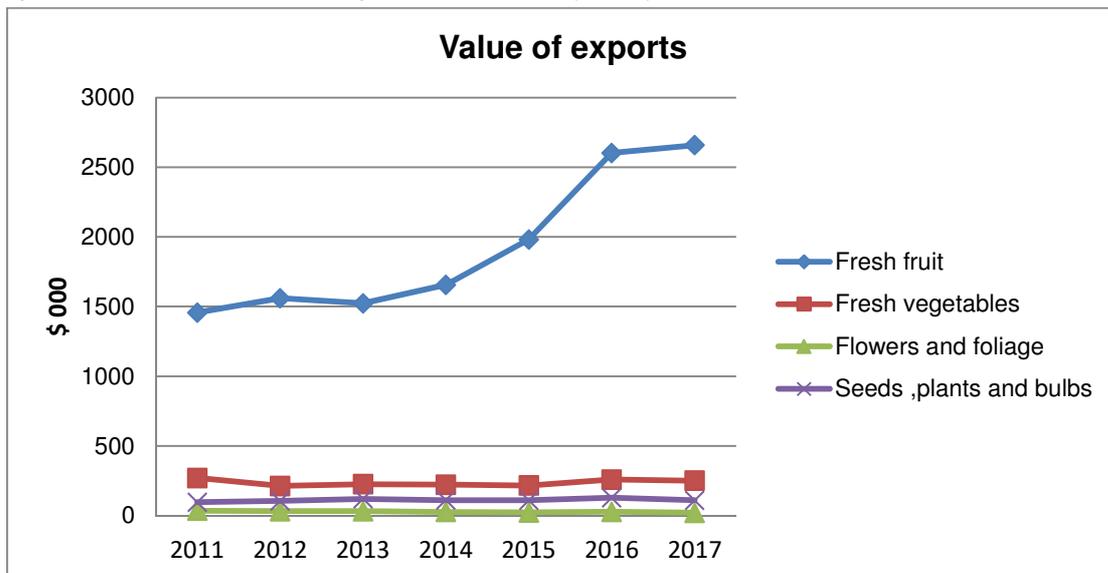
Each year MPI undertakes a range of activities which are paid for by the funds cost recovered from plant product exporters. Funds to support this work are collected as part of the fee charged for phytosanitary certificates (phyto certs) provided to the Horticultural and Arable Seed sectors. These funds are used to support activity in the Plant Exports (PE) and Market Access (MA) teams in MPI.

The PMAC council was established to allow industry to provide input into how these funds are spent. This annual report provides an update on the activity and achievements funded by these monies in 2017/18.

### 3.2. Export levels

The 2017 Fresh Facts<sup>2</sup> publication shows in the 2017 calendar year total plant products<sup>3</sup> earned \$3.6 billion or 6.7 % of New Zealand's total exports. Fresh fruit exports dominate these exports both in terms of value and growth.

Graph 1 Value of horticultural exports 2011- 2017 (\$ 000)



Total horticultural exports in the 2017 remained essentially the same as previous year after a particularly cool damp growing season at the end of 2016

### 3.3. PMAC's income and resourcing

#### Income

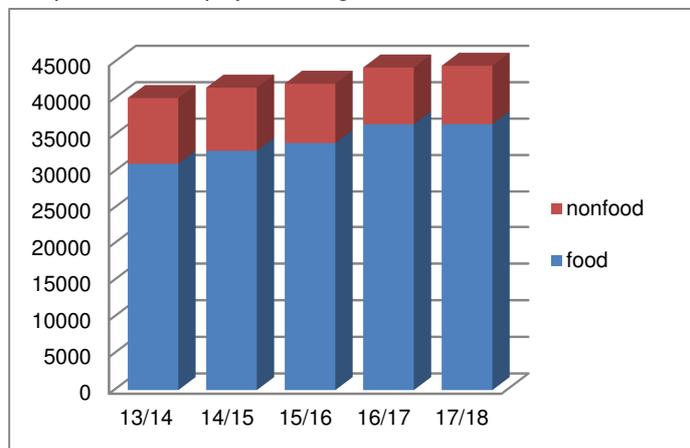
Phyto certs are provided by MPI for compliant produce to verify that the certified product fulfills the importing countries phytosanitary requirements facilitating smooth entry to markets. The number of

<sup>2</sup> <http://www.freshfacts.co.nz/file/fresh-facts-2014.pdf> all fresh facts figures cover the 2016 calendar year

<sup>3</sup> 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 product.

phyto certs requested is based on the number of consignments that leave New Zealand and does not indicate the value or volume of produce. 44538 phyto certs were provided to the horticultural and seed sectors in 2017/18. Like exports total phyto certs have increased over time. Certificates for non-food commodities however have fallen so they now represent just 18% of phyto certs (down from 22% in 2013/14).

Graph 2 Annual phytocert figures



**Food products include:** Fresh fruit and fresh vegetables. Except in a few circumstances processed fruit and vegetables are not usually accompanied by a phytocert.

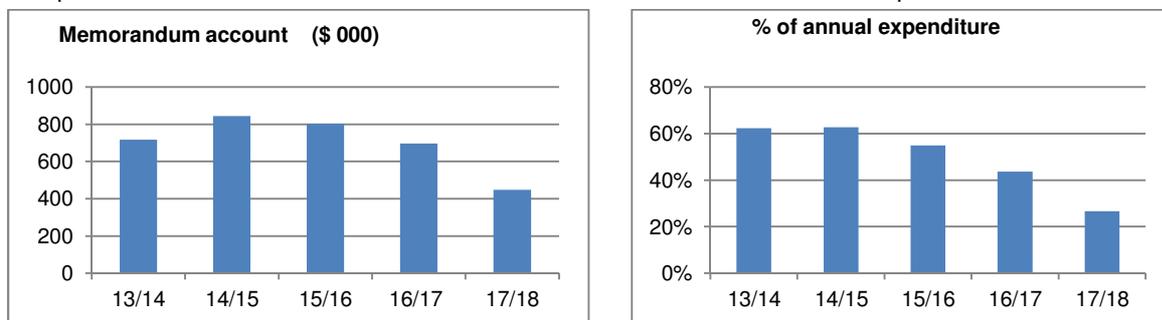
**Non- food products include:** Flowers and foliage, nursery stock and seeds (arable, flower, vegetable and tree)

Phyto cert fees have been held at the same level for the last three years at \$ 22.99 for non-food products (\$26.44 incl. GST) and \$ 35.16 for food products (\$40.43 incl. GST). This fee includes a 10% discount. The fees have been kept at the same level for 2018/19.

### Expenditure

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 agreed by PMAC and MPI 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 annual budgets that use all the funds collected.

Graph 3 and 4 Memorandum account values and as a % of total annual expenditure



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 to decrease the memorandum account. For 2017/18 year the \$1.7 million spend represented 93% of the \$1.8 million budget on a par with 2016/17 (95%). MPI's ability to spend the budget has improved considerably since 2013/14 when only 74% of budget was achieved. If this trend continues it is

possible that within two years fees collected annually will need to be increased to fully fund the annual budget

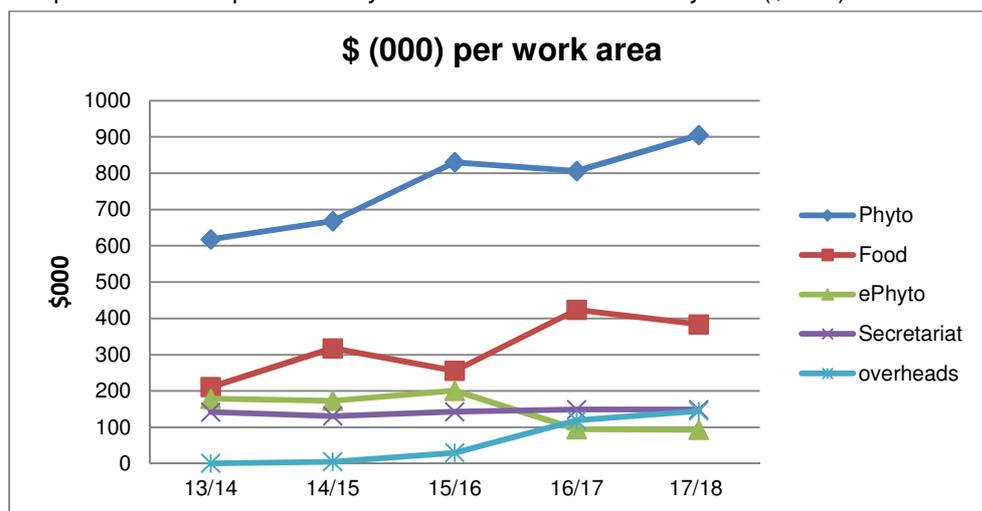
2017/18 saw a year memorandum account balance of \$498 k down \$197K or a 28% reduction. The 2018/19 budget has again been set at a deficit budget and if achieved will result in a further \$178k reduction in the memorandum account

### 3.4. Where funds are spent

#### 3.4.1. Comment of Budget categories

2017/18 expenditure on key work areas is shown below. Expenditure on phytosanitary activity dominates the annual spend at 50% of the total budget and continues a multiyear upward trend. Note phytosanitary work supports all exports. The work attributed to food safety affects only exports that will be used as food. The only area not to increase over the last 5 years is ePhyto. Through until 2015/16 funds were required to pay back the large upgrade undertaken by MPI 2010 to 2012

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

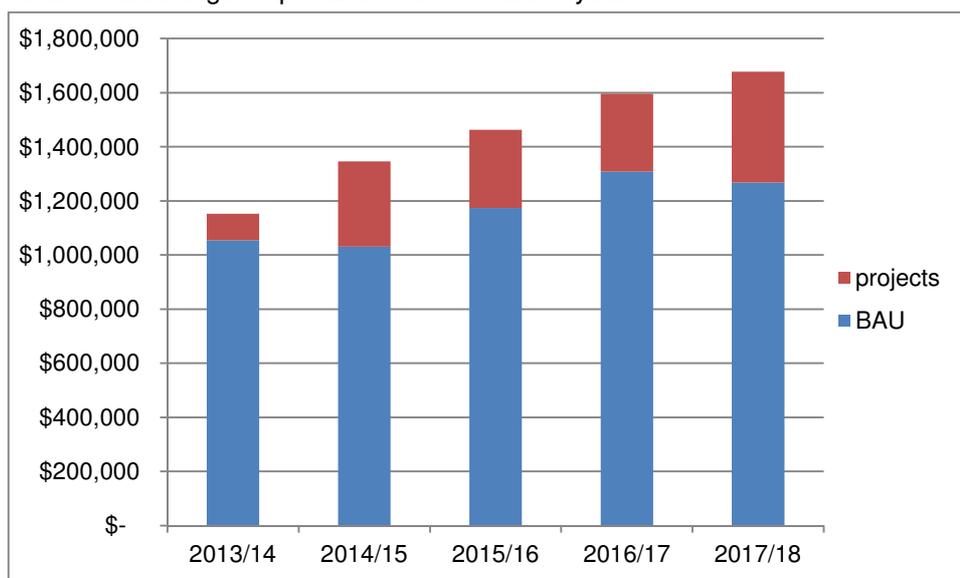


Over the last five years the most significant change in spend has been seen in the overheads imposed by MPI. These have varied significantly year by year as the implications of the MAF / NZFSA merger have been worked through. Over the last three years overheads have risen significantly. It is hoped that once the current first principles cost recovery review is completed PMAC can be provided with a more detailed explanation of how overheads have been calculated allowing future budgets to forecast annual overheads with more certainty. The review is scheduled for completion in the 2018/19 year.

#### 3.4.2. Comment on the BAU/ project spend

The phytosanitary and food safety categories can also be considered in terms of business as usual (BAU) and projects. BAU includes work undertaken to maintain in the certification framework, all the work on market access activity and maintenance of importing countries phytosanitary requirements.

Graph 6 Total annual budget expenditure over the last 5 years



Projects deal with issues of particular importance to exporters and/ or potentially create a step change in specific areas. In most 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 being adopted by industry. Pleasingly both the total spent and the % of funds spent on projects has increased significantly over the last 5 years.

Updates on all PMAC projects can be found on the PMAC web site. Projects funded in 2017/18 include:

- Phytosanitary projects - ICPR Review Project; Fruit Fly Contingency Project; ICPR information project; Assurance Integrity project and ePhyto hub.
- Food projects - Food Assurance projects; OPI Project and Asia MRL Project

### 3.5. Highlighting two PMAC projects

#### 3.5.1. Entry to Australia or the OPI project



##### ***Why the project was needed***

In 2014 the Department of Agriculture and Water Resources (DAWR) in Australia announced their intention to phase out over the following 4 years the Offshore Pre-shipment Inspection (OPI) as an option for imports i.e. by 2019 OPI would not be an option and all New Zealand products will be inspected in Australia at the border.

In January 2017 DAWR confirmed its intention to replace OPI with a Compliance Based Inspection Scheme (CBIS). The scheme theoretically rewards importers with a good compliance history with

decreased inspection rates and faster entry. New Zealand Avocado's were trialed through CBIS in 2017-2018. Unfortunately under the current set up no exporters managed to meet the requirements of a reduced inspection.

Exporters are very concerned about the changed requirements and the impact it will potentially have on their ability to supply the requirements of their Australian customers. Under OPI product could be dispatched from New Zealand for delivery on a specific date allowing supply to be tailored to customers demand. By contract without OPI inspection delays of between 1 and 10 days. When a pest is found this can mean a delay of up to two weeks.

### ***Purpose of the project***

To working group was formed to monitor the situation, consider feedback on the impact of changes and identify possible improvements that can be made in New Zealand and Australia to optimize entry.

### ***Work undertaken to date***

The working group meets almost monthly to identify areas of concern and keep abreast of issues as they arise. Industry members have worked hard to collect data to inform MPI's conversations with DAWR. An Industry / MPI trip to Australia to visit DAWR and a number of importer businesses increased the working group's level of understanding and has supported the MPI/ DAWR relationship.

The outcome has been improved discussions with DAWR and the formulation of a joint MPI/ DAWR work program that will clarify border requirements and streamline the identification of insect and plant conditions during inspections. It includes

- rationalization of the Australian pest list to include only pests that are present in New Zealand and of concern to Australia,
- facilitating a shared understanding of inspection requirements, and,
- identifying information flows associated with the documentation that supports the access inspection and release process.

### **3.5.2. Food safety assurances**



### ***Why the project was needed***

Internationally there are increasing levels of awareness of food safety risks associated with fruit and produce. Due to an increasing number of high profile international incidents over the last 7 years markets and end consumers have become increasingly worried about the safety of fresh fruit and vegetables. Internationally more and more governments are developing regulations to protect their populations.

The vast majority of New Zealand producers and exporters have good food safety systems and checks in place and they have made food safety an integral part of their organisation's culture. This is largely due to years of working under private standards such as Global GAP and BRC.

The New Zealand Food Act has recently been implemented to protect domestic customers but MPI has no regulatory responsibility for exported food. As a consequence PMAC members agreed to explore ways in which MPI could provide assurances for our plant exports to reinforce the status of our high quality produce exports. This will also assist with protecting exporters from the potential negligence of a few and provide a framework to help manage a food safety incident should it occur.

### ***Purpose of the project***

The purpose of the project is to establish a framework which will allow MPI to either seek equivalency with our key markets or if this is not possible to provide consignment specific assurances for key markets.

### ***Work undertaken to date***

The working group has undertaken initial exploratory work to identify the key elements of an assurance process. During this discussion the importance of understanding the range of systems and controls being used across the horticultural industry by growers, pack house and exporters was identified. As a consequence the working group agreed that a face to face survey of all sectors and a range of exporters should be completed. The emphasis of the survey was to look at how MRL compliance is managed. Industry members on the working group worked with MPI to ensure the range of interviewees covered all parts of the exporting spectrum and acted as advocates for the survey to ensure good engagement with those interviewed.

The survey will be completed by the first quarter in 2019 and the results will be used to inform the development of a framework for MRL assurances. It is hoped this can also be used to establish assurances for other criteria such as microbial, mycotoxins and heavy metals.

## **3.6. Funds addressing PMAC Goals**

The PMAC strategy for 2011 to 2015 identified 6 aspirational goals. 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).
- Effective communication between industry and government (comms).

In 2017 PMAC updated its strategy<sup>4</sup> and agreed five measureable goals for delivery in the next 5 years. Work to complete these new goals is currently underway. However the value of the 6 previous goals was recognized as being the key areas of emphasis for the work funded by the cost recovered funds. As a consequence these goals have been retained in the delivery charter<sup>5</sup> agreed with MPI. The charter identifies the areas of work and the quality of the outputs that will be provided for the funds invested.

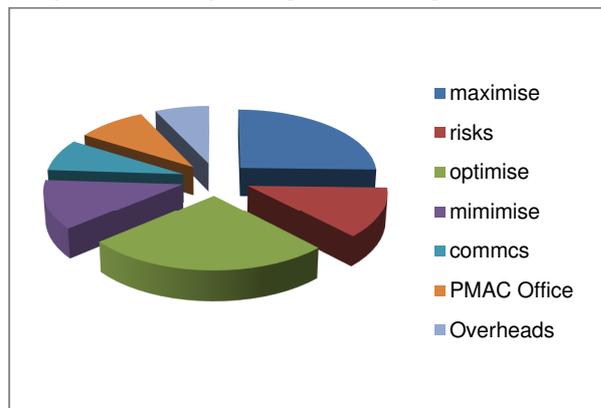
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<sup>4</sup> [http://www.pmac.co.nz/uploads/1/4/1/0/14100200/pmac\\_strategy\\_2017-22\\_.pdf](http://www.pmac.co.nz/uploads/1/4/1/0/14100200/pmac_strategy_2017-22_.pdf)

<sup>5</sup> [http://www.pmac.co.nz/pmac\\_strategy.html](http://www.pmac.co.nz/pmac_strategy.html)

Activity under five of these six goals is funded by CRF. Fund spent in each area are represented in the pie chart below. Areas that do not contribute to specific goals have been separated out.

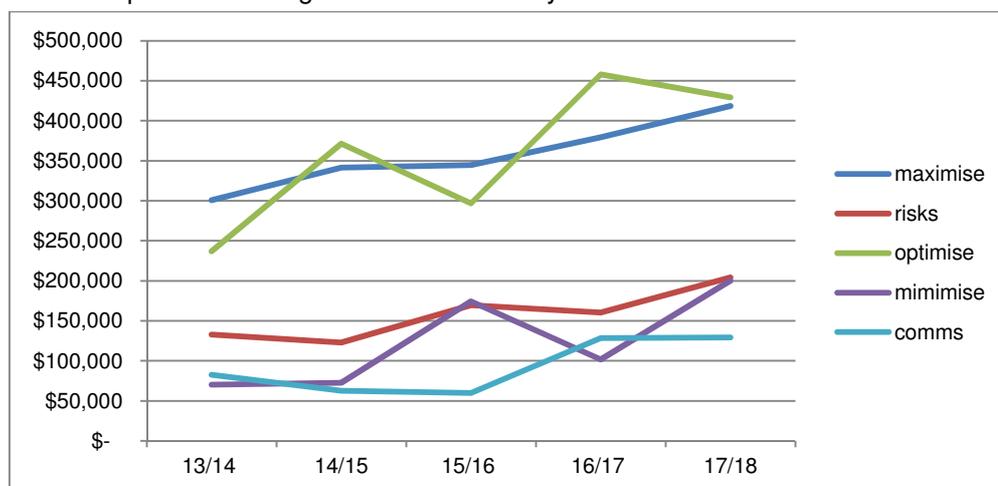
Graph 7 Funds spent against each goal in 2017/18



One area that is potentially underrepresented in this graph is the effort put into communication. The funding recorded against the communication goal only includes work undertaken by MPI. Over recent years communication has become embedded in all of the activities undertaken by the secretariat and each working group has a dedicated communication work stream. The secretariat also spends approximately 33% of their time on communication about PMAC and its projects.

If this cost is included in the communication goal the total spends on communication would increase to \$180 K making it the third highest spend? These five goals funded by PMAC have been mapped for 5 years and while there is annual variation in the spend the two that show the most consistent an upward trend are the maximise market opportunities and optimise our assurance system

Graph 8 annual spend on the 5 goals over the last 5 years



### 3.7. Teams involved and key 2017/18 Achievements

Within MPI activity to meet the PMAC endorsed work plan was spread over two directorates between 2012 and 2018: the Market Access directorate within the Policy and Trade branch and the Plants, Food and the Environment directorate within the Regulation & Assurance branch. A rebranding exercise undertaken by MPI in April 2018 has resulted in the splitting of the Plants Export team into two teams in two different directorates. One team will deal with assurance issues and the other will provide technical support to individual sectors. At the time of writing this report the permanent managers for these teams have yet to be appointed.

The teams that now undertake cost recovered activity for the plants sectors include:

**The Market Access directorate** led by Tim Knox. This directorate deals with phytosanitary and food safety issues to support plant, animal and marine exports. Plant exports focused work in the Market Access Coordination team within this Directorate is cost recovered, either from industry or generic fees. This team is responsible for leading any response to significant trade issues, negotiating and driving market access requests. Counselors work closely with the Plant Imports and Exports teams to respond to sector specific issues raised by key markets.

**The Regulation & Assurance Branch - Plants & Pathways Directorate** led by Peter Thomson. This directorate is responsible for providing technical support to sectors to assist with exporting and developing market access requests. The Plant Exports team is primarily responsible for phytosanitary areas but may also provide some assistance with food safety issues.

**The Regulation & Assurance Branch – Assurance branch** led by Alan Kinsella This directorate is responsible for developing and maintaining assurance systems across MPI. MPI considers this will allow the organisation to strengthen and align assurance systems across all primary sectors. The Plants Wine and Organics Assurance group is undertaking work in this area on behalf of the plant industries.

These teams are responsible for a wide range of work. A high level of summary of the work completed in the past year is listed below.

<b>Market Specific activity</b>	
<b>Argentina</b>	<ul style="list-style-type: none"> <li>• PRA for bulbs submitted</li> <li>• Information on beet seed submitted</li> </ul>
<b>Australia</b>	<ul style="list-style-type: none"> <li>• Bilateral meetings held July 2017</li> <li>• OPI project to help with transition to Consignment based inspection</li> <li>• Assisted flower industry to interpret new access requirements into Australia</li> <li>• Zantedeschia bulbs requirements agreed for access 2017/18 OAP with DAWR for final acceptance</li> <li>• OAP's maintained- Apples, Summer fruit to Western Australia, Tomatoes and Truss tomatoes</li> </ul>
<b>Canada</b>	<ul style="list-style-type: none"> <li>• Seeking equivalency with Safe Food for Canadians Regulation</li> </ul>
<b>China</b>	<ul style="list-style-type: none"> <li>• Bilateral meetings held</li> <li>• Monitored restructure of main importing agencies and changing regulations</li> <li>• Access for Avocado's negotiated, OAP agreed and consignments sent to China</li> <li>• Persimmons first four consignments sent to China with no issues</li> <li>• Blueberries market access request work continues</li> <li>• Kiwi berry access still being negotiated</li> <li>• Determined impact of new TBT HS code on fresh and frozen produce</li> <li>• Apple OAP maintained</li> <li>• Processing onion access request to China</li> <li>• Progressing market access request for Ginseng</li> <li>• Progressing discussions on reinstatement of Brassica seed trade</li> </ul>
<b>Colombia</b>	<ul style="list-style-type: none"> <li>• Access being sought for Zantedeschia bulbs</li> <li>• PRA information for kiwifruit submitted</li> </ul>

<b>EU</b>	<ul style="list-style-type: none"> <li>• Ongoing assessment of the new EU regulations and new plant health laws</li> <li>• Submitted technical dossier outlining NZ commodities as a low risk status</li> <li>• Contributing to preparations for the EU FTA negotiations</li> </ul>
<b>Ecuador and Peru</b>	<ul style="list-style-type: none"> <li>• PRA information for kiwifruit submitted</li> <li>• Considering alternative treatments for carrot seed</li> <li>• Negotiation for lillium access continuing</li> </ul>
<b>Fruit Fly project</b>	<ul style="list-style-type: none"> <li>• Work to support continued trade of fruit fly host commodities in the case of a fruit fly incursion. Negotiations have started with Australia, Japan, Taiwan and USA to agree the fruit fly protocol</li> </ul>
<b>Gulf Coop Council</b>	<ul style="list-style-type: none"> <li>• MOU signed with UAE recognising New Zealand sanitary and phytosanitary systems, accepting a phytosanitary certificate in English and removing the need for a phytosanitary certificate or health certificate for frozen vegetables</li> </ul>
<b>India</b>	<ul style="list-style-type: none"> <li>• Drafting protocol to fast track NZ product entry</li> <li>• Discussing alternative treatments for onions to replace methyl bromide fumigation</li> </ul>
<b>Indonesia</b>	<ul style="list-style-type: none"> <li>• Renew NZ's Food Safety 'Country Recognition Agreement' granted in January 2018 Avocados and Squash have been added to the list of commodities accepted</li> </ul>
<b>Japan</b>	<ul style="list-style-type: none"> <li>• Bilateral meetings held</li> <li>• Potato access discussions progressed</li> <li>• OAP's maintained – Apples and Cherries</li> </ul>
<b>Korea</b>	<ul style="list-style-type: none"> <li>• Cherry OAP maintained</li> <li>• Blueberry access requested</li> </ul>
<b>Myanmar</b>	<ul style="list-style-type: none"> <li>• Industry and MPI prepared PRA information and submitted it to Myanmar for apple, kiwifruit, strawberry, blueberry (based on historical trade). New requests submitted for apricots, cherries, nectarines/peaches, onions and plums</li> </ul>
<b>Russia</b>	<ul style="list-style-type: none"> <li>• Worked to maintain entry of apples stonefruit and onions</li> </ul>
<b>Sri Lanka</b>	<ul style="list-style-type: none"> <li>• Onion access granted</li> </ul>
<b>Taiwan</b>	<ul style="list-style-type: none"> <li>• Pest risk material for the horned melon sent</li> </ul>
<b>Thailand</b>	<ul style="list-style-type: none"> <li>• Food Safety Equivalence for New Zealand produce accepted</li> <li>• PRA material for nectarines and peaches submitted</li> </ul>
<b>USA</b>	<ul style="list-style-type: none"> <li>• Bilateral meetings held</li> <li>• Food Safety Modernisation Act Implementation – FDA Final Rules being monitored and details clarified</li> <li>• Persimmon market access granted</li> <li>• Capsicum access progressed</li> <li>• Cut flower OAP maintained and operated apple preclearance programme</li> </ul>

<b>Vietnam</b>	<ul style="list-style-type: none"> <li>• Clarified need for Strawberries to have a PRA prepared</li> </ul>
<b>Generic areas of input</b>	
<b>OAP's</b>	<ul style="list-style-type: none"> <li>• Two new developed avocado to China and apples to Russia)</li> <li>• Maintained 8 existing OAP's</li> </ul>
<b>Input into incursions</b>	Market access impacts represented for incursions
<b>MRL's</b>	<ul style="list-style-type: none"> <li>• MRL information maintained (604 new entries)</li> <li>• New Zealand represented at international MRL standard setting meetings</li> <li>• Visited and prepared report for PMAC on Taiwan, Japan, Hong Kong standards for micro, heavy metals, and sanitisers.</li> </ul>
<b>IVA's / MAO's</b>	<ul style="list-style-type: none"> <li>• Maintained certification framework</li> <li>• Undertook audits</li> <li>• Dealt with interceptions and traceback</li> <li>• Approved MAO systems(27 existing systems amended and 11 new system)</li> </ul>
<b>ICPR's</b>	<ul style="list-style-type: none"> <li>• New ICPR for Cambodia completed</li> <li>• Scanned SPS notifications and other sources to update 45 ICPR's</li> <li>• All ICPR's now in new format and update</li> <li>• Undertook a range of small enhancements to the ICPR search</li> </ul>
<b>Codex , CCFFV , OECD seeds scheme and ISPM</b>	<ul style="list-style-type: none"> <li>• Leading kiwifruit codex standards working group</li> <li>• Co-chairing a working group to establish rot tolerances for the Codex Committee for Fresh Fruit and Vegetables</li> <li>• Commented on Draft Codex Standard for Potatoes.</li> <li>• Provided comment on 3 ISPM</li> <li>• Attended Seeds scheme meetings</li> </ul>
<b>ePhyto IPPC development</b>	<ul style="list-style-type: none"> <li>• Ongoing involvement in development of the ephyto hub to allow electronic exchange between all IPPC partners</li> </ul>

#### 4. PMAC Expenditure and Cost recovery account 2017- June 2018

	Budget 17/18	YTD Actuals	Variance
<b>Total Phyto Cert Fees</b>	<b>\$1,546,000</b>	<b>\$1,479,089</b>	<b>-4%</b>
<b>Total Expenditure (Core)</b>	<b>\$1,322,250</b>	<b>\$1,267,591</b>	<b>-4%</b>
<b>Total Expenditure (Projects)</b>	<b>\$473,000</b>	<b>\$410,019</b>	<b>-13 %</b>
<b>Memorandum Account Nett offset</b>	<b>-\$249,250</b>	<b>-\$197,822</b>	<b>-21%</b>
<b>Memorandum account Jul opening balance</b>	<b>\$696,815</b>	<b>\$696,815</b>	
<b>Memorandum Account Jun Closing</b>	<b>\$447,565</b>	<b>\$498,994</b>	
<b>High level Budget</b>			
<b>Expenditure-Phytosanitary</b>			
Market Access, bilateral relationships, emerging issues and clear shipments delayed at the border Assurance systems	\$300,000	\$362,088	21%
Stakeholder Management and Liaison	\$280,000	\$222,883	-20%
	\$33,000	\$42,753	30%
<b>Total Phytosanitary Activity</b>	<b>\$613,000</b>	<b>\$627,725</b>	<b>2%</b>
<b>Total Ecert</b>	<b>\$96,000</b>	<b>\$93,053</b>	<b>-3%</b>
<b>Expenditure -Food safety</b>			
Market Access	\$300,000	\$252,198	-16%
Stakeholder Management and Liaison	\$7,000	\$0	-100%
<b>Total Food Safety Activity</b>	<b>\$307,000</b>	<b>\$252,198</b>	<b>-18%</b>
<b>Expenditure -PMAC projects</b>	<b>\$473,000</b>	<b>\$410,019</b>	<b>-13%</b>
<b>Expenditure -PMAC office</b>	<b>\$148,000</b>	<b>\$149,303</b>	<b>1%</b>
<b>Expenditure Overheads</b>	<b>\$158,250</b>	<b>\$145,313</b>	<b>-8%</b>
<b>Total Expenditure</b>	<b>\$1,795,250</b>	<b>\$1,677,611</b>	<b>-7%</b>
<b>Nett</b>	<b>-\$249,250</b>	<b>-\$197,822</b>	<b>-21%</b>

## 5. PMAC Incorporated

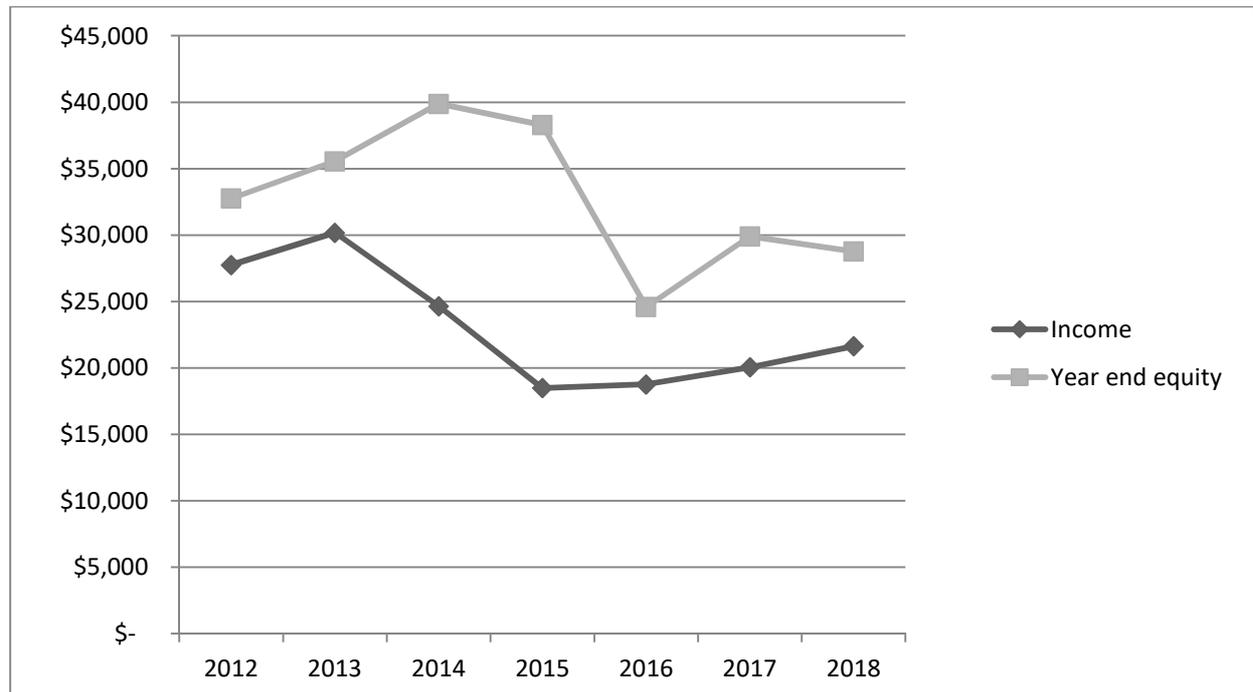
The Plants Market Access Council Incorporated (PMAC Inc.) was established in 2002 as a legal entity to act as the peak body for the development and implementation of the strategy for New Zealand's market access and export assurance programs for all plants and plant products. For more information on membership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

In 2017/18 the PMAC Inc. membership fees were

- ordinary members (i.e. industry representatives) \$1500 + 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) \$500 + GST p.a.

As with the CRF between 2010 and 2014 PMAC Inc.'s surplus had increased to levels that were regarded as unnecessary (Graph 10) and every effort has been made to reduce the level of carry over funds. Members agreed to smooth the membership fee profile and agreed to retain fees at a constant level until the year end carry over is reduced to 60% of budget. The 2017/18 year included a field trip to Australia to look at issues at the Australian border in May which it is calculated will achieve this goal once costs incurred on that trip are paid for in the 2018/19 year.

**Graph 9 Income and equity at year end June 30 2018**





# Annual Report

Plants Market Access Council Incorporated  
For the year ended 30 June 2018

Prepared by Parbhu Gallagher Parag Limited



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# Compilation Report

## Plants Market Access Council Incorporated For the year ended 30 June 2018

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 2018 .

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.

### 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.

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Parbhu Gallagher Parag Limited  
Chartered Accountants  
Wellington

Dated: 27 July 2018



## Directory

### Plants Market Access Council Incorporated For the year ended 30 June 2018

#### Society Number

9089582

#### IRD Number

085-168-401

#### Chartered Accountant

Parbhu Gallagher Parag Limited

#### Bankers

Westpac New Zealand Limited

#### Executive Council

Michael Ahie	Chairperson	Independent
Andy Warren	Vice Chairperson	NZ Flowers Growers Exporters Association
Thomas Chin		NZ Grain & Seed Trade Association
Roger Gilbertson		Pipfruit New Zealand
Paul Turner		New Zealand Plant Producers Incorporated
Simon Hegarty		NZ Horticulture Export Authority
Stephen Ogden		Tomato Growers and Vegetable NZ
Richard Palmer		Horticulture New Zealand
Catherine Richardson		Zespri International Limited
Jen Scoular		NZ Avocado Industry Council
Tony Ponder		Horticulture Exporters Council
Michael Ahern		Onions New Zealand
Peter Thomson		Ministry for Primary Industries
Tim Knox		Ministry for Primary Industries
Brian Wilson		Ministry for Foreign Affairs and Trade
Chris Claridge		Potatoes NZ
Helen Gear	Executive Officer	



## Statement of Profit or Loss

### Plants Market Access Council Incorporated For the year ended 30 June 2018

	NOTES	2018	2017
<b>Income</b>			
Membership Fees		21,620	20,010
Interest Received		21	41
<b>Total Income</b>		<b>21,641</b>	<b>20,051</b>
<b>Total Income</b>			
		<b>21,641</b>	<b>20,051</b>
<b>Expenses</b>			
Annual General Meeting Expenses		-	2,301
Bank Charges		153	137
Depreciation		390	294
Executive Council Expenses		-	9,588
General Expenses		-	252
Interest		-	-
Loss on Disposal		318	-
Meeting Expenses		18,124	-
Printing, Postage & Stationery		3,735	840
Rent - Conference Facility		65	-
Website Hosting & Support		-	1,315
<b>Total Expenses</b>		<b>22,785</b>	<b>14,727</b>
<b>Net Profit (Loss) Before Taxation</b>			
		<b>(1,144)</b>	<b>5,324</b>
<b>Taxation and Adjustments</b>			
Tax Provisions		2	4
<b>Total Taxation and Adjustments</b>		<b>2</b>	<b>4</b>
<b>Net Profit (Loss) for the Year</b>			
		<b>(1,147)</b>	<b>5,320</b>



# Statement of Changes in Equity

## Plants Market Access Council Incorporated For the year ended 30 June 2018

	2018	2017
<b>Equity</b>		
Opening Balance	29,907	24,587
<b>Increases</b>		
Profit for the Period	(1,147)	5,320
<b>Total Increases</b>	<b>(1,147)</b>	<b>5,320</b>
<b>Total Equity</b>	<b>28,760</b>	<b>29,907</b>



# Balance Sheet

## Plants Market Access Council Incorporated As at 30 June 2018

	NOTES	30 JUN 2018	30 JUN 2017
<b>Assets</b>			
<b>Current Assets</b>			
<b>Cash and Bank</b>			
Westpac NZ Ltd - 00 Account		70	14,261
Westpac NZ Ltd - 01 Account		28,301	14,876
<b>Total Cash and Bank</b>		<b>28,371</b>	<b>29,138</b>
GST Receivable		-	447
Income Tax Receivable		2	3
<b>Total Current Assets</b>		<b>28,373</b>	<b>29,589</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment		1,950	318
<b>Total Non-Current Assets</b>		<b>1,950</b>	<b>318</b>
<b>Total Assets</b>		<b>30,324</b>	<b>29,907</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
GST Payable		1,563	-
Other Current Liabilities		-	-
<b>Total Current Liabilities</b>		<b>1,563</b>	<b>-</b>
<b>Total Liabilities</b>		<b>1,563</b>	<b>-</b>
<b>Net Assets</b>		<b>28,760</b>	<b>29,907</b>
<b>Equity</b>			
Retained Earnings		28,760	29,907
<b>Total Equity</b>		<b>28,760</b>	<b>29,907</b>

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 2018

NAME	PURCHASED	COST	OPENING VALUE	PURCHASES	DISPOSALS	RATE	METHOD	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE
<b>Office Equipment</b>										
Website	8 Mar 2018	2,340	-	2,340	-	50.00%	DV	390	390	1,950
Website Development	31 Jul 2004	5,390	1	-	1	48.00%	DV	-	-	-
Website Development	30 Nov 2012	1,918	96	-	96	48.00%	DV	-	-	-
Website Development	4 Nov 2003	16,507	2	-	2	48.00%	DV	-	-	-
Website Development	1 Oct 2005	2,695	-	-	-	60.00%	DV	-	-	-
Website Development	30 Jan 2012	7,592	219	-	219	48.00%	DV	-	-	-
<b>Total Office Equipment</b>		<b>36,442</b>	<b>318</b>	<b>2,340</b>	<b>318</b>			<b>390</b>	<b>390</b>	<b>1,950</b>
<b>Total</b>		<b>36,442</b>	<b>318</b>	<b>2,340</b>	<b>318</b>			<b>390</b>	<b>390</b>	<b>1,950</b>

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



# Notes to the Financial Statements

## Plants Market Access Council Incorporated For the year ended 30 June 2018

### 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 (100%)	48% - 60%

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.

### 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.

	2018	2017
<b>6. INCOME TAX</b>		
<b>Net Profit (Loss) Before Tax</b>		
Interest	21	41
<b>Total Net Profit (Loss) Before Tax</b>	<b>21</b>	<b>41</b>
Taxable Profit (Loss)	21	41
Tax Payable at 10.5%	2	4
<b>Deductions from Tax Payable</b>		
Opening Balance	3	19
Resident withholding tax paid	4	7
Terminal Tax Paid	(3)	(18)
<b>Total Deductions from Tax Payable</b>	<b>4</b>	<b>8</b>
Income Tax Payable (Refund Due)	(2)	(3)