



# ANNUAL REPORT

# 2020



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# CONTENTS

INDUSTRY HIGHLIGHTS	4
A WORD FROM THE CHAIR	6
CEO'S REPORT	8
EXPORT MARKETS AND DEVELOPMENT	10
RESEARCH AND INNOVATION PROJECTS	18
BIOSECURITY REPORT	24
KEY INDUSTRY STATISTICS	25
AUDITED ACCOUNTS	26



# INDUSTRY HIGHLIGHTS: A YEAR IN REVIEW



**85**

Grower Members



**5296.4** ha

The area of onions planted in 2019



**20**

Exporter/ Marketing Members



**7<sup>th</sup>**

largest exporter globally by volume in 2019



**240,000**

approx. tonnes produced in  
2019-20 growing season



**190,176** MT

exported July 2019- June 2020



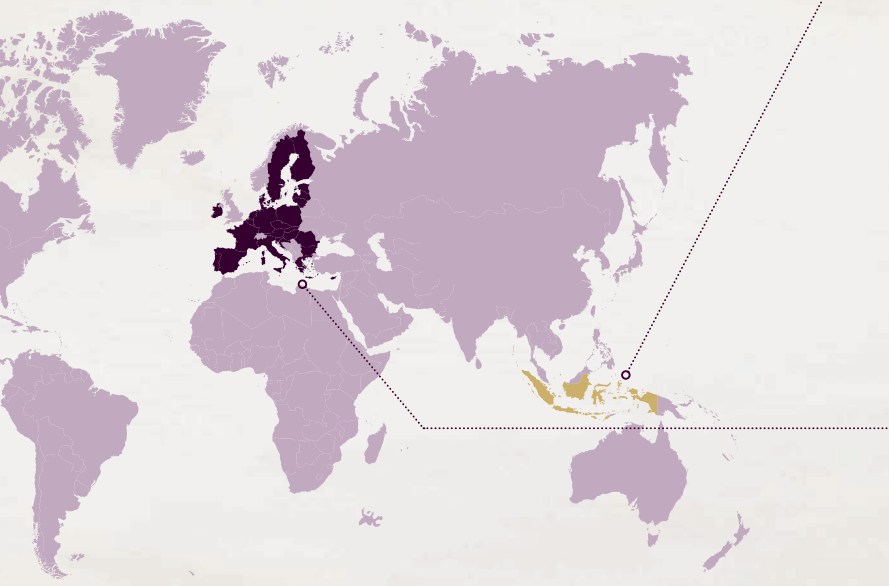
**\$166.2** million

estimated farm gate value  
1 July 2019-30 June 2020



**6**

grower tours for Government officials and  
international delegates in the last year



**Indonesia accounted for**  
(period spanning July 2019-June 2020)



**19%**

of total volume exported



**22%**

of value returned

**European Union**



**70%**

New Zealand onions make up more  
than 70% of Southern Hemisphere  
trade into the European Union







# A WORD FROM THE CHAIR

It is a pleasure to present the Annual Report for the year end June 2020. This has been a very interesting year but it is pleasing to note that the industry has successfully negotiated its way through these challenges.

The season got off to a good start with excellent growing conditions producing a large, high-quality crop. For the financial year 1 July 2019- 30 June 2020 the industry exported 190,176 tonnes returning \$147.5 mil. While the prices did not meet the levels achieved in 2019, they did provide a solid return for the industry. This was all despite the challenges of Covid 19, continuing market access restrictions and continuing regulatory pressures on the ability of growers to produce sustainably.

Covid has undoubtedly turned the world upside down, with major economic impacts affecting global trade, how we produce and conduct our daily lives. The impact on trade is evolving but there is little doubt there will be some change. The impact on shipping and distribution could also disrupt normal trading patterns ...the impacts are like a rolling maul...and we are never too sure where the ball will pop out. At a production level, the domestic restrictions have been difficult and the industry worked hard to successfully ameliorate the impacts.

The world market place is constantly changing. There is a strong trend towards protectionism... Covid has generated an 'eat local' campaign...and the trade rules-based system is quickly losing relevance. Our own experiences have shown that countries are ignoring trade agreements and with the weakening of the World Trade Organisation these agreements are becoming unenforceable. This has meant that we have focussed on individual countries and spent considerable effort working with MFAT and other government Agencies to maintain existing access and open new opportunities. This year Indonesia proved a real challenge but due to the excellent networks and credibility Onions New Zealand has established, we were able to open the market and expect to export around 40,000 tonnes to the Indonesia for the 2020 season. This was a major achievement and highlights the importance of a well-connected cohesive industry organisation. We are very focussed on trying to achieve sustainable access to Thailand, Philippines and China where we see real opportunities.

With this background, the need to develop more market opportunities is a major focus for Onions NZ. A highlight for the 2020 has been the development of a Market Access and Development Strategy, which is an industry led partnership with key government agencies to grow the market opportunities for the 'Mighty Onion'. This provides a blueprint for the development of the industry, recognising the changing global trading environment, and has generated wide support from key government players. The industry will now work on the implementation of this strategy to build a long-term sustainable industry. I would like to acknowledge the support and input from the Market Access and Development committee in putting this strategy together.





James (L) and Owen (R) with a representative of the China Entry Exit Inspection and Quarantine Association (CIQA).

Research and Innovation is a major industry focus, with 45% of the budget invested in research activities. Management have very successfully leveraged government funding to increase the value of levy payer investment. The R&I strategy has two themes, maintaining market access and improving profitability and sustainability of onion production and exports. This strategy is actively supported by the R&I Committee who make valuable input to the direction of research. Onions NZ has also invested in SFFF 'A Lighter Touch' a pan industry project focused on sustainable crop protection outcomes.

A key issue for the wider vegetable industry is the use and management of natural resources. In recent years this has become a real government focus. If the industry is to navigate its way through the plethora of changes promoted by the Government and supported by environmental groups industry policies must be supported by solid research. While there is good work being undertaken, I feel a need for greater alignment between research and policy. The ability to farm elite soils is under pressure and the industry must organise itself to use focussed research to drive effective solutions.

The organisation continues to be in a strong financial position and ended the year with a deficit of \$18,130. This is a better outcome than budgeted and is the result of prudent management of expenditure and increased revenue. The end of year Reserves of \$1,269,632 are equivalent to a year's operating expenditure. We are budgeting for a deficit of \$-100,256 in the 2020/21 year to fund research to support the implementation of the Market Access and Development Strategy. Our analysis over a five-year horizon concludes that this approach is sustainable. The Board supports this overall approach.



In February Onions NZ hosted a dinner and tour for the Indonesian Ambassador Yahya (second from right) and a delegation of Indonesian officials in the Hawkes Bay.

A key function of the organisation is managing and enhancing relationships with external parties and in particular the Government. These groups have a major influence on the ongoing success of the industry and we must build strong credibility and trust. The fruits of our efforts were very clearly demonstrated with the Indonesian crisis earlier this year. The reason we achieved access was because our CEO had built strong relationship with key players in both the NZ and Indonesian Governments. Without these relationships I believe the outcome could have been significantly different. A key to the success of the Market Access and Development Strategy is to continue building that confidence and support in the industry.

Finally, I wish to thank James, Brittany and Sally for their untiring efforts on behalf of the industry, your foresight and commitment is much appreciated. You have assisted the industry to navigate through a very challenging period. To the Board, I thank you for your commitment and ongoing support for the industry.

Owen Symmans  
Independent Chairman



# CEO'S REPORT



Onions New Zealand is committed to returning valuable services to members for the levies and funding we receive. The levies invested by growers and exporters in the industry body must return value. The best measures of whether Onions New Zealand is returning value back to members is reflected by the commodity levy referendum and the voluntary exporter levy. In 2019 when the commodity levy was up for renewal, Onions New Zealand had one of the highest, if not the highest turn outs of growers with 53% completing the process. Supporting this, 100% of exporters beyond the Pacific Islands choose to pay the voluntary exporter levy. These two indicators tell us that overall, the Board is leading the industry body in the right direction.

The industry body is extremely well Governed by the Board of Directors, constructed of eight elected grower/exporter Directors, and an Independent Chairman. The Board has given management clear direction to:

- Maintain and grow export markets,
- Retain the credibility and integrity of New Zealand onions,
- Manage current issues, and
- Prepare the industry for future challenges,

It is worth noting that once again, the elected Directors have all chosen not to collect daily fees for the time and commitment they have given to better the industry. They all have businesses and personal interests that they have to balance with the commitment they have given to the sector.

Off the back of a difficult 2018 season it was pleasing to have generous growing and market conditions in 2019. The 2019 calendar year returned \$172mil in export receipts. Including the domestic market, the industry's sales were in excess of \$200mil for the first time. The farmgate value for 2019 was approximately \$182mil and the returns per hectare increased to \$34,608. This was of course an exceptional year, and the task is now how to emulate this value return in the future.

70% of onion exports go to Indonesia and Europe, a proportion that everyone knows is uncomfortably high. At the start of 2020 the industry was out of Indonesia for the first 10 weeks, with the subsequent price of onions in Indonesia increasing to \$20/kg. Over the past year or so, Onions New Zealand has been aggressively pursuing other markets to reduce our exposure to EU and Indonesia. However, Onions New Zealand does not undertake commercial activities and relies on exporters and growers taking on the risk of exporting to new markets. As such, it was pleasing this year to see exporters sending trial shipments to Bangladesh, Sri Lanka, and South Korea. Volumes are also increasing into recently explored markets such as Viet Nam and Russia. The industry needs to continue exploring new markets and work with the New Zealand Government to improve access to established and new export markets.

The sector now has a well-established market access and development committee with representatives from government and industry tasked with opening, retaining and developing export markets. When extrapolated out over time, every restriction placed on our industry has a significant cost. I believe if the current access barriers that we face currently stayed in place for the next 10 years it would cost the industry \$493mil in export earnings in today's values. This figure is predominantly based on not having access to markets such as China, South Korea and Thailand. Many of these access issues will of course be resolved in coming years if not months, but it is important that we quantify these losses from not having meaningful access. This figure also includes the barriers we face in Indonesia and the tariff of 9.6% on New Zealand onions into the European Union. It is my responsibility as the CEO of Onions New Zealand to ensure these barriers are reduced, and it is something Brittany and I are very focussed on doing.





40 Government officials joined Onions NZ in Pukekohe to learn about the process of growing, packing and exporting.

**MARKET ACCESS TIMELINE**

**REGULATORY MARKET ACCESS**

- Maintain access to Indonesia and other markets and issues arise.
- Improve access to the EU, The Philippines, Bangladesh, India,
- Gain access to China, South Korea, Thailand.

**INCORPORATING SOFTER INPUTS TO CONTROL PESTS**

- SFF: Onion Pathways - focused on reducing agrichemical residues.
- SFFF: A Lighter Touch - focused on incorporating softer chemistry and biological products into growing systems.

**DIFFERENTIATING NZ ONIONS**

- Identifying traits and characteristics that consumers are wanting.
- Working with NZTE to tell the story of the New Zealand onion.

Beyond access to markets, the industry is being challenged by consumers around the world for more sustainably grown produce. Onions New Zealand has started investing in this with research into reducing our agrichemical residues. This will lead into a longer-term project of incorporating biological crop protection products and softer chemistry into our growing systems.

All of what has been mentioned requires strong collaboration between the Government and industry. Onions New Zealand has sound relationships with senior officials from MPI, MFAT, NZTE and Customs New Zealand. At the end of the day, it is the people from these organisations that open the doors for the onion sector and enable the sector to grow and export onions to over 40 countries around the world. It shouldn't be understated the alignment Onions New Zealand has with these government organisations.

Lastly, I would like to thank all of the growers, exporters and the wider sector that are willing to invest in the future of our boutique industry. Whether it has been sharing information on access issues, sharing data on sprays and residues, or allowing trials to take place on your property for the benefit of the industry. In particular, I would like to thank the members of both the Onions Research and Innovation committee and the Onions Market Access and Development Committee who give their time freely. Lastly, I would like to thank the team that supports me – Brittany McCloy, Sally Anderson and Rob Cox. Collectively the size of the team is now 2.5 FTEs.

I believe there is a very bright future for the onion sector, but it will require continued investment by the industry and the Government in market access/development and research to meet consumer demands.

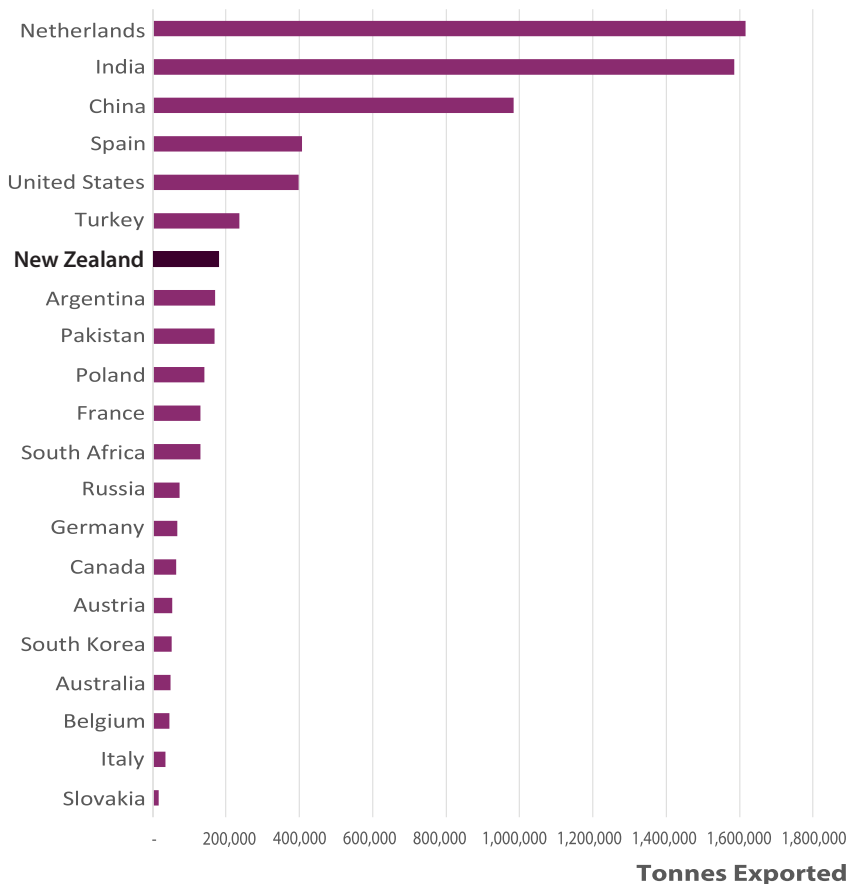
James Kuperus  
Chief Executive Officer

# EXPORT MARKETS AND DEVELOPMENT

Last season saw unprecedented export returns for the New Zealand onion industry, reaching a record export earnings of \$172 million free on board (FOB). An increase of 93% from 2018 export receipts. Global onion trade last year saw a significant growth in value. Between September 2018 - September 2019 onion trade was worth USD\$4.15 billion, an increase of 25.9% on the previous year due to supply shortages.

## Top 20 Exporting Countries by Volume (2019)

New Zealand produces approximately 0.2% of onions Globally. However, we play a significant role in the global trading landscape.



## ONIONS NZ MARKET ACCESS AND DEVELOPMENT COMMITTEE

The Onions New Zealand Market Access and Development Committee is the corner stone of the market access workstream, their input and guidance are greatly valued by the Board and Management of Onion New Zealand. Given that market access can return the largest return on investment for levy dollars spent, it is only fitting to have a dedicated subcommittee of exporters and government officials who can oversee this investment and development.



## THE RISE OF THE ASEAN REGION

**397%** 

**VOLUME EXPORT INCREASE SINCE AANZFTA**

*to Approx. 60,900 MT this financial year (July 2019-June 2020)*

**571%** 

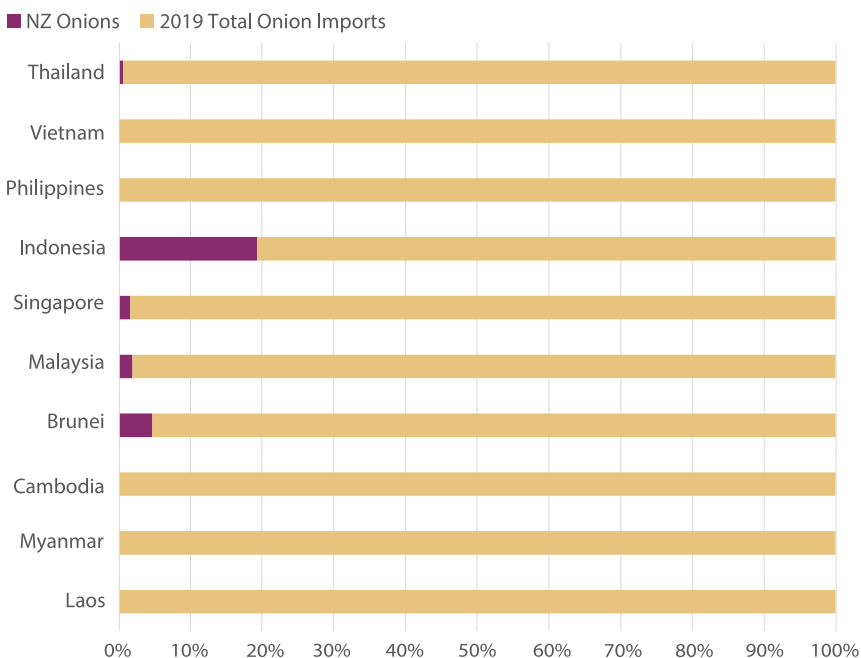
**VALUE OF REGION INCREASE SINCE AANZFTA**

*to Approx. \$49.2 million this financial year (July 2019-June 2020)*

The Association of South- East Asian Nations (ASEAN) is comprised of Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. The ASEAN region has been the most significant source of growth for the New Zealand onion industry in the last decade and will continue to be so for the foreseeable future. Since the implementation of the ASEAN, Australia, New Zealand Free Trade Agreement (AANZFTA) in 2010, this region has increased in value to the industry by 571%. In monetary terms, value of the region has increased from \$8.2million in 2009 to \$49.2 million in the previous year (July 2019 - June 2020). However, this region of growth is not without its challenges, most obvious is the continued challenge of Indonesia but also the barriers to trade in the promising markets of Thailand and the Philippines.

### ASEAN Market Saturation

Although the ASEAN Region has seen significant and meaningful growth for the New Zealand Onion Industry, New Zealand onion exports make up a small percentage of the ASEAN markets. There is still meaningful growth to be realised.



### A YEAR IN REVIEW

The past year has seen a lot of activity in the market access and development workstreams. Onions New Zealand has invested significant resource into the maintenance and development of market access, and advocating on behalf of the industry where market access improvements should be sought.

### KEY MARKET ACCESS ACTIVITIES FROM THE PREVIOUS YEAR

- Retained market access to Indonesia.
- Continued to develop critical relationships with key government agencies
- Successful dispensation from MPI and the development of pre-approved sampling procedure for the phytosanitary inspection of bulk 1-1.2 Tonne bulk bags for new EU phytosanitary requirements.
- Hosted a delegation of Indonesian dignitaries which included members of the President's advisory council and Indonesian Ambassador to New Zealand.
- Successful in-market immersion programme with 7 New Zealand onion exporters to Thailand/ Philippines
- Supported a trial shipment to South Korea (March 2020)
- CEO and Chair visit to Indonesia and China to build relationships and understanding (September 2019)
- Hosted a successful Market Access and Development committee day in Wellington with key government officials
- Sought better global import and export data for the industry through data platform Global Trade Atlas
- Continued to represent the interests of NZ onion industry on the New Zealand Plant Market Access Council (PMAC)



## 2019 Export Trend by Region

This details the importance of the European market for early season exports, but more important is the ability to trade with markets which have a longer or later window of demand. Trade to South East Asia has given the industry market demand in significant volumes, long past June.



## Southern Hemisphere Exports to the EU

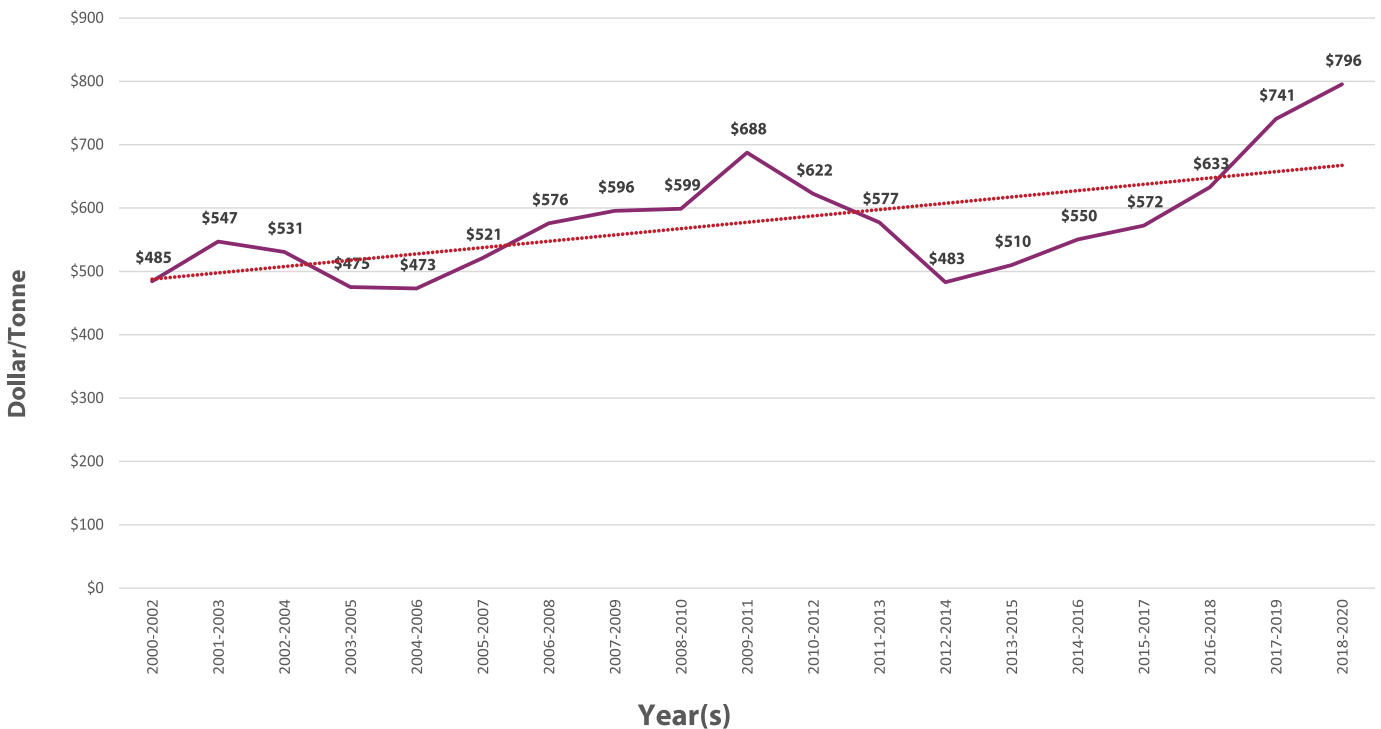
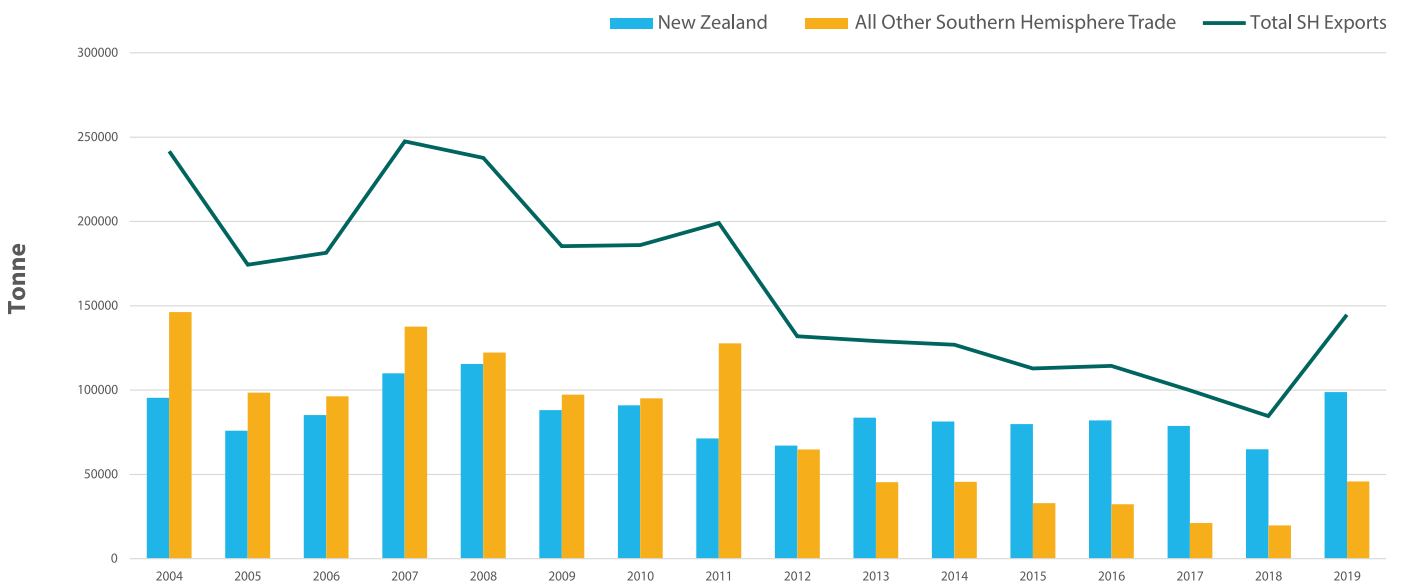
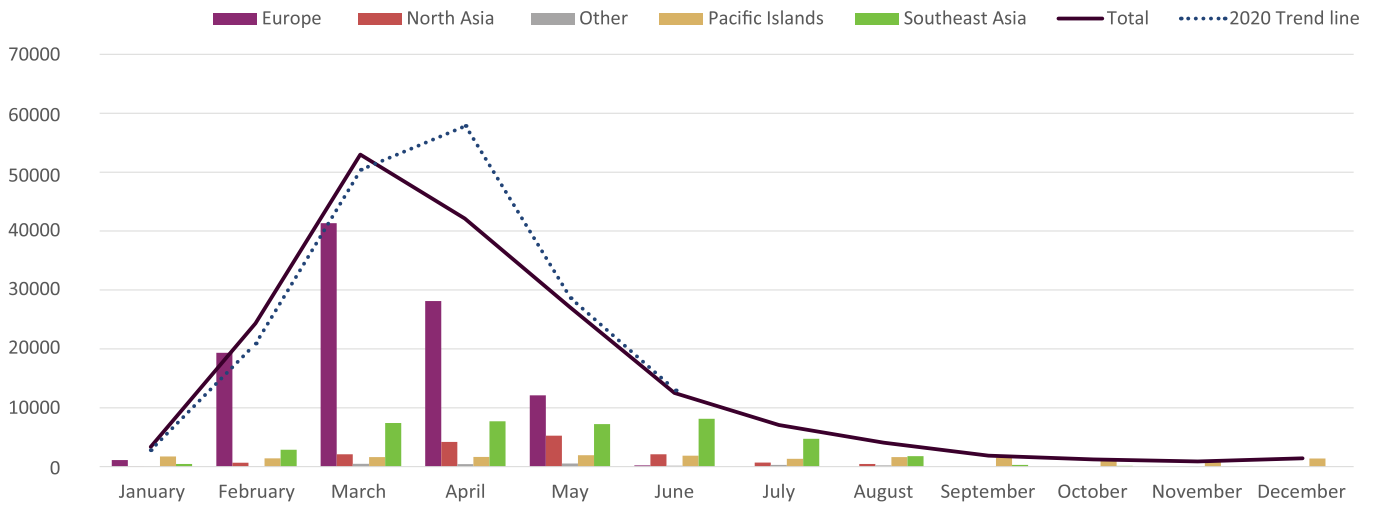
Over the past 15 years, Europe's reliance on the Southern Hemisphere imports has declined. During this time, New Zealand's export volume has been relatively stable, however market share of Southern Hemisphere imports into the EU has increased from approx. 40% - 70%.



## Dollar Per Tonne Export Value (3-Year Average)

Over the past 20 years, the 3-year average price per tonne has seen an upward trend. This graph also shows how variant the price per tonne can be and how challenging it is for the industry to maintain sustainable export returns.





# KEY MARKET CHALLENGES IN FOCUS

## INDONESIA

This year saw New Zealand onions lose 10 weeks of trade in the Indonesian market – this



was once again due to the non-issuance of import permits by the Indonesian Government. This added additional strain to alternative export markets as the uncertainty of the global trading environment took its toll.

Although the challenges associated with securing import permits was not fully resolved for the 2020 season, the free import window issued by the Indonesian Government from mid-March - May 31, allowed New Zealand exporters the access they required for significant trade. This season once again highlighted the importance of the Indonesian market to the industry and proved the critical importance of Onions NZ's relationships with Government officials in both New Zealand and Indonesia. Onions NZ is seeking new approaches to Indonesian market retention.

## THAILAND

This year proved that a promised tariff removal within a free trade agreement is only as powerful as timely implementation. In a disappointing turn of events, the prospect of tariff free access to Thailand for the 2020 season was derailed by Thai Government processes. Even now, with the removal of the 127% tariff rate quota, the implementation of a new regulation has crashed market prospects. New Zealand onions can only benefit from the new 0% tariff rate if the product is being imported for the purpose of processing. The removal of this new non-tariff barrier is a top priority for Onions NZ. We are grateful for the efforts of Government agencies to date as we have sought a solution to this challenge.



## EUROPEAN UNION

The European Union Green Deal is a prime example of the changing face of global trade. In December 2019, the EU announced a new policy package which would change the standards for sustainable production within the EU, as it seeks to become climate neutral by 2050. This will see the landscape of global sustainable trade change over the coming decade, the EU promises to enforce equality for European producers by implementing sustainability and environmental accountability requirements against imports. Although the specific implementation plan for these requirements won't be known for some time, Onions NZ is working now to anticipate how this will affect our largest export region and identify ways to best defend future trade to the EU.

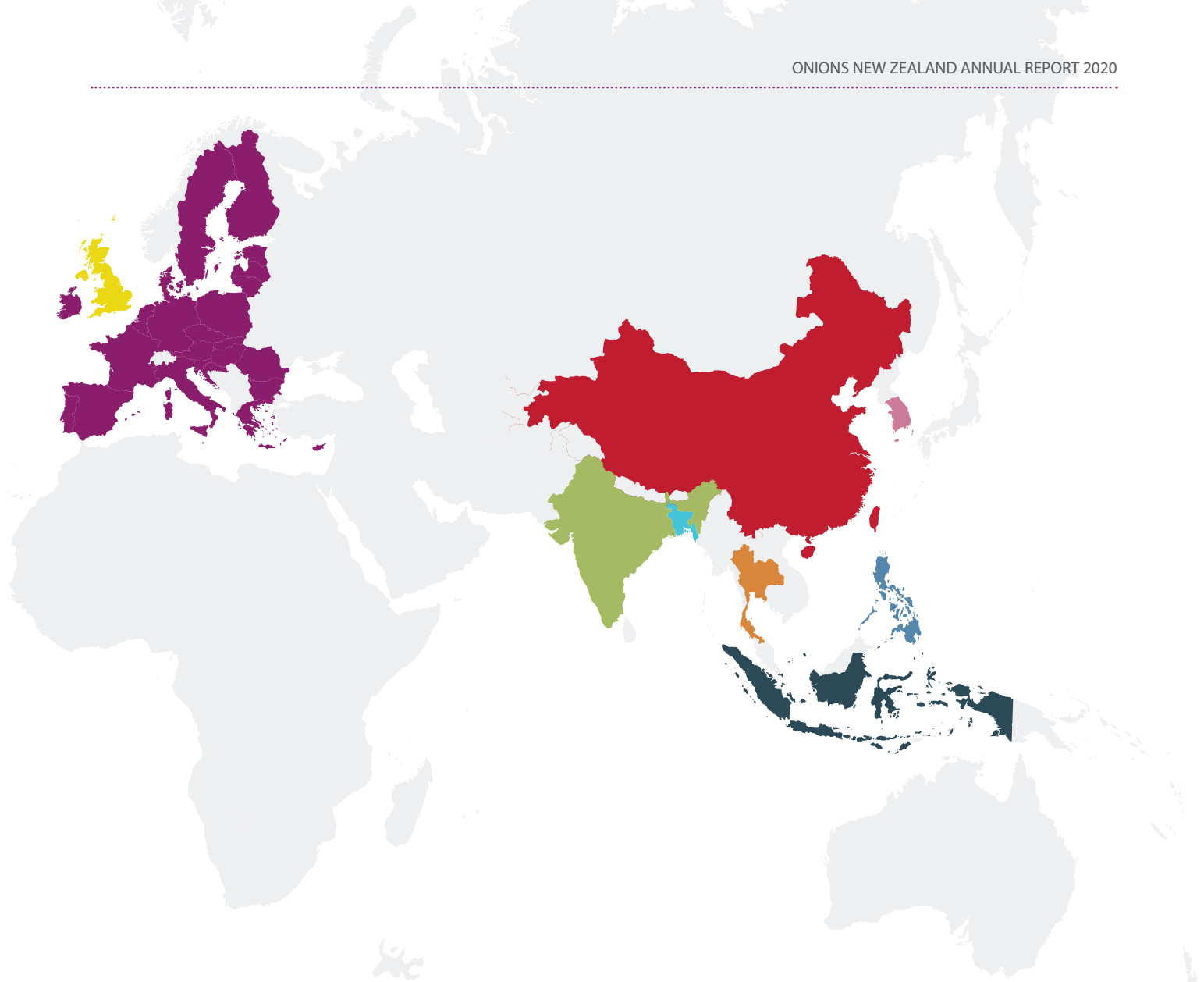


## WATCHING THE HORIZON










Market access within the global trading environment is no longer only ruled by tariffs and phytosanitary access, although these aspects still present challenges for the growth and development of trade. The proliferation of additional regulatory and private standard requirements adds to the complexity, particularly in the area of food safety and sustainability. In terms of food safety, the social licence for agrichemical controls globally is eroding. Maximum residue limits (MRL) are often being reviewed in key export markets, which creates a further challenge maintaining markets. Onions New Zealand continues to offer annual guidance on the MRL and withholding periods to the industry to ensure international requirements are known and the industry can prepare to meet these.







**TOP MARKET ACCESS AND DEVELOPMENT PRIORITIES FOR THE NEW ZEALAND ONION INDUSTRY**

 <p><b>INDONESIA</b> Maintain access and continue to build meaningful relationships with Indonesian officials.</p>	 <p><b>THAILAND</b> Gain meaningful, tariff free access for direct to retail trade.</p>	 <p><b>EUROPEAN UNION</b> Prepare for the implementation of the EU Green Deal. Continue to engage with Government for tariff reduction in ongoing FTA negotiations.</p>	 <p><b>UNITED KINGDOM</b> Continue to engage with Government to seek tariff reductions through FTA negotiations.</p>	
 <p><b>CHINA</b> Gain phytosanitary access</p>	 <p><b>SOUTH KOREA</b> Continue to engage with Government to seek tariff reductions through FTA negotiations.</p>	 <p><b>INDIA</b> Resolve prohibitive fumigation requirements</p>	 <p><b>BANGLADESH</b> Resolve prohibitive fumigation requirements</p>	 <p><b>PHILIPPINES</b> Seek clarification and resolve non-issuance of import permits for NZ Onions</p>

# INVESTING FOR FUTURE PROSPERITY

Onions New Zealand have developed a refreshed market access and development strategy. **The Blueprint to Improve Export Prosperity for the Mighty Onion** is a focused, outcome-based strategy which is founded on the principle of a collaborative, Industry – Government approach to sustainable growth.

This strategy was developed with input from industry, PWC, MFAT, MPI, and NZTE. Based on the joint recognition that the industry has significant opportunity for growth but faces challenges in the pursuit of prosperity and stability, such as the need for increased market diversity and a clear premium value proposition.

The pathway to sustained prosperity is focused on returning more value per tonne to the industry while recognising the need for trade stability – maintaining and strengthening current markets while seeking new market access to diversify the export market portfolio.

The Industry is investing to **Defend, Diversify, Differentiate** and **Activate** the position of New Zealand onions in the global market.

## DEFEND

Existing high value markets which are critical to the stability of the industry.

## DIVERSIFY

Foster growth in emerging economies and support the development of new markets.

## ACTIVATE

Cultivate the New Zealand onion story, to be recognised globally as the premium onion producing country.

## DIFFERENTIATE

Identify unique value attributes of importance to consumers that can be utilised to develop market position and extract a premium.

INDUSTRY-GOVERNMENT  
COLLABORATIVE  
PATHWAY TO SUSTAINED  
PROSPERITY





# THE FOUR KEY PILLARS

of this Blueprint to prosperity are underpinned by targeted workstreams:

## DEFEND

Defend is focused on the retention and stability of our largest two markets, Europe and Indonesia. The workstreams within this theme will see Onions New Zealand investing resource into the continued development of relationships with Indonesia and preparing the industry for the impacts of the EU GreenDeal.

## DIVERSIFY

Diversify is the focused and concentrated effort to not only gain access to new markets but also to increase the industries understanding of these markets and their needs so that New Zealand is better positioned develop strong and enduring onion trade. This is where Governmental regulatory market access, trial shipments and international market reporting fits within the wider work plan.

## ACTIVATE

Successful Activation of this strategy requires not only our international customers and consumers understanding the premium attributes of New Zealand onions, but also the industry and Government officials who often act as a face for the onion industry globally. This pillar will incorporate workstreams such as the development of key industry messaging and imagery as well as the facilitation of communication between industry, Government and the internal market space.

## DIFFERENTIATE

To Differentiate the premium quality of New Zealand onions from those that are produced elsewhere, the industry must first understand its competitors and the needs of the consumers. Projects within this workstream include international competitor analysis, international consumer perception research and analysis, and the identification and validation of New Zealand onions premium value attributes.

Onions New Zealand cannot achieve export prosperity in isolation, instead the skills and expertise of the industry and Government agencies are critical. With the support and collaboration of the Industry and Government, Onions New Zealand will implement this blueprint to prosperity to continue the advancement of New Zealand onion sector.



# RESEARCH & INNOVATION PROJECTS:

## INVESTING IN THE FUTURE

**The key objective of the Onions R&D is to conduct research that will position the New Zealand onion industry as the champion exporter in the Southern Hemisphere.**

**THE RESEARCH STRATEGY HAS TWO THEMES:**



**THEME 1:**

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



**THEME 2:**

Improve the profitability and sustainability of onion production and exports.

Onion specific research is managed through Onions New Zealand Research and Innovation subcommittee, while the Vegetable Research & Innovation Board is an opportunity for cross-sectoral collaboration, supporting research projects on priority topics common to vegetable crops.



To keep pace with consumer demands, over the next decade Onions New Zealand will be investing into projects to lower agricultural residues and incorporating softer pest control options.



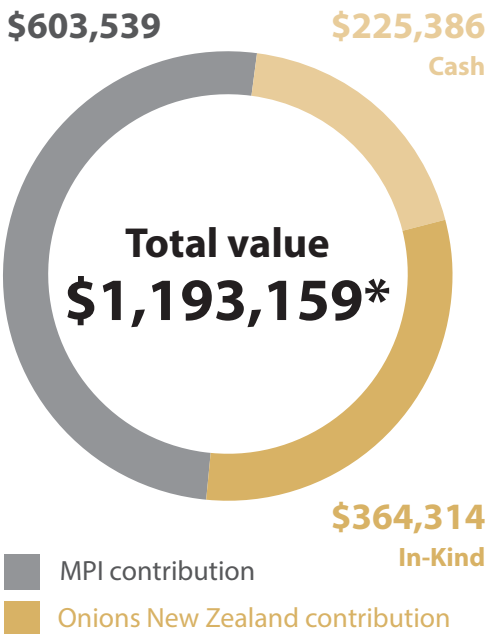


# 1

## ONIONS NEW ZEALAND RESEARCH PROJECTS: INVESTING IN THE FUTURE

### ONION PATHWAYS: SUSTAINABLE ONION PRODUCTION SYSTEMS

Over the past year Onions NZ have been progressing research to enable New Zealand onion growers to become the world's preferred supplier of low residue, sustainably produced onions. The focus of this project is to identify sustainable onion production practices for the industry to implement, while maintaining the New Zealand onion industry's position as a world-leading onion producer and premium exporter. The target is to have residues less than 10% of the EU regulatory limits through this programme.



### THE PROGRAMME AT A GLANCE:

**Start:** 1<sup>st</sup> July 2019

**Length:** 3-year research programme

\*In May 2020 Onions NZ applied successfully for extension funding of \$133,600. This additional funding for the Onion Pathways programme will support the following activities:

- Disease modelling
- Individual grower benchmarking reports
- Development of an online database of MRLs and withholding periods
- Residue testing
- Support of an independent agronomist/grower liaison

The **first year** (2019/20) of Onion Pathways was focused on understanding the onion production landscape and identifying opportunities for change to minimise the residue profile for onions.

# KEY ACHIEVEMENTS FROM THE FIRST YEAR:



## BENCHMARKING REPORTS

In order to establish a sound understanding of the agrichemical usage within the New Zealand onion industry, Onions NZ requested spray diaries and residue data from its grower members. In return, Onions NZ teamed up with AgriLink to provide these growers back with individualised benchmarking reports. These reports act as a reference point for growers and allowed the retrospective comparison of their agrichemical usage and application to both a regional and national averages from the same season. This allows growers to seek their own improvements and investigate alternative approaches to their status quo.

## MANCOZEB FIELD TRIALS

Benchmarking results have shown a reliance on Mancozeb across this industry, this fungicide has an eroding acceptance for use on product destined for our largest export market, Europe. This prompted year 1 trials to focus on the reduction of mancozeb applications and determining the effects of these reduced applications, both in terms of control of disease and the detection of residues. Replicated small plot trials were carried out within commercially growing onion crops at two sites in Pukekohe.

Year 1 trial results demonstrated that an export crop could be grown with reduced/ no mancozeb. However, there was little pressure in 2019 so it is difficult to draw conclusive results for efficacy in disease control due to a prevailing growing season. However, the other aspect of the trails – a reduction in detectable residues proved more fruitful. Residue analysis of onion bulbs indicated that all treatments were below the acceptable minimum residue level of 1.0 mg/kg and lower than 10% of EU limits.

## INSECT FIELD TRIALS

The industry identified a secondary priority for trial work in the control of a damage causing insects (thrips). For this first year a thrips monitoring programme was established in the Hawke’s Bay and Canterbury to better understand thrips dynamics in and around onion crops. Four monitoring trials on conventional and organic crops in Canterbury and in the Hawke’s Bay were established. The findings of these trails helped to identify areas for further trial work and research.

## INDUSTRY ENGAGEMENT

Grower and wider industry engagement is one of the key aspects of this research programme. In the last year, Onions New Zealand has held 4 grower workshops across the country as well as a field walk in both Pukekohe and Hawkes Bay. Having input from the industry input into the research programme and discussing the progress made within the programme is a critical aspect to the overall success of Onion Pathways.





## OTHER KEY ACHIEVEMENTS OF THE ONIONS NZ RESEARCH & INNOVATION SUBCOMMITTEE IN 2020:

- **Evaluation of downy mildew control** in onions with registered fungicides in laboratory and field trials. Screening fungicides in controlled conditions indicated that while fungicide resistance was not observed, some fungicides were more effective than others to control downy mildew. Field trials carried out over two growing seasons tested registered fungicides. Results from these trials showed that some fungicides were performing better than others in controlling downy mildew under field conditions

### ONION PATHWAYS YEAR 2 PLANS

- **Agrichemical Benchmarking and individualised benchmarking reports** for growers are being repeated. To measure the current state of the industry and encourage transparent pathways to improvement for the industry.
- **Ongoing industry engagement** - A key component of the Onion Pathways project is and will continue to be the opportunity to share outcomes from the field trials and other learnings with the wider industry.
- **The Year 2 trial programme will remain focused on mancozeb and thrips.**

For **mancozeb** the focus will be in two parts, first to investigate efficacy of reduced mancozeb applications to control downy mildew. The second aspect will determine Mancozeb residue profiles, from harvest through to storage, to generate residue decay curves.

**Thrips** trial objectives will focus on finding replacements for the standard application of harsh chemistry insecticides – focused on neonicotinoids.

- **Disease models and weather stations.**

Onions New Zealand has invested in the development of a disease modelling and weather station add-on to the Onions New Zealand website. Growers have access to 40 weather stations around New Zealand providing weather forecasts and feeding into disease indicators for Stemphylium, Downy Mildew and White Rot. Growers can now subscribe to daily email reports for the stations of interest, further adding to the convenience of this decision assistance tool.



- **Cadmium uptake in onions.** In collaboration with MPI NZ Food Safety, Onions NZ have supported a survey of paired onion and soil samples to measure cadmium and other elements to better understand the levels of cadmium in crops and agricultural soil and the influence of soil chemistry on cadmium uptake.



# 3.

## A LIGHTER TOUCH: AGROECOLOGICAL CROP PROTECTION TO MEET FUTURE CONSUMER DEMANDS.

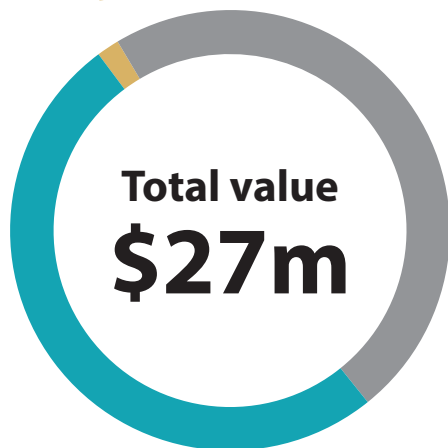


**A LIGHTER TOUCH**

The **vision** of this programme is that New Zealand will become one of the most desirable sources of food in the world. A Lighter Touch will focus on understanding and better managing aspects of agroecosystems that lead to increased levels of pests and diseases, and how to integrate more sustainable crop protection practices. Understanding the agroecosystem and reducing the opportunity for pests to thrive will reduce the need for crop protection interventions.

\$333,179

\$10m



\$10.6m

### THE PROGRAMME AT A GLANCE:

**Start:** 1<sup>st</sup> April 2020

**Length:** 7-year programme

Industry's contribution = \$10.6 million + in-kind (time)

- Industry contribution
- Onions New Zealand contribution
- MPI contribution



Onions NZ is a stakeholder in this programme and is contributing \$333,179 over seven years plus in-kind activities. Within this investment Onions NZ has allocated funding to carrying out specific agrichemical projects, resistance and biological registration activities that will benefit onion growers – while also supporting cross-sectorial priorities within the wider programme.

The programme aligns with and complements the vision of the New Zealand onion industry. Investing in this programme will allow further advancement in crop protection techniques and adoption which will aid in the positioning of New Zealand as the premium producer and exporter of onions in the southern hemisphere.





## Vegetable Research & Innovation Board (VR&I)

### THE VEGETABLE RESEARCH AND INNOVATION (VR&I) BOARD, FUNDED BY AND MADE UP OF REPRESENTATIVES FROM:

- Tomatoes NZ Inc
- Vegetables NZ Inc
- Process Vegetables NZ
- Onions NZ Inc
- New Zealand Buttercup Squash Council
- Foundation for Arable Research  
(an associate member from 2018)

The Vegetable Research and Innovation Board refreshed their research strategy during the year. The purpose of the VR&I Board is to underpin sustainable growth of the vegetable sector and enable it to achieve goals as set out in the Horticulture Industry and Product Group strategies. The vision is to have a significant positive impact on the vegetable sector by delivering research outcomes and contributing to transformational change.

New Research themes for VR&I are: environmental stewardship; crop protection; and common reporting framework. James Kuperus leads the Onions New Zealand representation on the VR&I Board.

### ACTIVITIES SUPPORTED BY ONIONS NZ THROUGH THE VR&I BOARD IN 2019-20 INCLUDED:

- > In collaboration with MPI NZ Food Safety developed a poster providing guidance to growers on the use of acephate and methamidophos insecticides.
- > A new 4-year project – Sustainable Vegetable Systems which is looking at measuring leaching in controlled Plant and Food Research trials, monitoring leaching in vegetable rotations and calibrating leaching models with the findings. Project funding is from vegetable product groups represented by VR&I, Potatoes NZ, HortNZ and MPI.
- > ‘Managing Biosecurity Risks’. Managed by Market Access Solutionz Ltd this provides on-going monitoring of biosecurity performance at the border.
- > Greenhouse Life Cycle Analysis. A Foundation for Arable Research (FAR) led project looking at crop rotation life cycle assessment. This project will measure the environmental impact of representative NZ arable/vegetable rotations and identify “levers” that can be modified to reduce these impacts. This piece of research will be very important as the onion industry navigates the sustainability requirements of the EU Green Deal in the coming years and New Zealand’s domestic climate change policies.
- > The development of a code of practice for managing soil movement off farm.
- > The development of a generic IPM guideline for vegetable crops.
- > Contributed to the ‘Protecting our Groundwater’ programme. The network of fluxmeters on arable and vegetable farms is measuring drainage and nutrient losses under cropping rotations. Managed by FAR with research services provided by Plant and Food Research this project is co-funded for 3 years by the Ministry for the Environment.

All resources and reports supported by the VR&I Board are available on the VR&I website ([vri.org.nz](http://vri.org.nz))

# BIOSECURITY REPORT

Biosecurity is important to get right. The sector is exposed to introduced pests and diseases due to the high reliance on the importation of goods we have as a country. But as an industry, we can't spend all of our resources and levies on biosecurity either. The approach Onions New Zealand is taking is to have all of the preparation activities tidied away, so that if something new does come into New Zealand, we can quickly and competently respond. The next area of focus is around quickly detecting and identifying new pests and diseases in New Zealand and developing capabilities to respond with the New Zealand Government. The priorities for Onions New Zealand going forward, are to ensure we have response plans in place for key priority pests/diseases and appropriate traps/lures place to detect new pests early. Biosecurity is something that everyone can contribute to and we encourage the industry to do so.

## BIOSECURITY LEVY:

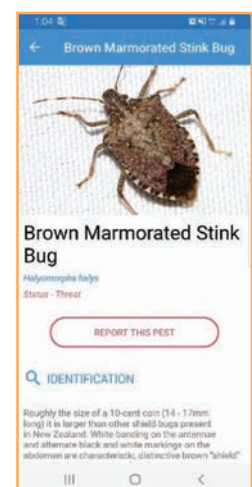
The biosecurity levy for onion responses has now been established and passed into law. This means, if a new pest/disease arrives into New Zealand that would be extremely harmful to onions, the Board of Onions New Zealand would be able to activate this levy to raise funding for a response if required. In an ideal world no new pests or diseases would arrive in New Zealand, but it is not realistic. In preparation, Onions New Zealand is also a GIA member, has a readiness Operational Agreement with MPI and has a biosecurity levy in place.

## ON-FARM BIOSECURITY MANUALS:

This year, Onions New Zealand oversaw the funding application, project management and distribution of both the indoor and outdoor crops biosecurity manuals. This was jointly funded by MPI and vegetable product groups. They were developed to highlight the importance of good biosecurity and distributed to all vegetable growers around the country. The manuals highlight the effectiveness of responding quickly to new pests, rather than delaying until they are well established in New Zealand.

## FIND-A-PEST APP

Onions New Zealand is contributing to the expansion of the Find-a-pest app. This app not only displays priority pests and diseases for people to look out for, but also allows people the opportunity to take photos and submit them for rapid identification. The app will feature the priority vegetable sector pest and diseases, as well as those from other sectors such as kiwifruit and apples etc. It is possible for growers and crop scouts to download this app and use now. The app will allow councils to download information of pests/diseases in their regions, as well as develop notifications for things people should look out for.



Example of information available for BMSB using the Find-A-Pest app



# KEY INDUSTRY STATISTICS

## 15 OCTOBER AREA PLANTED FIGURES - 2019

AREA PLANTED	2014		2015		2016		2017		2018		2019	
	Brown	Red	Brown	Red	Brown	Red	Brown	Red	Brown	Red	Brown	Red
Northland/Auckland	2.0	0.7	1.7	0.8	1.4	0.7	1.5	0.8	1.8	0.7	1.8	0.7
Pukekohe	2,141.7	418.6	1,688.5	272.5	1,896.2	411.5	1,762.5	465.7	1,744.4	477.7	1,770.1	341.8
Waikato/Bay of Plenty	588.5	32.0	971.7	123.6	927.8	89.0	904.8	49.0	1,007.2	80	904.5	169.3
Gisborne	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0.0	0.0
Hawkes Bay	667.0	37.5	710.0	49.0	762.0	51.0	819.5	42.7	636.8	47	763.6	52.2
Wanganui	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0.0	0.0
Taranaki to Manawatu	201.5	3.5	144.5	4.5	169.5	3.0	92.5	0.5	72.5	1.5	72.5	0.5
Horowhenua	77.1	19.9	72.5	17.0	74.0	15.4	69.2	10.6	72.4	10.6	81.9	10.8
Marlborough/Nelson	19.2	12.5	21.0	14.0	23.5	16.5	17.5	12.5	17.5	13	18.5	11.2
Canterbury	682.9	29.1	779.9	23.7	751.4	32.1	933.7	22.2	1,030.5	32.5	1,019.4	47.6
<b>Total</b>	<b>4,379.9</b>	<b>553.8</b>	<b>4,389.8</b>	<b>505.1</b>	<b>4,605.8</b>	<b>619.2</b>	<b>4,601.2</b>	<b>604.0</b>	<b>4,583.1</b>	<b>663.0</b>	<b>4,632.3</b>	<b>634.1</b>
Processing (all areas)	42.0		0.0		10.0		22.0		25.0		30.0	

## ONIONS NEW ZEALAND TOP EXPORT MARKETS BY TONNES

*Destination	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Jan-Jun 2020
Belgium			13,978	12,983	15,596	14,392	24,585	14,636	4,206	7,129	4,167
France			3,891	6,757	10,038	9,846	8,327	7,413	5,977	7,540	7,602
Netherlands			25,110	35,397	29,977	31,505	18,522	26,704	29,390	37,372	30,533
Germany			10,938	14,127	11,919	15,790	19,824	11,808	20,632	20,845	31,706
Europe / Other			5,260	4,836	5,221	4,320	5,896	7,193	6,061	11,500	8,649
Europe Total	69,153	57,796	59,177	74,099	72,749	75,853	77,154	67,754	66,264	84,385	82,656
United Kingdom	27,138	19,532	10,868	14,217	13,849	8,228	8,596	3,492	2,112	17,668	8,106
USA			1,164	3,723	5,859	564	531	732	335	958	414
Japan	23,018	12,778	25,179	8,377	19,348	18,373	16,885	24,177	8,014	6,246	4,607
Taiwan	3,110	507	7,168	5,018	3,230	6,993	7,866	15,125	591	6,751	7,833
Hong Kong	1,862	1,444	3,609	3,643	3,545	3,181	3,667	2,966	1,405	1,221	2,127
Indonesia	12,845	14,345	15,819	12,292	24,274	21,598	32,594	37,826	29,023	22,072	31,072
Malaysia	13,314	7,990	17,356	29,713	15,935	13,082	10,239	11,916	8,225	9,871	13,586
Singapore	2,882	1,408	3,413	3,429	2,994	2,488	2,955	1,506	1,873	1,228	2,492
Pacific Islands	15,574	15,112	16,482	16,563	18,272	18,771	18,177	20,709	17,741	10,434	11,101
Australia	4,412	443	434	352	787	6	26	389	19	12	15
Other	5,325	439	2,266	3,259	1,432	1,830	2,669	823	1,119	1,667	2,110
<b>Total Tonnes</b>	<b>178,631</b>	<b>131,794</b>	<b>162,935</b>	<b>174,686</b>	<b>182,275</b>	<b>170,967</b>	<b>181,359</b>	<b>187,415</b>	<b>136,722</b>	<b>162,515</b>	<b>166,172</b>

# **Onions New Zealand Incorporated**

Special Purpose Financial Reports

for the Year Ended  
30/06/2020



# Onions New Zealand Incorporated

## Performance Report

For the year ended  
30 June 2020

### Contents

	Page
<b>Non-Financial Information:</b>	
Entity Information	1
<b>Financial Information:</b>	
Statement of Financial Performance	2
Statement of Financial Position	3
Statement of Accounting Policies	4
Notes to the Performance Report	5-9
Auditors Report	10

## Onions New Zealand Incorporated

### Entity Information

For the year ended  
30 June 2020

Legal Name of Entity:	Onions New Zealand Incorporated
Type of Entity and Legal Basis:	Incorporated Society
Registration Number:	1570409
Date of Incorporation:	26 October 2004

#### Contact details

Physical Address:	Level 4 Kiwi Wealth House 20 Ballance Street Wellington 6011
Postal Address:	PO Box 10232 The Terrace Wellington 6143
Phone/Fax:	Ph +64 508 664 667
Email/Website:	<a href="http://www.onionsnz.com">www.onionsnz.com</a>
Main Sources of Entity's Cash and Resources	Onions New Zealand Incorporated's primary sources of funding are from grower levies and research grants. Additional funding is received through subscriptions and interest.



**Onions New Zealand Incorporated**  
**Statement of Financial Performance**  
For the year ended  
**30 June 2020**

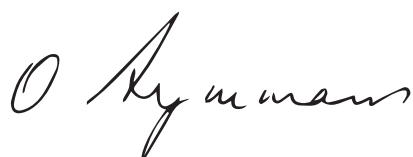
	Note	Actual 2020 \$	Actual 2019 \$
<b><u>REVENUE</u></b>			
Levies	1	721,747	691,750
Subscriptions		7,192	6,950
Grants	2	163,739	23,500
Sponsorship & Sundry Income		5,000	35,827
Interest		23,053	32,741
<b>Total Revenue</b>		<b>920,731</b>	<b>790,768</b>
<b><u>EXPENSES</u></b>			
Industry Leadership		255,390	241,711
Administration		78,137	75,910
Market Access		133,638	103,338
Biosecurity		59,991	15,909
Industry Research, Innovation & Extension		418,025	211,879
<b>Total Expenses</b>	<b>3</b>	<b>945,182</b>	<b>648,747</b>
<b>Operating Surplus/(Deficit) for the Year before Tax</b>		<b>(24,451)</b>	<b>142,021</b>
Taxation Expense	4	5,978	8,693
<b>Net Surplus/(Deficit) after Tax</b>		<b>(30,429)</b>	<b>133,328</b>

# Onions New Zealand Incorporated

## Statement of Financial Position

As at  
30 June 2020

	Note	Actual 2020 \$	Actual 2019 \$
<b><u>ASSETS</u></b>			
<b>Current Assets</b>			
Bank accounts and cash	6	526,395	366,222
Investments	7	800,000	803,601
Debtors and prepayments	8	192,409	259,760
Income Tax Receivable	5	1,109	-
<b>Total Current Assets</b>		<b>1,519,913</b>	<b>1,429,583</b>
<b><u>LIABILITIES</u></b>			
<b>Current Liabilities</b>			
Creditors and accrued expenses		218,134	88,127
Income Tax Payable	5	-	769
GST Payable		44,448	52,926
<b>Total Current Liabilities</b>		<b>262,582</b>	<b>141,821</b>
<b>Total Assets less Total Liabilities (Net Assets)</b>		<b>1,257,332</b>	<b>1,287,761</b>
<b><u>EQUITY</u></b>			
Capital Reserve		150,000	150,000
Retained Earnings	9	1,107,332	1,137,761
<b>Total Equity</b>		<b>1,257,332</b>	<b>1,287,761</b>



OWEN SYMMANS  
ONZ Inc. Chair & Director  
Dated 7 September 2020



KEVIN WILCOX  
ONZ Inc. Vice Chair & Director  
Dated 7 September 2020



# Onions New Zealand Incorporated

## Statement of Accounting Policies

For the year ended  
30 June 2020

### **Basis of Preparation**

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

### **Goods and Services Tax (GST)**

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

### **Income Tax**

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

### **Bank Accounts and Cash**

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

### **Levy Revenue**

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

### **Interest Revenue**

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

### **Research and Development Grant Revenue**

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

### **Debtors**

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

### **Expenses**

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

### **Changes in Accounting Policies**

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

# Onions New Zealand Incorporated

## Notes to the Performance Report

For the year ended  
30 June 2020

**Note 1 : Levy Income**

	\$ This Year	\$ Last Year
Direct Sales Levies	1,094	2,426
Domestic Levy	103,482	88,354
Export Levy	458,277	441,953
Marketer Levy	174,858	168,187
Process Levy	6,736	12,536
Less Collection Fee	(22,700)	(21,706)
	<b>721,747</b>	<b>691,750</b>

**Note 2 : Research and Development Grants**

	\$ This Year	\$ Last Year
MPI SFF Grant	130,840	23,500
MPI SFF Grant (Biosecurity Manuals)	32,899	-
	<b>163,739</b>	<b>23,500</b>

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

**Note 3 : Analysis of Expenses**

	\$ This Year	\$ Last Year
<b><u>Industry Leadership</u></b>		
AGM/Grower Seminars	4,745	25,645
CEO, BM & Admin Fees	170,464	140,190
Chief Executive Officer Expenses	1,202	6,776
Directors Expenses	17,879	11,353
Government Relations	4,915	4,446
HortNZ PG Meetings & Vegetable Forums	4,457	4,803
Independent Chair	36,333	34,333
Independent Chair Expenses	2,966	1,995
Travel Expenses	12,429	12,169
<b>Total Industry Leadership Expenses</b>	<b>255,390</b>	<b>241,711</b>
<b><u>Administration Expenses</u></b>		
Accountancy Fees	11,431	11,463
Audit & Tax Fees	4,500	3,060
Bank Fees & Charges	203	193
Commodity Levy Referendum	-	873
District Association Grants	3,949	9,142
General Expenses	5,524	7,961
Grower Magazine Contribution	6,882	7,008
Hort NZ Overheads	7,315	6,945
Legal Fees - Deductible	6,400	1,040
ONZ Newsletters (The Skin)	135	115
ONZ Photography	53	3,061
Printing/Postage/Stationery	10,017	10,194
Telephone & Tolls	2,787	2,986



# Onions New Zealand Incorporated

## Notes to the Performance Report

For the year ended  
30 June 2020

Vegetables.co.nz	10,000	10,000
Website	8,941	1,869
<b>Total Administration Expenses</b>	<b>78,137</b>	<b>75,910</b>

### Market Access

AMI Weekly News & World Report	12,476	5,424
Australia (Consultancy & Govt Cost Recovery Fees)	125	1,250
China Market Access	16,843	-
China Market Intelligence	2,153	1,306
China Trade Visit	-	50,195
Exporter Meetings	800	-
Food Safety Project	7,235	4,200
General Market Access Travel	5,668	1,894
Indonesia Market Retention Project	12,849	7,587
National Technical Working Group (Global GAP)	1,108	969
New Markets Export Direct Support	28,341	-
Other Market (Consultancy & Govt Cost Recovery Fees)	27,702	2,701
Phytosanitary Chart & QC Training	4,055	6,859
Plants Market Access Council Membership	2,628	2,385
Reporting & Scanning	6,820	7,200
Segregation Work to Understand Distance	2,625	6,800
Surveys	2,210	2,028
Trade Access Booklet	-	2,540
<b>Total Market Access</b>	<b>133,638</b>	<b>103,338</b>

### Biosecurity

Biosecurity Extension	37,053	300
Biosecurity Networks	150	-
Biosecurity Readiness Projects	5,000	3,000
Freshpac Core Group MAS - Shared Cost	-	1,125
IHS Tech General Advice MAS	3,766	-
Maintaining Technical Expertise	7,536	7,835
ONZ Biosecurity Management Plan MAS	3,960	-
Onion Pest List	2,512	2,640
Travel & Meetings - Biosecurity	14	1,009
<b>Total Biosecurity Expenses</b>	<b>59,991</b>	<b>15,909</b>

### Industry Research & Innovation

Cadmium Project	5,500	-
Export Onion MRL (MPI) and PHI (P&FR) Updates	2,130	2,224
Grower Tool Kits/Publications	834	-
IPM Manual Update	810	968
MPI SFF	237,325	30,000
Onion Cultivar Trials	800	-
ONZ R & I Sub Committee	391	659
ONZ Research Manager	74,440	72,000
ONZ Research Manager Expenses	515	3,044

## Onions New Zealand Incorporated

### Notes to the Performance Report

For the year ended  
30 June 2020

ONZ Smut Field Trials	-	1,800
Pan Horticulture PGP - Generic Activities	4,399	-
Research Education Trust	4,750	11,750
Response to EPA Reviews of Agrichemicals	1,498	-
Soil Borne Diseases & Plant Establishment	27,361	10,466
Sustainable Production Project	5,000	22,078
VR & I Board Admin	16,138	16,274
VR & I Board Leveraged Research	36,134	40,617
<b>Total Industry Research &amp; Innovation</b>	<b>418,025</b>	<b>211,879</b>

#### Note 4 : Taxation Reconciliation

	\$ This Year	\$ Last Year
<b>Surplus/(Deficit) before Income Tax</b>		
Current Year Earnings	(24,451)	142,021
<b>Total Surplus/(Deficit) before Income Tax</b>	<b>(24,451)</b>	<b>142,021</b>
<b>Permanent Differences</b>		
Non-Member Income Exemption	(1,000)	(1,000)
Non-Taxable Profit Relating to Members	46,802	(109,974)
Non-Taxable Loss Relating to Members	-	-
<b>Total Permanent Differences</b>	<b>45,802</b>	<b>(110,974)</b>
<b>Taxable Profit (Loss)</b>	<b>21,351</b>	<b>31,048</b>
<b>Tax Payable at 28%</b>	<b>5,978</b>	<b>8,693</b>

#### Note 5 : Taxation

	\$ This Year	\$ Last Year
<b>Opening Balance Payable/(Receivable)</b>	<b>769</b>	<b>(1,848)</b>
<b>Increases</b>		
Provision for Taxation	5,978	8,693
Refunds		1,848
<b>Total Increases</b>	<b>5,978</b>	<b>10,542</b>
<b>Decreases</b>		
RWT Paid	7,856	7,924
<b>Total Decreases</b>	<b>7,856</b>	<b>7,924</b>
<b>Total Taxation Payable/(Receivable)</b>	<b>(1,109)</b>	<b>769</b>



# Onions New Zealand Incorporated

## Notes to the Performance Report

### For the year ended 30 June 2020

#### Note 6 : Bank Accounts and Cash

	\$ This Year	\$ Last Year
BNZ Current Account	473,881	303,707
BNZ Call Account	52,514	62,515
	<b>526,395</b>	<b>366,222</b>

Interest is earned at 0.05% on the call account. As at balance date there were no overdraft facilities or any other banking arrangements in place with BNZ.

#### Note 7 : Investments

	\$ This Year	\$ Last Year
BNZ Term Deposit - 02	300,000	303,601
BNZ Term Deposit - 03	200,000	300,000
BNZ Term Deposit - 04	300,000	200,000
<b>Total</b>	<b>800,000</b>	<b>803,601</b>

#### Note 8 : Debtors and Prepayments

	\$ This Year	\$ Last Year
Trade Debtors	176,023	247,250
Interest Accrued at Y/E	3,188	6,323
Prepayments	13,198	6,187
	<b>192,409</b>	<b>259,760</b>

#### Note 9 : Retained Earnings

	\$ This Year	\$ Last Year
Opening Balance	1,137,761	1,004,433
Current Year Earnings	(30,429)	133,328
<b>Total Retained Earnings</b>	<b>1,107,332</b>	<b>1,137,761</b>

#### Note 10 : Commitments and Contingencies

##### Commitments

Onions New Zealand Inc is committed to funding \$153,892 towards the SFFF Onion Pathway project over the next 2 years.

Onions New Zealand Inc is also committed to \$333,179 over the next 7 years for the SFFF Agroecological project. (Last Year - NIL.)

##### Contingent Liabilities and Guarantees

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

#### Note 11 : Related Party Transactions

Southern Fresh Produce Limited - Exporter  
 Balle Bros Group Limited - Exporter  
 Harvest Fresh Limited - Exporter  
 NZ Onion Company Ltd - Exporter  
 New Zealand Growers Ltd - Exporter  
 Produce Agencies Limited - Exporter

## Onions New Zealand Incorporated

### Notes to the Performance Report

For the year ended  
30 June 2020

Master & Sons Ltd - Grower  
Thornlea Enterprises Ltd - Grower  
Pye Limited - Grower  
AS Wilcox & Sons Ltd - Grower  
Apatu Farms Limited - Grower  
Fresh Garlic Ltd - Grower

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

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

#### **Note 12 : Events after Balance Date**

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

#### **Note 13 : Covid 19**

Onions New Zealand Inc notes there has been a 5% decrease in the area used to plant onions which will have a slight impact on exports in the 2021 FY. There is also a bit of uncertainty in the market regarding Covid -19. Onions New Zealand Inc will continue to operate as a going concern due to the large reserves of nearly \$1.26 Million.

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

**Opinion**

We have audited the financial statements of Onions New Zealand Incorporated (“the Society”), which comprise the statement of financial position as at 30 June 2020, and the statement of financial performance for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Society for the year ended 30 June 2020 are prepared, in all material respects, in accordance with the accounting policies specified in the statement of accounting policies in the financial statements.

**Basis for Opinion**

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

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

**Other Information**

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

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

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

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

**Directors’ Responsibilities for the Financial Statements**

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

In preparing the financial statements, the directors are responsible for assessing the Society’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.



### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

### Who we Report to

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

*BDO Wellington Audit Limited*

**BDO WELLINGTON AUDIT LIMITED**

Wellington

New Zealand

7 September 2020





## ONIONS NEW ZEALAND ANNUAL REPORT 2020

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