

SUBMISSION ON

Improving the system for importing food and fibre plants for planting

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To: Ministry for Primary Industries (MPI)

Name of Submitter: Horticulture New Zealand

Support by: Hawke's Bay Fruitgrowers' Association, NZ
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Our submission

Horticulture New Zealand (HortNZ) thanks the Ministry for Primary Industries (MPI) for the opportunity to submit on the proposed improvement of the import system for food and fibre plants for planting. We welcome the opportunity to discuss our submission and work with MPI.

The details of HortNZ's submission and decisions we are seeking are set out in our submission below.

HortNZ's Role

Background to HortNZ

HortNZ represents the interests of approximately 4,200 commercial fruit and vegetable growers in New Zealand who grow around 100 different fruits and vegetables. The horticultural sector provides over 40,000 jobs and is valued at ~\$7.48 billion (2023/24).

There are approximately 80,000 hectares of land in New Zealand producing fruit and vegetables for domestic consumers and supplying our global trading partners with high quality food.

It is not just the direct economic benefits associated with horticultural production that are important. Horticulture production provides a platform for long term prosperity for communities, supports the growth of knowledge-intensive agri-tech and suppliers along the supply chain; and plays a key role in helping to achieve New Zealand's climate change objectives.

The horticulture sector plays an important role in food security for New Zealanders. Over 80% of vegetables grown are for the domestic market and many varieties of fruits are grown to serve the domestic market.

HortNZ's purpose is to create an enduring environment where growers prosper. This is done through enabling, promoting and advocating for growers in New Zealand.



HortNZ's Biosecurity Act 1993 Involvement

On behalf of its grower members, HortNZ takes a significant interest in biosecurity regulations, planning, and operations. As well as advocating on behalf of growers in discussions with MPI and other regulators, HortNZ and other industry groups also work to raise the awareness of fruit and vegetable growers about the roles they can play in helping to keep their farms, orchards and wider New Zealand protected from unwanted pests and diseases.

Executive Summary

New Zealand needs a whole-system reform of the import system of food and fibre plants for planting to support long-term innovation and sector growth

HortNZ supports MPI's position to maintain the high level of biosecurity protection to prevent the introduction of harmful pests and disease and therefore protect the value of the horticulture industry.

Efficient access to international high-quality genetic plant material for production and to establish local breeding programmes is necessary to achieve New Zealand's ambitious goals of innovation, resilience and economic growth. Therefore, we need a cost effective and timely import system that enables access to new germplasm for the food and fibre sector while maintaining the high level of biosecurity protection. The current import system does not enable that and effectively acts as a barrier to innovation and meeting demand.

HortNZ is convinced that collectively, we can achieve a much-needed reform of the import system without unnecessarily reducing biosecurity measures and increasing the risk to the industry and economy.

Neither of the options presented in this proposal will address any of MPI's key pressure points or deliver the desired outcome.

HortNZ requests MPI to investigate how a compliance verification system for pathway monitoring on the food for fibre import pathway can be implemented, to support broader recognition of overseas risk pest management while maintaining our biosecurity protection.

Further discussions and refinement of a possible suitable model for that system are needed and must be done collaboratively with industry partners.

HortNZ understands that this consultation is only the first opportunity to work collaboratively with MPI on improving New Zealand's import system, and this is not a finite and final selection of options proposed.

Submission

1. The importance of the horticulture industry for New Zealand

The New Zealand horticulture industry plays a critical role in the nation's economic development, employment and regional growth and is essential to the domestic supply of high-quality fresh fruit and vegetable. The horticulture sector is a significant contributor to the nation's GDP through export revenue, the third most valuable primary production export¹.

The horticulture sector is a major influencer of the country's position on the global market, and its international reputation.

The industry's importance is reflected not only in the monetary value it currently generates. The New Zealand government has long acknowledged the importance of the horticulture industry and its pivotal role in the nation's economic prosperity and environmental goals in the future.

1.1. It is important to maintain a high-level of biosecurity protection

Given the economic value of the horticulture sector, it is imperative to protect those industries from adverse impact that may threaten its beneficial role for New Zealand's economy. Introduction or an outbreak of new pests and diseases could have unacceptable risks, impose devastating impacts to production and could limit access to international markets that rely on healthy crops free from pests and disease. New Zealand's high level of protection provides the country and the industry with a significant competitive advantage.

HortNZ supports MPI's position to maintain the high level of biosecurity protection to prevent the introduction of harmful pests and disease.

1.2. We need a cost-effective, timely import system that enables access to new germplasm while maintaining a high-level of biosecurity protection

The outbreak of *Pseudomonas syringae* pv. *actinidiae* (PSA) in 2010, a pathogen introduced through the germplasm import pathway, caused significant damage to kiwifruit production and nearly devastated the kiwifruit industry, now worth more than \$3 billion annually. A significant reason for the survival and subsequent success of the

¹ [Situation and Outlook for Primary Industries \(SOPI\) December 2024](#)

kiwifruit industry was the timely availability of the PSA resistant SunGold kiwifruit variety, a product of some 10 years of research and development.

For long-term success, innovation and sector growth, the New Zealand plant producing sectors need the ability to import new genetic plant material to grow their resilience and competitiveness.

International germplasm is crucial to access or develop new plant varieties with better resistance to disease, enhanced adaptability to changing climates and respond to market demands as well as improved yields, more sustainable production practices and reduced reliance on chemical crop protection tools.

Within the horticulture sector, some industries rely partially or entirely on imported plant material to produce crops, especially when these crop varieties have been developed overseas and have been imported to New Zealand under plant variety rights (PVR).

If growers lose access to those international varieties and genetic material because import conditions become prohibitive or there are a lack of available eligible import pathways, these industries will need to return to out-dated plant material for production or collapse entirely.

Even product groups that do not rely on the importation of new germplasm benefit from access to new genetic plant material eventually, such as in response to unexpected impacts through adverse events or changes in consumer behaviour.

Currently, New Zealand-based breeding programmes that actively develop new and improved varieties are few in number and limited predominantly to commercially successful crops. For many horticulture industries, local breeding programmes are not economically feasible to set up under the current high-cost model and management-mechanism of the import system.

*Growing Together 2035 - Aotearoa Horticulture Action Plan (AHAP)*² is a sector strategy jointly owned by Government, industry, the science sector and Māori, aimed to double the farmgate value of the horticulture industry, drive innovation and economic growth. Under the AHAP, government acknowledges the importance of importing high-quality, pest-free germplasm not only to access new varieties developed overseas but also to enable New Zealand-based breeding programmes and enhance New Zealand's horticultural sector. To achieve this, the plan emphasizes the need to establish a robust, timely, and cost-effective germplasm import pathway. This initiative aims to improve access to superior germplasm materials, supporting the growth and competitiveness of New Zealand's horticulture industry.

Government policies must enable the establishment and development of local breeding programmes servicing a broad range of horticulture crops that would drive innovation, build resilience through diversification and economic growth.

While importation of plant germplasm into New Zealand bears risk to the industry, innovation is pivotal for the horticulture sector's long-term success.

² [Aotearoa Horticulture Action Plan](#) - Key priority 4.3 in the AHAP sets out the agreed aspiration to develop high value and disease-resistant New Zealand proprietary cultivars to build resilience into New Zealand's food system and meet overseas needs, while protecting intellectual property. It is essential to improve access to high quality, pest-free germplasm material imported into New Zealand with the aim to increased confidence to invest in domestic breeding programmes - by - ensure a robust, timely and cost-effective germplasm import pathway

Therefore, we need a cost effective and timely import system that enables access to new germplasm for the food and fibre sector while maintaining the high level of biosecurity protection.

2. What do we want to achieve?

2.1. We need to balance the need for high levels of protection while enabling innovation and economic growth

New Zealand needs an import system that achieves effective risk management and is cost-effective and does not unduly constrain innovation and economic growth as the current approach does.

We agree with MPI, that the current import system is effective in protecting New Zealand from the introduction of possibly harmful pests and disease that could cause unacceptable impact to the primary industry. However, the current import system does not enable access to international germplasm for the high-value food and fibre sector effectively.

We can achieve a much-needed reform of the current import system without unnecessarily reducing biosecurity measures and increasing the risk to the industry and economy.

2.2. Problems of the current operational quarantine system that creates barriers for innovation and sector growth

We agree with MPI's assessment of the five key areas for pressure that hinder operational efficiency of the system and must be addressed for improved performance.

- 1) Plants for planting are a high-risk import pathway if biosecurity risk is not managed effectively.
- 2) It can take a long time to import plants
- 3) The quarantine and import health standard (IHS) system is complex and resource-intensive for Biosecurity New Zealand to operate and maintain
- 4) Biosecurity New Zealand's official recognition and approval of testing at MPI-approved offshore facilities can be resource-intensive for both, the facility and for BNZ and may create vulnerability in the import system.
- 5) People involved in importing have some uncertainty around current, and possible future, import requirements. In part, this is caused by changes made to some standards over the past six years.

However, we consider the more imminent barriers to effective and sustainable importation, and subsequently to innovation and sector growth, are essentially the costs and time it takes to import, if import is at all possible (i.e. an available import pathway and valid commodity import health standard).

2.2.1. FULL COST RECOVERY MODEL IS NOT VIABLE

Full cost recovery of onshore quarantine services is not viable if we want to maintain existing levels of biosecurity protection and grow the economic contribution of the horticulture sector.

We acknowledge the drawbacks of maintaining a high level of biosecurity protection for the horticulture sector, but we consider that MPI can achieve a more cost-effective import system.

Following the implemented changes to charges to onshore quarantine services in post-entry quarantine (PEQ) at the highest risk intervention, level 3B (L3B PEQ), by MPI at the end of 2023, importation became financially not feasible for most industries in the horticulture sectors.

This has been evident in a significant decrease in demand for these services and a dramatic decline in import or expression of interest in the foreseeable future. While we understand MPI's rationale for the need to increase charges for the relevant services, as commented in the relevant submission³, the updated cost-recovery model and current import requirements made importation effectively prohibitive for most sectors.

The costs to import food and fibre plants for planting material that require prolonged time in L3B PEQ for up to 12 - 18 month of active growth in accordance with the current IHS quickly accumulate to present a significant barrier to importation, innovation and economic growth. These costs include the monthly room charges, additional condition requirements such as growth under environmental conditions, periods of dormancy and diagnostic testing.

For crops like stone fruit (*Prunus spp.*), apples (*Malus spp.*), kiwifruit (*Actinidia spp.*), avocado (*Persea americana*), these costs can reach to NZD \$180,000 and beyond until the plant material is potentially released. With only a few plant varieties to import each cycle, the costs per variety are very high. These high costs of import, together with the uncertainty whether the imported variety is suitable to grow in New Zealand's climate conditions or meets market expectations, discourages importers and the industry from pursuing importation leading to slow or stalled development within the sector.

With Option 2 of this proposal, MPI has proposed a management option that requires less time in L3B PEQ than the current settings, proportionately to the individual plant variety. MPI considers this could reduce costs, although has not fully assessed these costs and benefits in detail. However, following discussion with product groups, HortNZ considers it is unlikely that this level of cost reduction will be sufficient to stimulate demand and increase innovation and economic growth.

If New Zealand is to maintain the current standard of biosecurity protection, a full cost-recovery model is not viable. Such a model actively reduces importation and subsequently stifles innovation and sector growths. The current model hinders the collective ambitious economic goals long-term (set out under the AHAP).

2.3. Workable improvements in pest intervention measures (quarantine)

The focus of this proposal is on pest intervention components (quarantine) of the import system, applied offshore or in New Zealand (onshore). However, to efficiently improve

³ [231020 HortNZ submission on MPI PEQ charges and prioritisation FINAL.pdf](#)

the import system for food and fibre plants for planting, a system-wide reform assessing and addressing all components is required. It is unlikely that improvement efforts on isolated parts of the system will lead to fundamental changes and remove those barriers that currently stifle it.

2.3.1. A POSSIBLE WAY TO ACHIEVE A COST-EFFECTIVE INTERIM SOLUTION

We acknowledge that it is resource intensive to manage all imported plant material into New Zealand from any source in a sensible way that ensures the imported material is free of any pests and disease.

While we consider a full reform of the import system is required, we also acknowledge that such an endeavour requires substantial time for analysis, engagement and development and should not be hastened.

If focusing on improving the import system in the interim, while a full system reform can be developed, the emphasis should primarily lie on cost reduction to stimulate demand of import.

In the current proposal, the two presented options of change, Option 2 and 3, are basically slightly amended versions of the status quo (Option 1) with marginal attempts to gain efficiencies and cost reduction. However, we do not see this 'shifting the dial' on import, innovation and economic growth sufficiently. In practical terms, a hybrid solution, utilizing key components of Option 2 and 3 is required, despite it adding more complexity to the system.

None of the options proposed address broader system issues and it is unlikely that choosing one will provide sustainability and long-term success.

HortNZ disagrees with MPI's assessment that freeing up resources in PEQ will enable these to be diverted to the development of IHSs. Firstly, PEQ resourcing is heavily cost-recovered, while IHS resources are fully Crown funded. Any movement of resources from PEQ to IHS development would require more Crown funding.

Secondly, it is not clear that the people whose time would be made available would have the right skills and experience to develop IHS. Additional resources in increasing capability would be required.

2.3.2. OPTION 2 IS UNLIKELY TO REDUCE TIME OR COST CONSTRAINTS

While Option 2, "everything through L3B PEQ but faster" will likely maintain the current level of biosecurity protection and possibly will reduce the overall time of importation, it is unlikely that this option will reduce the costs of importation sufficiently to stimulate strong demand.

Furthermore, with such a high reliance on L3B PEQ capacity, if MPI's cost and time reductions were successful in stimulating demand, this would create a similar bottleneck for importation to that for the last 10-15 years before the new cost-recovery model was implemented. That bottleneck will create long waiting periods for importers to access the limited available capacity in the facility and will likely nullify any possible benefit of a reduced quarantine time. MPI has already identified that New Zealand does not have sufficient capacities for this option and would need to invest substantially in extending the current capacities. It is highly unlikely that the costs of import would come down enough to accept the drawbacks of this option.

With a current lack of the necessary capability and capacity to implement this option, it is neither a short term nor long term solution to build a sustainable import system that is agile enough for future needs.

We consider it unlikely that Option 2 could successfully address any of the MPI-key pressure points over time and achieve the desired outcome.

As a side note, MPI has identified means to reduce the minimum quarantine time in L3B PEQ for plant material, under this option. This aspect should be investigated further and implemented into the import requirements where possible to reduce unnecessary constraints to the demand on importation.

2.3.3. OPTION 3 HAS MERIT WITH GREATER RECOGNITION OF NPPO ASSESSMENTS

Option 3 heavily relies on an increased recognition of risk management activities overseas. This model has been trialled in the form of MPI's approved offshore facility system. HortNZ considers that system could be further optimized.

The primary benefit of wider recognition of offshore risk management for the import system is that all or some risks are managed before the imported material comes to New Zealand. That will reduce the necessity for risk intervention measures needed in New Zealand (onshore) before material can be released. With a reduced onshore risk management need, the amount of specific diagnostic testing and the length of the necessary quarantine time can be reduced accordingly.

Recognizing risk management activities in offshore facilities, either fully or partially, that meet New Zealand's high biosecurity protection standard can relieve the onshore system substantially. For import pathways where this system is in place, costs of import and the time to import are substantially reduced.

In the case of imported potatoes (as tissue culture), imported plant material is released upon arrival in New Zealand and does not require any further quarantine activities, as all requirements are met overseas. When all requirements cannot be met by the offshore facility, imported plant material will be processed through the onshore quarantine system to meet any outstanding requirements to MPI's satisfaction.

While systems of recognition are already in place in form of the MPI-approved offshore facilities, this system is highly reliant on mutual agreements and the willingness of both, MPI and the offshore facility, to negotiate and build the necessary trust.

Broadening that recognition of risk management activities in exporting countries and enabling the national plant protection organization (NPPO) of the respective exporting country to assess compliance on New Zealand's behalf may not be comparable with the MPI-approved offshore facility system. However, given the benefits to time and costs to import that system provides, this option must be investigated in further detail.

In recent consultations, MPI has already proposed a broader recognition of offshore risk management activities and recognition of a systems approach for appropriate risk pest management. Considering that New Zealand actively participates in the International Plant Protection Convention (IPPC), that most NPPOs follow and is spearheading the use of systems approaches for managing plant pest risks, it is paramount that MPI moves towards broader acceptance of that system.

Once verified, plant material may be managed in adjusted level of PEQ or reduced time in PEQ. Facility audits and inspection frequency, and associated costs, can be reduced with increasing level of trust.

The obvious problem to consider is the level of trust that any offshore facility or exporting country will meet our biosecurity needs. Pest interception data show that not all import pathways meet our standards and effectively are not trusted partners.

HortNZ requests MPI to investigate how a compliance verification system for pathway monitoring on the food for fibre import pathway can be implemented that maintains the high level of biosecurity protection.

Provided such a backstop to import exists, the level of trust on individual import pathways could be built over time following compliance.

Further discussions and refinement of a possible model for that system, and how this can be effectively implemented to ensure that the level of biosecurity protection is maintained must be done collaboratively with industry partners.

2.4. How could an interim system be funded?

The full cost-recovery model evidently does not support import demand and is stifling it instead. If Government wants to stimulate innovation and economic growth it must consider subsidising this service.

In accordance with Treasury Cost Recovery Guidelines, HortNZ would submit evidence that demonstrates that PEQ services are 'merit goods', that is the level of demand for services is below that which is optimal under a full cost recovery model. HortNZ, therefore, considers there is a strong argument for subsidisation.

Stimulating demand will subsequently enable recovered costs to be spread stimulating even high levels of demand. In time, having stimulated demand, Government will be able to reduce levels of subsidisation to a more optimal equilibrium.

With additional changes to reduce systems costs, through greater recognition of offshore activities, MPI may find that the level of subsidisation required may, in time be minimal or potentially removed all together. HortNZ notes that temporarily subsidising service costs in order to stimulate demand to optimal levels is envisaged within Treasury Cost Recovery Guidelines.

3. It is difficult to consider PEQ proposals in isolation of Import Health Standards

The import system for food and fibre plants for planting consists of two major interdependent parts. Firstly, the IHS, define the biosecurity import requirements that ensures that any risk of pest or disease associated with imported material have been effectively managed. The development of an IHS is based on extensive risk identification, impact analysis and assessment of suitable intervention measures that sufficiently mitigate the risk.

The second part of the system is the operational quarantine set up that defines how possible harmful pests and diseases in imported plant material can be physically contained and detected if present. The quarantine system ensures that the risks identified in the IHS are physically managed. Both parts of the system are intrinsically linked and require fine alignment in order to efficiently work. Therefore, to improve

efforts to achieve cost, time and operational efficiency, the whole system must be assessed for inefficiencies and possible improvement opportunities, and not in isolation.

To achieve a cost-effective and timely import system that maintains the level of biosecurity protection, the whole system requires a reform that can address fundamental issues and build more flexibility without at loss of integrity.

Assessing options for improvements of quarantine measures in isolation, while not simultaneously addressing shortcomings and the massive delays in reviewing and updating import health standards, is inefficient. This isolated work will not remove and will only marginally change the current barriers for innovation and sector growth.

Arguably a focus on improving the IHS development system to a more efficient system is more pressing. Large-scale suspensions of IHSs, that arguably were not being used but awaiting review and updating, to reduce the bureaucratic burdens on the assessors, hardly provides any benefits for New Zealand's long-time economic success. HortNZ already commented on this issue in a relevant submission⁴ in October 2024.

This is an opportunity to assess how import health standards are developed, how risks on import pathways and commodities are assessed and categorized before looking into operational management of pest intervention. It is time to focus on increasing operational efficiencies in the part of the import system that sets the import requirements based on the assessed risks first.

3.1. Timing of consultation was not optimal

HortNZ welcomes the willingness and readiness shown by MPI and Biosecurity New Zealand to work collaboratively with the wider industry to improve the import system for food and fibre plants for planting. However, we consider the timing of this consultation may not be optimal for thorough industry engagement and best possible feedback.

This consultation was one amongst many government-driven system-wide proposals for change that were run concurrently including Regulatory Sector Review for the Ministry for Regulation, Regulatory Systems (Primary Industries) Amendment Bill proposals for MPI (proposals to amendments to the Biosecurity Act), and the Gene Technology Bill. Many of these system-wide consultations have profound impact on the industry, influence future requirements, and required extensive engagement efforts within the sector and across. For most of these consultations, we are still awaiting the review outcomes and recommendation for change implementation.

In particular, the recommendations and possible implementation of amendments to the Biosecurity Act will influence and inform efforts on this work.

To maximise industry participation and engagement to this improvement proposal, a consultation period in the traditionally less busy autumn-winter season may have been more appropriate and more beneficial.

However, we understand this consultation as only the first opportunity to work collaboratively with MPI on improving New Zealand's import system, rather than a finite and final selection of options proposed.

⁴ [HortNZ Submission on MPIs proposed IHS suspension.pdf](#)