

SUBMISSION ON

Proposed updates to MPI's cost recovery for plant and forestry export certification

21 November 2025

To: Plant Exports Team, Ministry for Primary Industries

Name of Submitter: Horticulture New Zealand

Supported by: Tomatoes NZ, Potatoes NZ, Citrus NZ,
Summerfruit NZ.

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OVERVIEW

Submission structure

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Our submission

Horticulture New Zealand (HortNZ) thanks the Ministry for Primary Industries for the opportunity to submit and welcomes any opportunity to continue to work with the Ministry and to discuss our submission, including via the Plant Market Access Council.

HortNZ's Role

Background to HortNZ

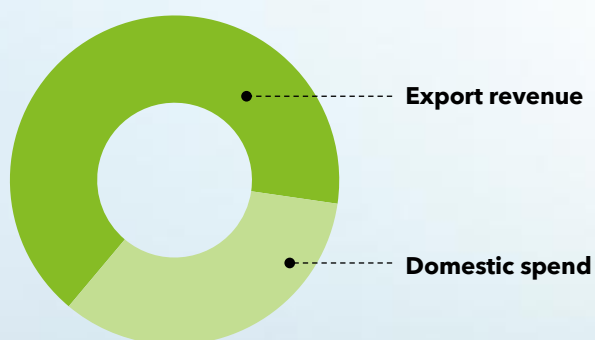
HortNZ represents the interests of approximately 4,300 commercial fruit and vegetable growers in New Zealand who grow around 100 different fruits and vegetables. The horticultural sector provides over 40,000 jobs.

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.



Industry value \$7.54bn

Farmgate value \$4.89bn

Export revenue \$4.99bn

Domestic spend \$2.55bn

Source: HortNZ Annual Report 2025

Executive Summary

The Ministry for Primary Industries is proposing to increase phytosanitary certification fees, to recoup an existing deficit in the Plant and Forestry Export Certification Account, and to ensure sustainable funding of phytosanitary certification services. There are two options presented for the recovery of the deficit: either 1) recover over a period of 13 months; or 2) recover over three years. Both options result in an increased fee for exporters.

HortNZ notes both options presented in the consultation document are to recover the deficit (just over different time periods), rather than an additional option for the Crown to instead absorb the deficit. Hort NZ considers the deficit should not be recovered from exporters, for the following reasons:

- The proposal to address the deficit has been delayed at several points over the past five years, leading to the deficit growing further.
- Future exporters should not have to help recover the \$2.7 million deficit they did not create.
- If proceeded with, it would result in a large jump in fees for many exporters, particularly if recouped over a single year.

HortNZ does not disagree with raising the cost of the certificate to cover all reasonable fees, as long as this is in line with cost recovery principles of equity, efficiency, justifiability, and transparency.

In addition, HortNZ considers MPI should undertake regular reviews of phytosanitary fees, to ensure deficits do not occur again in the future. This could be part of the wider annual review work of the MPI cost recovery team.

Submission

1. Options to recover deficit

Q. 1	Should the deficit be recovered over 13 months (Option 1) or three years (Option 2)
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The Ministry for Primary Industries is proposing to increase phytosanitary certification fees, to recoup an existing deficit and to ensure sustainable funding of phytosanitary certification services. There are two options presented for the recovery of the deficit: either 1) recover over a period of 13 months; or 2) recover over three years. Both options result in an increased fee for our horticulture exporters, and a new increased fee once the deficit is recovered.

HortNZ notes this means the only options presented are the recovery of the deficit, rather than the Crown absorbing the deficit and then starting with the new increased fee. HortNZ considers the Crown should absorb the deficit, rather than have it recovered from exporters, given the large amount of time that has passed in incurring the deficit. HortNZ considers the recovery of the deficit should have been addressed earlier as the situation now means that future exporters will be paying to recover a deficit they may not have helped create.

If the deficit is recovered, HortNZ prefers Option 2 (spread over three years) as this will have the lesser impact on costs, particularly for smaller exporters.

2. Other issues

Q. 2	Are there any other issues that MPI should consider in addressing the current phytosanitary certification account deficit?
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2.1. Regular reviews of phytosanitary fees should be part of MPI's wider work on cost recovery settings

We recommend there are more regular reviews of the phytosanitary fees so that a deficit is not incurred again. HortNZ recommends that phytosanitary certification should form part of the annual cost recovery review undertaken each year by MPI across animal products, animal welfare, biosecurity and food, as reviews of phytosanitary certification fees are not currently part of this process.

Future proposals should also ensure a Cost Recovery Impact Statement (CRIS) is prepared. The current discussion document has no accompanying Cost Recovery Impact Statement, and the analysis does not specifically refer to the usual guiding principles of cost recovery – equity, efficiency, justifiability, transparency or provide an assessment of how the options meet the principles.

This is contrast to other MPI cost recovery proposals that contain this assessment, including (for example) analysis of phytosanitary certification in the MPI discussion

document for 'Proposed updates to recover costs for MPI's new Trade Certification System' (October 2025).

As noted in the discussion document, MPI manages the phytosanitary export certification of plants products through a series of administrative operating standards rather than under legislation. This is unusual in that normally, legal authority for cost recovery is empowered via an Act of Parliament, and Regulations issued under an Act. Both The Treasury and the Office of the Auditor-General have clear guidance on these matters.^{1 2}

Having the plant sector brought into the regular cost recovery reviews undertaken by MPI would have give greater confidence that the fees were set in accordance with legislated cost recovery policies and principles, similar to other sectors.

2.2. The certification fee should have a greater breakdown of costs

The fee is for issuing export certification, but it also covers costs not directly related to core certification. This includes maintaining export standards and systems; maintaining market access, and sector engagement and project services.

This should be made clearer (e.g. via a Cost Recovery Impact Statement) now and in the future what the breakdown is of these costs, and what proportion of the fee collected goes towards these services that sit outside the issuing of the certificate itself. Alternatively, the Plant Market Access Council should have greater oversight and input into the spend, to ensure exporters are receiving value for spend and key projects for industry are being prioritised.

2.3. The implementation date should be delayed to align with other MPI changes to allow industry time to prepare

The implementation date of 1 December 2025 seems unreasonable for an increased fee to come into place, given that businesses have to plan ahead for expenses, particularly given the variability in price for fruit and vegetables.

This should be delayed until early 2026 or in alignment with other amendments, such as the charges for the new MPI Trade Certification system referenced in the document to be in place on 1 July 2026. This will allow exporters to factor this into their outgoings and costings.

2.4. Growers face increased fees and charges across many areas of government

There is a cumulative impact of costs being added onto growers by central government. Some current examples for our growers include the Food Act levy, ACC levies, business registration and freshwater farm plans.

¹ [Setting and administering fees and levies for cost recovery: Good practice guide](#)

² [Guidelines for Setting Charges in the Public Sector - April 2017](#)

This cumulative impact should be taken into account when fees are set, as detailed in Section 3.4 of the Treasury guidelines where questions to be asked include 'what is the cumulative impact of government cost recovery charges? i.e. there should be a consideration of the impact of the range of charges that affect those who pay, not just a narrow focus on the impact of a particular cost recovery regime'.

Having the review of fees form part of wider cost recovery proposals within MPI should help with this analysis. HortNZ considers there should be greater acknowledgement by central government agencies that costs can be cumulative; and should not be viewed in isolation by each agency, or even different teams within agencies.