

SUBMISSION ON

Organics Cost Recovery – Revised Model

31 October 2025

To: Ministry for Primary Industries

Name of Submitter: Horticulture New Zealand

Supported by: Zespri

Contact for Service:

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OVERVIEW

Submission structure

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A direct response to the survey questions

Our submission

Horticulture New Zealand (**HortNZ**) thanks the Ministry for Primary Industries (**MPI**) for the opportunity to submit on the Consultation on cost recovery under the Organic Products and Production Act 2023 - revised model for allocating the all-operator levy and welcomes any opportunity to continue to work with MPI and to discuss our submission.

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

HortNZ's Role

Background to HortNZ

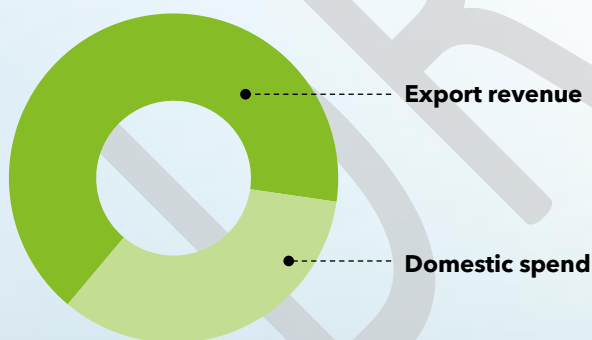
HortNZ represents the interests of approximately 4,300 commercial fruit and vegetable growers in New Zealand who grow around 100 different fruits and vegetables. The horticultural sector provides over 40,000 jobs.

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

Submission

1. Background Information

HortNZ previously responded to MPI's first consultation on organics cost recovery.¹ In our submission, we sought a value-based approach to the all-operator levy, as opposed to one based on volume. MPI is now proposing a similar turnover-based approach. HortNZ was invited to respond to this proposal in a survey. Our responses are copied below.

2. Survey responses

Q. 1 Which of the following best describes your organisation?

Sector body representing organic and non-organic growers. In this instance, our submission is supported by Zespri who is an organic exporter.

Q. 2 Which of the following product sector applies to you or your organisation?

Horticulture

Q. 3 Are you currently certified under one or more of the following programmes?

Not applicable

Q. 4 Submitters who supported OANZ's proposed model thought a turnover-based levy is fairer than a volume-based levy and easier for you to calculate. Do you agree?

YES

HortNZ sought a value-based levy in our first submission. We continue to believe that this is fairer than a volume-based levy because organics includes a range of product categories with different value by weight or volume. Cost recovery to the National Organic System should be based on relative financial benefit derived from the services being cost recovered, not the weight or size of the product sold.

Q. 5 Which option to you prefer for allocating the all-operator levy? What's the reason for your preference?

TURNOVER

A turnover or value-based levy is more fair than a flat fee or volume based levy. As stated in HortNZ's first submission, a flat fee is an inequitable method of cost recovery because

¹ HortNZ. (2025). [Cost Recovery Proposals under the Organic Products and Production Act 2023](#).

small producers would pay much more proportionate to their turnover than larger producers. The organic sector is extremely diverse, covering small community gardens that only sell at farmgate or farmers' markets all the way up to major exporters with global reach like Zespri.

A charge per tonne of organic product does not account for the fact that horticultural products alone are very diverse in value and weight. When considering the entire range of New Zealand-produced and imported organic products, from cheese to coffee to apples to wine, the differences are even more stark. It would be inequitable if producers of heavier products were charged more than producers of light products of higher value.

In particular, HortNZ does not support a volume-based option with a coefficient based on class of products. This approach is administratively complex and inequitable because it does not account for the diversity of products and value within the fruit and vegetable category. A levy should be simple for users to calculate and understand.

Q. 5 Please add any further comments on the proposals here

HortNZ and Zespri welcome any further opportunity to work with MPI on the development of the National Organic System. Communication to growers about how the new system will work and what they will need to do to transition will be critical, and we see an opportunity for Government and industry to work together to disseminate that information.