

## FREQUENTLY ASKED QUESTIONS

### Towards 2025

- **Is it all three (Greenlife Double, GIA and a levy) or nothing?**

Towards 2025 is a package. Certainly we cannot progress Greenlife Double or be part of GIA without more funding (a levy), and many of the proposed advocacy and wider horticulture Greenlife Double initiatives would either be weaker or not possible without levy funding and our joining GIA.

- **What's the timeline?**

This is detailed in our consultation paper, "Industry Consultation, Mandate and Timeline"; you can read it at [www.nginz.co.nz/towards2025](http://www.nginz.co.nz/towards2025).

In brief though, in 2014 we talked largely with existing NGINZ members to ascertain their views, input and support. With NGINZ member support, early in 2015 we will consult with the whole of industry, and hold a referendum in May 2015. We've also been having early discussions with talking with forestry and horticultural sector groups, and will this will continue early in 2015. Assuming referendum support, we will make application to the Minister for Primary Industries. All going to plan, we will be ready to sign GIA and institute the levy early to mid-2016.

- **Is there too much to take on board?**

It's certainly ambitious, it's a big project and there are some major decisions. An important part of the process as we go through member and industry consultation is to break it down into simple steps – our "value add" summary and "transformation projects" are examples of the major deliverables.

- **What happens if we fail to get industry support for Towards 2025?**

If we are not successful with industry support for Towards 2025, NGINZ will need to take a serious look at its scope and activities. Association activities will be scaled back in line with the reducing revenue streams. The Board believes this will lead to fading influence of our industry and marginalisation with government and others. This would result in gradual dissatisfaction within membership, membership attrition and industry decline.

- **What might we lose?**

While it's difficult to pre-determine what the future hold for a non-levy funded Association, possible outcome include an industry that has:

- No industry voice or profile.
- No representation with government and territorial bodies on potential issues impacting the nursery and garden industry.
- No ability to make changes and submissions to government.
- No influence – likely to be ignored by government and other horticultural sectors.
- No coordinated approach to anything – training, learning, industry promotion ...
- No nationwide gift card scheme, no plant trolleys, no Go Gardening magazine.
- No pan-industry networking opportunities - conference, regional clusters.
- No central promotion of the value of greenlife and gardening.
- No opportunity to endorse members as horticultural, nursery and garden experts.

We'd be marginalised, fragmented and isolated.

## Greenlife Double

- **Is it credible?**

Yes it is. It's intended to be a bold aspirational objective and one that will challenge the industry, its' capacity and resources. It will be hard work, but a ten year timeframe allows for gradual growth over time and the benefits of success are substantial. Other industries have achieved this so there's no reason why we cannot, provided we collaborate and commit to achieving the common goal.

- **Haven't we missed the 'Green Cities' opportunities?**

No. Council and government planning is ever evolving. Whilst New Zealand is seen as 'green' we can always do better. The fact that many communities are already in tune with "green" firstly makes our job a little easier and provides excellent opportunity for industry to partner with these communities, and grow further.

- **Is ten years long enough – maybe should be 2030?**

We chose ten years because it's "within reach", 2030 seemed too far away and we'd risk putting off action until it's too late. Doubling over ten years is a little more than 7% compound growth, achievable with some smart thinking, hard work and a team comprising the whole industry.

- **How will you measure "Double Value"?**

We'll likely focus initially on the value of nursery production in StatisticsNZ's Annual Enterprise Survey. That records the sales value of nursery production both under cover and outdoors (\$326 million at June 2013 (2014 data available in August 2015)). It's a metric that's reliable and consistent. With the introduction of a levy we will automatically collect accurate data on the value of greenlife sales at the nursery gate, strengthening our ability to measure overall value.

Our industry data project aims to produce finer information that enables identification of trends and enables businesses to benchmark performance. Increases in "value" statistics can come not only from simply doubling production, but from industry efforts to grow perceived value of plants, and from individual businesses working on their margins, prices and costings. We need a profitable industry as well as one that's doubled!

- **How will we influence experts?**

Informed and strong advocacy will form a major component of our efforts to sway the decision makers.

- **How does Greenlife Double fit food and forestry?**

HortNZ has a plan to increase horticultural production to \$10 billion by 2020. It's another doubling exercise. They'll need more plants, we grow them. They'll need better cultivars and genetics, we breed them, and they're developing better tools to lessen the risks of new pests and diseases and the spread of existing ones – and we are part of that equation.

Ditto forestry – nurseries supply forestry with thousands of seedlings annually – they need clean, high health, high performing plants, all part of Greenlife Double's industry professionalism, partnership, high health and R&D project strands.

## Government Industry

### Agreements - GIA

- **What are the benefits?**

GIA is designed to strengthen New Zealand's biosecurity protection. Industry will have greater say in managing biosecurity risks; we and MPI will be better prepared for new pests and how to respond should they arrive. As well as strengthening our industry voice and influence with government, our engagement across horticulture and with other primary industries will strengthen.

- **How would it be different to what we are doing now?**

GIA gives affected industries a seat at the decision making table. Until now MPI has only been obliged to consult on how a new pest incursion is prepared for and handled. In return, government and industry share the costs. Industry's influence goes further though, with government committing to stronger engagement in pre-border and border biosecurity.

- **What potential new nursery industry pest threats are out there?**

To date we've identified few, if any, new pests that present an industry wide threat, sudden oak death perhaps being an exception. Most would be controlled by existing crop protection programmes and would have minor impact. However, we run the risk of "death by a 1000 cuts," every new pest making our job that little bit harder; potentially adding to on-nursery costs (eg, crop protection or other protective measures) or reducing our product range.

Historically, a large proportion of NZ's most significant incursions have been pests or diseases there was little or no awareness of – we need to be prepared for the unexpected. We continue to work on our list of pests significant to the nursery and garden industry.

- **We already have untold pests in our crops why worry about more?**

See above - and an important part of our GIA-work will be to prepare for "lower impact" risks and maintain our ability to control those pests that might contribute to the "1,000 cuts".

- **What pests are serious and what will their impact be?**

See above.

- **How serious are the biosecurity risks to the nursery industry?**

See above – and it is likely the greater risk that we need to proactively manage is the impact we have on other horticulture sectors and the impact they in turn, have on us as they move to plan and mitigate biosecurity risks (which are substantial) to their own sectors – see below.

- **If there are few pests that impact us, why would we join GIA?**

Our greater risk likely lies with the impact of new pests on our customers, and the steps they take to mitigate those risks. We need to work to ensure we do not adversely impact them, and they us. The ability to move plants, have access to pest and disease control tools, horticultural sector confidence in nursery practice and hygiene, and market access for our exports are all critical for our future.

- **Who pays for what?**

Industries are asked to consider only those pests and their impacts that affect their particular industry, with cost shares relating to the benefit each industry accrues. Government guarantees a minimum contribution of 50%, more if the benefits are mainly for the public's good.

- **What about "new to science" pests?**

GIA provides a mechanism for equal cost shares upon an incursion from a new pest so as to ensure a response is timely. Relative benefits and appropriate cost shares are then worked out later. GIA also requires industry and MPI monitoring new biosecurity issues overseas and assessing them for NZ relevance, and hence the need (or not) for them to become part of GIA considerations.

- **Is NGINZ being pressured to join GIA?**  
No, the decision is entirely ours.
- **Do we have to join GIA?**  
No, the decision is entirely ours, and even when we do join, it is entirely our choice to determine what pests are important to us.
- **When does the government expect us to join GIA?**  
The government has no expectation of our timetable. This is entirely up to us.
- **When do we plan to join GIA?**  
Assuming success in our industry consultation we intend to make application to the Minister for Primary Industries mid-2015. From there it's about a six month process.
- **Why not align with HortNZ?**  
HortNZ has made it clear that it will not sign the GIA 'Deed' or seek a mandate from growers to collect a specific biosecurity levy, and that individual product groups (eg, pipfruit, kiwifruit, summerfruit, feijoas etc.) are the appropriate organisations to sign the GIA Deed and represent the specific biosecurity needs of their members. HortNZ is an important member of the GIA community, and will continue to provide support in terms of guidance and advice, particularly for the smaller industry groups and will also play a role in bringing the industry together so individual groups can be kept informed about each other's progress, learn from each other and develop solutions together.  
  
NGINZ is already aligning and working with the wider horticulture sector, including HortNZ, in relation to GIA and the first proposal for an Operational Agreement for fruit flies.
- **What is the cost of joining GIA?**  
There is no "cost to join" GIA – save for the time and effort preparing for and undertaking the industry consultation required prior to joining. However, there are costs involved with being an active member of GIA and these costs fall into three groups: minimum commitments, preparedness and response.
  1. Minimum commitments comprise things like maintaining capability to understand our biosecurity risks and how these change over time, communicate effectively on GIA matters within our industry and with partners, and engage in GIA processes.
  2. Preparedness comprises things like implementing surveillance programmes, contingency planning, and negotiating phytosanitary measures to minimise restrictions on plant or product movements, and nursery training. We estimate the minimum commitments and readiness costs will be \$150-\$200,000 per annum. This fits within an overall budget for biosecurity activities (ie. also covering things like input to the NPPA, GERMAC, EPA ...), excluding any response costs, of \$300,000 per annum.
  3. Response costs are harder to predict, will vary pest by pest, and will relate to our share of the benefits compared with others and the magnitude of the incursion. Our assessment to date is the extent to which our industry will benefit from responses will be very limited, and our exposure to response costs minimal.

It's our intention that minimum commitment and preparedness work be funded from the Commodity Levy, while a Biosecurity Act Levy is used to fund responses costs, if and when these are incurred.

Irrespective of GIA, it might be argued that a responsible industry should be undertaking some of the minimum commitments and preparedness activities anyway. Indeed, some industries welcome GIA

- **Are we then being asked to write a blank cheque?**  
Operational Agreements negotiated in advance determine how each industry will approach a specific pest threat. They provide for industry nominating a cap on its expenditure, an industry can choose whether to join a response and it can withdraw at any time. In which case it loses its decision making role, but it has limited its liability.
- **What happens if we do not join?**
  - From our industry perspective we believe that not joining will inevitably lead to gradual “fade” in terms of our relationships with MPI and other horticulture sectors, and our industry voice will be side-lined and our relevance diminished. We will have decreasing influence over regulatory measures, some of which will reduce our freedom to move plants. We are sometimes seen as risk creators by others, and that view is likely to intensify and see our industry increasingly targeted by other industries.
  - From an individual nursery perspective – if MPI and government deem that the nursery industry is a beneficiary of a response, it can recover the industry’s share directly from growers via a Biosecurity Levy.
- **Is the current biosecurity system failing?**  
No, our system is regarded as one of the best in the world. But primary industries have long-sought a mechanism whereby the system is more responsive to its needs. GIA is such a mechanism.
- **What are you going to do about the back yard operators?**  
All people who produce plants for commercial return are part of the industry for the purposes of GIA and the levy, including “back yard operators”.
- **Why should we pay, this is what our taxes pay for?**  
This was often discussed during GIA establishment meetings (which began in 2005). Government is committed to maintain its’ biosecurity spend, and indeed will likely end up spending more as it meets its own, and the public good, share of GIA activities.  
However if industry wants more influence, it is argued that we must contribute – and indeed primary industries are paying now; just add up the cost of recent pest incursions – Psa, tomato and potato psyllid, giant white cabbage butterfly, varroa, didymo. Some sectors believe GIA will save them money in the long run.
- **Are grower/retailers and plant hire people included in GIA?**  
Any business that is a potential beneficiary of pest incursion planning, preparedness or response is within the scope of GIA, so growers who sell their own production direct to an “end market” or to consumers and those who grow plants to hire to others are included.

## Commodity Levy

- **Who will pay the levy?**  
All businesses that grow and sell plants for commercial return and fit within the scope of our “commodity” – currently proposed as all plants commercially produced for the purpose of supply to production horticulture, retail outlets, landscapers, local district and national authorities, those sold direct to consumers, whether these be individuals or body corporates or sold anywhere else.
- **Are all growers included?**  
Yes, all those who produce the “commodity” (ie plants) are subject to the levy.
- **Will all growers become members of NGINZ?**  
Yes, all levy payers become members of NGINZ. Note though that the Act has a provision for conscientious objectors. These businesses must still pay the levy, but they pay it to MPI who pass it onto NGINZ. They do not become members of NGINZ, but as they are levy payers, NGINZ must be cognisant of their needs.
- **Will levy payers also pay an NGINZ subscription?**  
No, the levy will replace member subscriptions for growers.
- **What will the commodity levy cost me?**  
Current proposals set the levy at 0.3% of turnover in the first year. This equates to \$3,000 for every \$1million of turnover. See next page for how the rate is determined in subsequent years.
- **Who will collect the levy?**  
NGINZ.
- **Who will administer the levy?**  
NGINZ.
- **How is the levy rate set?**  
This is a two part process:
  - The maximum rate and the actual rate for the first year are set via the levy proposal and referendum process.
    - We propose to establish the actual rate for the first year at 0.3% and this will be included in the final levy proposal.
    - However, the levy proposal and referendum must also establish a maximum levy rate for the duration of the levy order (six years) - in our case we propose to set this at 0.4%.
  - The proposal and referendum must also state how the actual rate for any one year is determined.
    - The rate for our second and subsequent years will be established by a vote for levy payers (growers) at NGINZ’s AGM or a SGM convened for that purpose. This can be established at the maximum rate or a lesser rate.
- **At what rate will the commodity levy increase each year?**  
The maximum levy rate is set for a six year period along with the first year’s actual rate in following the referendum and subsequent application to the Minister. Once approved it cannot be changed. The rate for years two to six may vary following approval at the AGM or a SGM, but cannot exceed the maximum.
- **Can NGINZ put the levy rate up beyond the maximum levels voted on?**  
No, see above.
- **How long does the levy last?**  
Once established, levy orders are valid for six years. Prior to their expiry the industry body must again consult with industry and proceed to a new referendum prior to applying to the Minister for a levy to be renewed.

- **Will the commodity levy cost me more than my current NGINZ membership fees?**

That depends on the size of your business and where you fit within our current membership bands. On the basis of 2014 turnover bands and subscription fees and a 0.3% first year levy, the following provides some guidance:

NGINZ member band	NGINZ 2014 Fees \$	Income \$	Levy applied \$
Up to & including \$75,000	350	50,000	150
\$75,001 to \$150,000	350	75,000	225
	748	100,000	300
\$150,001 to \$350,000	950	150,000	450
	950	250,000	750
\$350,001 to \$1,000,000	1,208	350,000	1050
	1,208	500,000	1,500
	1,208	750,000	2,250
\$1,000,001 to \$2,500,000	1,840	1,000,000	3,000
	1,840	2,000,000	6,000
\$2,500,001 to \$5,000,000	2,760	2,500,000	7,500
	2,760	3,000,000	12,000
\$5,000,001 to \$10,000,000	4,025	5,000,000	15,000
	4,025	7,500,000	22,500
\$10,000,001 to \$20,000,000	5,750	10,000,000	30,000
	5,750	12,500,000	37,500
	5,750	15,000,000	45,000
Greater than \$20,000,000	6,900	20,000,000	60,000

However, the levy, and Towards 2025 provides for far more than NGINZ is able to deliver on the basis of just its' current member fees even when these are currently supplemented by gift card expiries, trading contribution and current use of investment funds.

Note that in the formative stages of our proposal development the setting of maximum and minimum levy amounts was included. However, the equity of such proposals was sounded rebutted during consultation with NGINZ members and these options are no long proposed.

- **How will the levy be spent and who decides?**  
NGINZ will consult with levy payers and other industry sectors while developing projects, budgets and action plans to undertake work to the benefit of levy payers and those supply streams important to levy payers. NGINZ is obliged to ensure its' work is responsive to the needs of, and of benefit to, levy payers, and in particular we propose that an Industry Advisory Committee is established to represent levy payers and industry supply chains and assist the Board in its deliberations.

- **How will levy payers, views be represented?**  
The Commodity Levies Act requires that the industry body be accountable to, representative of and responsive to the needs of levy payers. NGINZ's proposal includes changes to Association governance, management and decision making processes to ensure such accountability. This is outlined in Section 6 – "Governance Discussion Paper".

- **Because of the increase in revenue, will we see a reduction in other costs from NGINZ eg: conference fees or services?**  
Possibly, but that depends on exactly what we use levy funds for. The Commodity Levies Act however, does allow for levy funds to be used towards conference and providing services to members.
- **You refer to this as a proposal, what might change?**  
The Commodity Levies Act requires us to consult with all those who are potential levy payers and to take their feedback into account as we finalise our application to the Minister. At this stage, nothing is finalised. We are undertaking industry consultation – following which, we will formulate our “final” proposal prior to April’s referendum.
- **What about GST?**  
The levy that an individual grower pays will have GST added to it. The 0.3% proposed first year levy rate levy is calculated on growers’ sales excluding GST. Then GST is added to the levy amount. For example on \$1,000,000 of GST exclusive sales, the levy would be \$3,000. GST is added and a sum of \$3,450 paid the NGINZ. However the grower would claim the GST portion in their GST return to IRD, so the net cost to the grower will be \$3,000.
- **Should I put my prices up to recover the levy I pay?**  
The levy is a legitimate business cost and a business should treat it as they would any other cost they incur in producing plants. How they manage this however, is entirely up to the individual business.
- **Why not align with HortNZ?**  
HortNZ is an umbrella group for their constituent Product Groups, each of whom is an association or a formal body in their own right – eg Pipfruit New Zealand, Kiwifruit Growers Incorporated ... We would thus still need NGINZ and a levy system among all growers for NGINZ. Our growers would also be subject to HortNZ’s levy which pays for its activities. We do however work closely with HortNZ, and our relationship with them, and their Product Groups would strengthen under our proposal.
- **What makes you think I am part of the industry? – I don’t have an interest in it**  
If you produce plants for commercial return, you are part of the industry. And you thus benefit either directly or indirectly from the advocacy and promotional activities we undertake on behalf of all industry members – these include our work with MPI (NPPA, plant imports & exports, GIA ), the EPA (review and submission on new organisms that may impact our industry), Ministry of Health (Legionella), MBIE (OSH, weights and measures), other horticultural sectors (nursery production hygiene and plant movement), industry promotion, nursery (PrITO) and retail training, IPONZ and PVR ...
- **Assuming the levy gets introduced... what if I don’t want to pay the levy?**  
If we are successful in gaining a Commodity Levy, all businesses must pay the levy, it is compulsory under the Commodity Levies Act. Essentially you have no choice; it is a legal requirement ... and it’s an offence under the Commodity Levies Act to avoid the levy (s24).
- **If an organisation, currently a member of NGINZ, refuses to pay the commodity levy, what action will be taken with this member?**  
See above.  
That said, we would appeal to the business for their cooperation. If that were to fail, we have two options, ask the Minister to undertake an audit, or for NGINZ to take legal action.
- **If an organisation, not currently a NGINZ member, refuses to pay the commodity levy, what action will the NGINZ take to enforce payment?**  
See above.  
Once we have a levy funded organisation, the differentiation between current NGINZ members and non-members disappears – all levy payers become members of NGINZ.

- **If I pay a commodity levy, will a comparative sized retail business pay more, the same or less in NGINZ membership fees?**

That's something we are still working through. While the levy would be compulsory for growers, no such mechanism is available for non-grower members. Thus their membership will continue to be voluntary and we need to establish some basis for equity in contribution and the benefits they get, and thus the value proposition for their decision to join the Association.

- **Will some levy funds be spent on promoting gardening?**

In all likelihood yes, but this will be a future decision on how levy funds are spent under NGINZ's new governance and decision making arrangements through Board and Industry Advisory Committee mechanisms established in a new Constitution.

All supply chains and important for industry growers. The retail supply chain through to gardeners is one of these, just as is that through landscapers, through to councils, infrastructure projects and commercial horticulture. We will develop projects to increase the use and consumption of plants in all these markets.

- **You need \$1.5M for what!! ?**

To develop our industry, to make it stronger, to give it a louder voice, to act on and advance the interests of our members, to make it better towards and after 2025.

- **Who gets to vote in the referendum?**

Anybody who is a potential levy payer – that is all people who grow and sell plants for commercial return.

- **How do referendum votes count?**

Each potential levy payer (grower) gets one vote and in order to proceed we must have the support of at least 50% of those who vote.

In addition, each voter (growers) records their turnover, and we must achieve the support of at least 50% of the aggregate turnover of those who vote.

- **In a GIA response, would we simply send a single invoice for a growers share?**

That's still to be worked out and would likely depend on the magnitude of the response and our share of the costs. If "small", then our cost share may be met by "in-kind" contributions. If large, we may need to secure funding through the biosecurity levy.

- **How does the Biosecurity Levy work?**

A Biosecurity Levy is instigated under the Biosecurity Act. We propose that we establish such a levy to provide for our share of potential future GIA incursion response costs. We would establish the Biosecurity Levy at 0% and build the infrastructure for a response. If we incur response costs, we enact the levy at such a rate so as to recover costs over time. .

- **Should retailers pay the pay for industry biosecurity and be subject to the biosecurity levy?**

Perhaps, but if this were the case, then so should landscapers, councils we sell plants to, DOC ... indeed anybody growers sell plants to. Our biosecurity activities benefit all growers and hence all their customers.

However, there is no mechanism that we can use to compulsorily engage businesses other than growers.

- **Will I pay the levy on liners that I purchase to grow on?**

Yes, but it leads to potential "double dipping". This has been identified as an issue we need to resolve. The most likely resolution is a GST-like process whereby levy paid on inputs is credited against that collected on outputs before being paid to NGINZ.

- **How might this GST-like process work?**

Just the same as GST works now and best illustrated via an example.

- Assume Grower A has an annual turnover of \$1,000,000 turnover, and has purchased liners to the value of \$50,150 from Grower B.
- Grower B will have paid a levy on these liners of \$150.
- Grower A's levy on their turnover is \$3,000. They however would deduct the levy that was included on the price from grower B.
- Thus grower A has a net levy liability of \$2,850.

- **What about tissue culture that I purchase to grow on?**

We propose to exclude tissue on the basis that most, if not all, of it is "consumed" in the production of other plants that will be subject to the levy, and as such the grower purchasing the tissue culture would simple deduct it as a levy-paid-input from the levy the owe on their finished plants.

- **Will imported plants be included?**

Ideally yes, though we've work to do with the Ministry for Primary Industries and Ministry of Foreign Affairs in this regard so that the levy is not seem as a trade tariff by our trading partners. We have been told that this is not easy.

- **Will exported plants be captured?**

Yes, all plants grown in New Zealand will be covered by the levy.

- **When will the levy first be payable?**

Early to mid-2016 – it will take that long to complete industry consultation, make application to the Minister, have MPI and the Minister assess the application and then for us to proceed to implementation.

- **How will the Levy be collected and how frequently?**

This is still to be decided; however collection will likely be through grower returns and may coincide with a business's GST cycle. This will hopefully help reduce the administration overheads