

TOWARDS 2025

The Future Direction for our Industry

We are at a crossroads as an industry. As a result, you will be asked to make important choices in the coming months

Towards 2025 is a plan to strengthen collaboration for mutual benefit to help develop and grow the nursery and garden industry and all its participants. It will see us working together to double the value of greenlife by 2025 and partner with forestry and other horticulture sectors to improve industry biosecurity.

It's about being proactive! It won't be easy and will require significant effort, investment and collaboration to achieve this aspirational goal for a vibrant future

December 2014

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TOWARDS 2025: DECISION TIME - THE FUTURE DIRECTION FOR OUR INDUSTRY

We are at a crossroads as an industry. As a result, you will be asked to make important choices in the coming months.

There has been much discussion and activity in recent years in relation to changes in the biosecurity area (including Government Industry Agreements on Readiness and Response), the importance of strong advocacy, the benefits of accreditation and quality standards, membership fees, and many other industry development initiatives.

The NGINZ Board believes we are now at a crossroads due to:

Biosecurity changes

The Government has introduced Government Industry Agreements on Biosecurity Readiness and Response (GIA). These agreements are now law, industries are signing up and NGINZ (and the nursery and garden industry) needs to be part of it or run the risk of becoming less relevant, losing influence and facing restrictions that impact our ability to trade (for example, restriction on moving plants);

Economic upturn

Most signals point to a period of strong economic recovery and performance ahead, and we need to be positioned as an industry to make the most of this;

Liveable Cities

Green infrastructure offers solutions to many of the challenges contemporary society faces, and the scale of opportunity in Auckland and Christchurch is unprecedented. It is time for us to step up;

Increasing regulation

The level of regulation impacting our industry and individual businesses continues to grow in scale and complexity, and strong advocacy has never been so important;

NGINZs current strategic plan runs through to 2016.

As we begin thinking about what's next its opportune to adjust our perspective and scope so that we are both proactive about our future and more relevant to the needs of the wider industry.

Relevance to Industry

While NGINZ has a strong and proactive membership not all industry businesses choose to be members. There are many reasons for this, some have never joined, others have left and some may not know of us or our work. Whatever the reason though, our work is all the more effective when we speak for, and more importantly, reflect the views of "all of industry". We and our industry are better when we harness collective wisdom, effort and resource.

Towards 2025

Towards 2025 is a determined and ambitious package with three key elements. In coming months you will be asked to decide whether you support these strategies.

Double the Value of Greenlife by 2025.

Drive growth of greenlife across all market segments. This strategy is known as Greenlife Double.

Become part of GIA from 2015.

An agreement would offer us a say in vital issues such as biosecurity protection and enable us to partner closely with the wider horticulture and forestry sectors.

Establishment of a levy.

The ambitious Towards 2025 plan is reliant on establishing a sustainable and equitable industry-wide funding arrangement for the good of the nursery and garden industry.

Introduction

A detailed overview of these components is set out in this and other documents. They contain information and recommendations that are vitally important for every industry participant.

We have identified the following benefits of the Towards 2025 package:

- **A prosperous industry**
Making things happen and creating opportunities for members.
- **An influential industry body**
Proactive advocacy, lobbying for members' common good.
- **Resourced and focused**
Active pursuit of market growth opportunities for members' benefit.
- **Enhanced promotional capacity**
Proactive industry promotions and awareness campaigns.

Before any decisions are taken there will be a formal and wide consultation process that engages with all sectors and parties that have an interest in the future and success of the nursery and garden industry. In particular, views of growers (of nursery stock) are crucial; it is they who will become "levy payers" and they who vote in the referendum that will decide our path Towards 2025.

There will be several opportunities for industry members to provide this feedback:

- **Directly to NGINZ** as we prepare for formal industry consultation.
- **At regional meetings** during March 2015.
- **In a referendum** among growers in May 2015.

The essentials of Towards 2025 are described in this booklet. Further resources are available on the NGINZ website (www.nginz.co.nz/towards2025). We welcome your contribution to our discussions and please feel free share your views with any of the NGINZ board members or with NGINZ CEO, John Liddle, directly.

We need to take action. We encourage you to carefully consider the NGINZ Board's proposal, the future you want for your industry, and how your business and the NGINZ will need to re-position to achieve future success for industry members, the industry and the Association.



Andrew Harrison
Board Chair



John Liddle
Chief Executive

December 2014

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TOWARDS 2025

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It's about being proactive! It won't be easy and will require significant effort, investment and collaboration to achieve this aspirational goal for a vibrant future.

Issues & Opportunities:

- **GIA** - Be a part of it or run the risk of fading influence on industry.
- **Increased regulatory pressure** – our advocacy and preparedness response.
- **Liveable Cities** – increased emphasis on gardens and green spaces.
- **Economic upturn** – business and consumer confidence suggest market growth ahead.
- **Strategic Plan renewal** – ensure relevancy of our offering today and in the future.

What's in it for me?

- **A prosperous industry** – making things happen and creating opportunities for members.
- **An influential industry body** – proactive advocacy, lobbying for members' common good.
- **A strengthened industry body** – actively driving market growth and members' share of it.
- **Enhanced promotional capacity** – proactive industry promotions and awareness campaigns.

What needs to be done?

If we are to achieve the enticing goal of doubling the value of greenlife by 2025, we need to work together as a unified industry. It will require a significant

commitment of time, energy and resources, facilitated by the introduction of a levy.

We need your input!

Please consider this package carefully and join us in discussions early in 2015. We will host regional meetings through March and April. Following this we will develop a formal levy proposal in for a referendum in May 2015.

NGINZ Board Recommendation

The NGINZ Board strongly recommends it's Towards 2025 package and encourages you to support the three key components of the package:

- **Greenlife Double** – a commitment to work towards doubling the value of greenlife by 2025
- **Active participation in GIA**
- **A Commodity Levy** to provide sustainable and equitable industry-wide funding.

Read all about it...

NGINZ's documentation in this mailing outlines our thinking:

- **Towards 2025** – the essentials Consultation, Mandate & Timeline Greenlife Double – The goal, its objectives, value add and transformational projects
- **GIA** – A transformation in biosecurity, the impact and opportunities
- **Commodity Levy** – A transformational tool

There's additional information on our website – www.nginz.co.nz/towards2025

NGINZ is asking the industry to help with a decision that will change the way we all work together. You have important choices to make in the coming months. Please take your chance to help shape our industry future. Any feedback and questions are most welcome.

GREENLIFE DOUBLE - THE OPPORTUNITY AHEAD

Greenlife Double is intended to be a clear, compelling and bold goal. It's an acknowledged stretch, serving as a unifying focal point of industry effort, and act as a clear catalyst for collaboration with a highly beneficial outcome.

It is an opportunity to be proactive about our future, and to build demand for greenlife. It would greatly benefit nurseries and all those businesses both upstream and downstream of nursery production – the suppliers to nurseries and the landscapers and retailers who are nursery customers.

Greenlife Double speaks also to the contribution our industry makes to greening New Zealand. We are in the valued position of being able to help provide solutions to critical environmental issues, climate change, water and air quality, biodiversity and sustainability.

Greenlife Double will entail significant advocacy activity and focus on the opportunities to increase the utilisation of greenlife through representation to local, regional and national regulators. It will include conduits through, and to, urban planners and landscapers, property developers and home gardeners, schools and kids.

The plan will require industry capacity development – investment in production capacity and efficiencies, human resources, biosecurity and sustainability, research, data, science and technology ...

We will partner with others where there are shared goals, interests, impacts and operational spaces. This will ensure we can leverage effort and resources to strengthen outcomes to the benefit all parties.

Greenlife Double will, above all, require a team effort. Industry members will help shape the plan, NGINZ can then develop a platform for members to work to secure benefit. It's both a big plan and a big opportunity.

This sets the strategic direction for our industry and future steps are to develop detailed strategy components and action plans to make it happen.

THE GOAL

Double the value of Greenlife by 2025

OBJECTIVES

Urban and amenity spaces

30% more green space in urban areas by 2025.

Rural, natural environment and infrastructure spaces

70% more greenlife in rural, natural environment and infrastructure spaces by 2025.

Home gardens and landscaping

Double the value of greenlife sold through retail and landscape by 2025.

Exports

Double the value of greenlife exports.

Support growth in forestry and horticulture industries

Partnership with sector groups to facilitate their industry objectives and our role in them.

Public Awareness and Engagement

Public awareness, and thus perceived value, of greenlife doubled by 2025.

Value Add

It won't be business as usual – Towards 2025 and its Greenlife Double and GIA components are about a step change. It will position the nursery and garden industry as a proactive, ambitious and professional sector working hard to enhance the well-being of its members and making a major and increasing contribution to New Zealand society, its environment and economy.

1. GIA is both reality and opportunity. It changes the face of government, and industry and government interaction. Participating industries will be able to influence government and MPI more than ever. We will be an active partner in GIA.
2. Advocacy effort and scope will intensify and broaden and we will boost capacity to achieve this. Our influence will expand and we will be better positioned to impact matters that affect members.
3. Industry promotion efforts intensify with adequate resourcing – we will get serious and put some real teeth into industry promotion.
4. Industry-wide engagement and partnership will see us turning “good relationships” into “active partnerships” that directly contribute to Greenlife Double objectives.
5. A step change in industry professionalism will see us better equipped, both as an Association and individuals, to better mitigate the impacts of increasing regulatory and environmental, customer and supply chain expectations.
6. A unified industry and a stronger industry body will harness collective wisdom, effort and resource. We'll more reflective of and responsive to the needs of industry members and their supply chains.

Above all, these value-adds and transformational projects better the team (the industry, industry members, horticulture and New Zealand) and the opportunities. If we double the value of greenlife going through to 2025, what would it do for your business?

Transformational Projects

With appropriate resources; we will have an opportunity to expand our vision, sphere of influence and impact. We will work to a scale not previously possible. Some high impact programmes that may make our top shelf:

1. **2020Vision** – an intense and focused programme to increase urban green spaces.
2. **Greenlife Matters** – A programme that advocates more plants and green spaces for a healthier, happier New Zealand.
3. **Kids Greenlife & Gardening** – creating the next generation of “green”.
4. **GIA** – intensifying work with MPI and the wider-horticultural sector to provide for better biosecurity outcomes.
5. **Improving Nursery Professionalism** – taking the Nursery Production Farm Management System programme to regulators, the wider-horticultural sector and the supply chain as a model for quality assurance and risk management.
6. **Developing Our People** – developing a workforce which is better engaged, equipped and trained. This would help ensure the nursery industry was an attractive career option with clear industry career pathways.
7. **NZ Nursery High Health Scheme** – giving horticulture confidence in nursery-supplied plant material.
8. **Partnership Development** – to increase our influence and impact, to multiply our efforts and resource, to increase use of greenlife.
9. **Plants Biosecurity Index** – a review of the PBI and advocacy for a common sense approach to the HSNO Act, the EPA and the Plants Biosecurity Index.
10. **Export Push** – to grow nursery and garden industry exports.
11. **Research, Development and Extension** – influence government funded research priorities and encourage industry initiatives that facilitate better decisions, innovation, production techniques and efficiencies, intellectual property, market and product development.

More detail in Section 3, page 13.

GIA: GOVERNMENT INDUSTRY AGREEMENTS ON BIOSECURITY READINESS AND RESPONSE

GIA came into being late in 2013. It's designed to strengthen New Zealand's biosecurity protection to better prepare for, and respond to, new pest or disease threats.

It's about government and industry working in partnership on biosecurity readiness and response through:

- Closer engagement between partners to achieve better biosecurity systems;
- Shared decision-making on readiness and response activities; and
- Shared costs for readiness and response activities.

NGINZ and the nursery and garden industry must now consider our formal role in GIA. This is not a minor consideration; GIA will impact on the nursery and garden industry both directly and indirectly. We are not compelled to join; that's our decision based upon the benefits GIA may or may not bring, risks we will need to carefully manage, and implications for our relationships with MPI and other primary sector industries.

GIA has lifted industry focus and attention on biosecurity and associated expectations. There are implications for the nursery and garden industry and its growers, irrespective of whether our industry becomes a signatory to GIA, or not.

Exotic pests and their potential impacts on nursery production do not provide a strong driver to join GIA - there are few pests that provide a significant and broad threat to nursery production; save for the longer term cumulative impacts of multiple "small" incursions and a resulting "death by 1000 cuts".

It's imperative however, that we join GIA in order to preserve and enhance our relationship with forestry, wider horticulture, MPI and others. 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.

We can help others strengthen surveillance programmes, build public awareness to encourage early reporting, promote adoption of biosecurity behaviours, develop technical expertise, manage pathway risk and develop new cultivars and high health standards, practices and plant certification schemes.

Being part of GIA will place the nursery and garden industry as a responsible sector proactively playing its part to ensure New Zealand's biosecurity is effective. It will also ensure the industry is an integral part of the management of biosecurity across the horticulture sectors and plays a role in engaging with MPI in relation to wider biosecurity matters.

Conversely if we do not join GIA we believe that our industry voice will be side-lined, our relevance diminished and 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.

Weighing up our options, the NGINZ Board believes there is a compelling case for our industry to join GIA so that we are well positioned to:

- Determine and react appropriately to potential nursery and garden industry pest threats
- Manage risks that could impact our ability to move plants and reduce the "ease of doing business"
- Play an influential role as a responsible industry sector in wider horticulture.

More about GIA in Section 4, page 1

A COMMODITY LEVY SUSTAINABLE & EQUITABLE INDUSTRY FUNDING

Government provides a mechanism for primary sector industry bodies to fund their work in a fashion where all those who will benefit from this work contribute towards its funding – The Commodity Levies Act.

It recognises that industry body activities such as advocacy, quality assurance programmes, research, development and extension, and industry and product promotion have application to the industry as a whole. However, not all who benefit from such activities choose to join the industry body. The Commodity Levies Act ensures all who benefit contribute to the cost of industry good work.

The Act enables industry bodies (with the consent of industry producers) to implement a levy on the producers of a primary sector “commodity” – in our case, the producers are growers, and the commodity, plants.

Thirty levy orders are currently in place encompassing the gambit of the agriculture and horticulture sectors. Virtually all primary sector industry good bodies are funded by a Commodity Levy; we’re an obvious exception.

Levy orders are established only with the consent of potential levy payers (in our case growers). The government requires the industry body to undertake consultation, to consider feedback and, finally, to demonstrate an industry mandate among those who are potential levy payers (growers) through a referendum. We must achieve support from 50% of those (growers) that vote by number and by the value of their production.

A levy order needs the approval of the Minister for Primary Industry and is valid for six years, renewed through further consultation and referendum.

The NGINZ Board believes a Commodity Levy will enable us to proactively pursue Greenlife Double, join and meet our GIA preparedness commitments (a Biosecurity Levy is proposed for a GIA response), cover operating expenses and provide a sustainable and more equitable industry-wide funding arrangement for the Association’s ‘industry good’ work. NGINZ will be

better positioned to deliver on behalf of industry and its members.

Key mechanics

- The levy is compulsory for all; anybody who produces the commodity is required by law to pay – that is nurseries growing plants for commercial return.
- All levy payers (growers) become members of NGINZ with the levy replacing membership fees for levy payers.
- NGINZ is in the process of determining the defined commodity and its scope – at this stage the commodity will likely be all plants commercially produced and sold.
- Levy payers (growers) will be levied on sales and pay the appropriate levy to NGINZ.
- A maximum levy rate of 0.4% is proposed and will set at 0.3% for the first year. The levy for second and subsequent years is set at an AGM for levy-payers (growers). It is intended that we will raise \$1.5 million per annum.
- NGINZ’s governance, management and decision making process will change to ensure it is responsive to the needs and views of levy payers.

Non-grower industry members

A levy cannot be raised among non-grower industry businesses – suppliers to nurseries and retailers for example. They do not produce the commodity, plants. They are however, an integral part of NGINZ, and along with the amenity and landscape sectors, an integral part of the nursery and garden industry and key participants in Greenlife Double.

A vital component of the levy process will be to ensure that we maintain a “whole of industry” approach and continue to harness the benefits of a vertically integrated industry where efforts of all channels and parties in the supply chain will multiply and contribute to the success of Greenlife Double and other industry goals.

INDUSTRY CONSULTATION, MANDATE & TIMELINE

June 2014 through to mid-2016

Government is very prescriptive about just how an industry can join GIA, or establish a Levy. It requires an industry body to demonstrate industry support (from all potential levy payers, not just its members) through consultation and consideration of feedback before developing and submitting final proposals to MPI. Further, a Commodity Levy requires a referendum amongst potential levy payers (growers) before the Minister for Primary Industries will consider such a proposal.

NGINZ's Greenlife Double proposal (to double the value of greenlife by 2025) envisages our joining GIA and establishing a Commodity Levy to fund GIA preparedness, key Greenlife Double programmes, other NGINZ "industry good" work and administration. A Biosecurity Levy is proposed to meet GIA response commitments.

This is an important initiative. Work to inform, and understand, the needs and views of industry is essential.

Consultation

Our consultation process comprises two phases. The first, now complete, saw NGINZ discuss the proposal, its' opportunities and impacts with its members. With member support, the second phase – that of industry-wide consultation with all affected growers and parties is underway. It is followed by a referendum amongst potential levy payers (growers).

A successful referendum result will generate formal applications to the Minister for Primary Industries. In all, it would be around two years until we're in a position to fully implement Greenlife Double, sign up to GIA and begin collecting a levy.

Consultation processes and timelines

1. 2014 – The NGINZ Board, its working group and members considered early drafts of the Towards 2025 proposal through conference and a series of regional meetings. It was the NGINZ Board's view that it was appropriate to consult with its membership to establish its needs and support prior to consulting wider. This process culminated in a poll among NGINZ members in October 2014. Support was overwhelming and late in 2014 proposals began refinement for whole of industry consultation. Details of this process and the results of consultation are available at www.nginz.co.nz/towards2025.
2. **Consult with the wider horticulture sector to develop and refine our GIA and Levy scope – September 2014 through February 2015**
3. **Industry notification – December 2014 through February 2015**
Advertise our intentions to wider industry via our databases, industry publications and newspapers.
4. **Database building and verification – December 2014 through February 2015**
Potential levy payers are asked to register and a database of interested parties and eligible voters built.
5. **Develop formal consultation proposals – November 2014 through March 2015**
 - Further development of Greenlife Double strategies
 - Draft GIA and levy proposals would be developed to regulatory requirements

7. Industry-wide consultation – March & April 2015

We must consult and consider feedback from all potential levy payers, not just current NGINZ members. Visits to growers and regional meetings would ensure that all potential levy-payers (growers) had an opportunity to review and help us shape the proposals.

Whangarei	Thu 5 March
Auckland – Northwest	Mon 9 March
Auckland – Southeast	Tue 10 March
Hamilton	Mon 2 March
Rotorua	Tue 3 March
Tauranga	Wed 4 March
Gisborne	Thu 26 March
Napier	Mon 16 March
New Plymouth	Mon 23 March
Palm Nth &/or Wanganui	Thu 12 March
Wellington	Thu 19 March
Nelson	Wed 18 March
Christchurch	Tue 17 March
Timaru	Mon 30 March
Dunedin	Tue 31 March
Invercargill	Wed 1 April

Other locations can be included if useful and it is important to note that any meeting is subject to a reasonable number of growers attending.

8. Referendum – May 2015

A Commodity Levy requires a referendum amongst all potential levy payers (that is growers). This is tentatively pencilled in for May 2015. We must gain the support of 50% of those who vote, and those who support must represent 50% of the value of plants sold amongst voters.

9. Applications to the Minister – August 2015

We must make formal applications to the Minister for Primary Industries for establishing the Commodity Levy, joining GIA and the establishment of the Biosecurity levy for GIA response.

10. Greenlife Double Strategy Development – Early to late 2015

While the Minister for Primary Industries considers our applications, comprehensive Greenlife Double strategy components and action plans would be developed. These would be key initiatives to deliver the value-add, key steps and timelines for transformational projects, and key infrastructure needs to ensure Association capability.

11. Ministerial Consideration and Regulatory Processes**Commodity Levy**

The Minister considers the Levy application and advice from the Ministry, and if the Minister supports the application, Parliamentary Counsel is asked to draft the levy order. The Minister then recommends an Order in Council to be made. The Executive Council promulgates the levy order and it is gazetted. The Levy order comes into force 28 days later.

**Anticipated Levy Order Approval – April 2016
First levies collected – April 2016****GIA**

The Minister considers the GIA application and advice from the Ministry. If the Minister supported the application, we would be invited to sign the GIA Deed.

Potential Deed signing – late 2015**Biosecurity Levy**

The Minister considers the application and advice from the Ministry. If the Minister supports, the Levy Order will be made.

Potential levy Order – late 2015**12. Roll out – from April 2016**

THE OPPORTUNITY AHEAD

DOUBLE THE VALUE OF GREENLIFE BY 2025

Greenlife Double is intended to be a clear, compelling and bold goal. It's an acknowledged stretch, serving as a unifying focal point of industry effort, and act as a clear catalyst for collaboration with a highly beneficial outcome.

It is an opportunity to be proactive about our future, and to build demand for greenlife. It would greatly benefit nurseries and all those businesses both upstream and downstream of nursery production – the suppliers to nurseries and the landscapers and retailers who are nursery customers.

Greenlife Double speaks also to the contribution our industry makes to greening New Zealand. We are in the valued position of being able to help provide solutions to critical environmental issues, climate change, water and air quality, biodiversity and sustainability.

Greenlife Double will entail significant advocacy activity and focus on the opportunities to increase the utilisation of greenlife through representation to local, regional and national regulators. It will include conduits through, and to, urban planners and landscapers, property developers and home gardeners, schools and kids.

The plan will require industry capacity development – investment in production capacity and efficiencies, human resources, biosecurity and sustainability, research, data, science and technology ...

We will partner with others where there are shared goals, interests, impacts and operational spaces. This will ensure we can leverage effort and resources to strengthen outcomes to the benefit all parties.

Greenlife Double will, above all, require a team effort. Industry members will help shape the plan, NGINZ can then develop a platform for members to work to secure benefit. It's both a big plan and a big opportunity.

This sets the strategic direction for our industry and future steps are to develop detailed strategy components and action plans to make it happen.

THE GOAL

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OBJECTIVES

Urban and amenity spaces

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Rural, natural environment and infrastructure spaces

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Double the value of greenlife sold through retail and landscape by 2025.

Exports

Double the value of greenlife exports.

Support growth in forestry and horticulture industries

Partnership with sector groups to facilitate their industry objectives and our role in them.

Public Awareness and Engagement

Public awareness, and thus perceived value, of greenlife doubled by 2025.

WIIFM - BENEFITS FOR ALL GROWERS

It won't be business as usual but what exactly would be different?

Greenlife Double is about a step change. With the necessary resource it will position the nursery and garden industry as a proactive, ambitious and professional sector working hard to enhance the well-being of its members and making a major and increasing contribution to New Zealand society, its environment and economy.

GIA

GIA is often seen as an imposition, but it's both a reality and an opportunity. It changes the face of government, and industry interaction. Participating industries will be able to influence government and MPI more than ever. They will work to collectively prepare for incursions and to mitigate adverse effects which may arise for others (that is, us) as they seek to manage their own exposure to new pests. It's essential that we're part of GIA.

Advocacy

Advocacy effort and scope will intensify and broaden and we will boost capacity to achieve this. Our influence will expand and we will be better placed to bring the nursery and garden industry to the top table. Capacity will be developed in resource management and RMA matters. We will be more proactive in representation and policy development, enabling better informed and positioned discussion on opportunities and issues that impact members.

Industry promotion

We will be resourced to get serious about industry promotion. We will promote the contribution the nursery and garden industry makes to New Zealand, increase awareness and appreciation of the benefits of plants (thereby selling more), and simply get more people gardening by actively helping reposition it as the #1 leisure activity. We'll be able to put some serious thought and real teeth into initiatives such as

Greenlife Matters, our own 2020Vision (you'll find this on google), Go Gardening, greenlife on TV.

Industry-wide engagement and partnership

The nursery industry is the genesis of all things green – our production flows through to urban, amenity and rural spaces, environmental restoration, infrastructure developments, food and forestry, export, landscape and home gardens. We will work to turn “good relationships” into “active partnerships” that directly contribute to Greenlife Double objectives. We will work to improve responsiveness to the needs of commercial horticulture – vegetable, fruit tree and forest producers. An expanded and unified approach with horticulture, landscape and others will work for the betterment of all.

A step change in industry professionalism

Doing business is not going to get easier anytime soon. Increasing regulatory and environmental pressures, and expanding customer and supply chain expectations, are all making it tougher. We will better define specifications and improve standards. We will lead certification and accreditation for our industry to achieve a single efficient approach which is recognised, supported and delivers significant benefit to growers. Without this effort, growers face multiple schemes. We will provide support for members who wish to improve performance, including the appointment of an industry development officer. We'd resource R&D which facilitates better decisions, innovation, production techniques and efficiencies, market and product development.

A transformation in the Association relevance and responsiveness

There will be big changes for the Association too – Towards 2025 encompasses changes in the way we need to operate. Through the Commodity Levy and GIA mechanisms we will represent all growers and changes in governance, management and decision making will ensure we are responsive to and reflective of the needs of growers ... and through their supply chains, the needs of all industry participants.

WIIFM - TRANSFORMATIONAL PROJECTS

It's early days, but here are some high-impact programmes that may make our top shelf.

With appropriate resourcing, we have an opportunity to expand our vision, sphere of influence and impact. This page lists an early cut of the projects we would focus on. Each is of a scale that we've not previously been able to envisage. More importantly, we need your feedback on these and any other suggestions you may have for ideas that could make your "top shelf".

2020Vision

This is an intense and focused programme to increase urban green spaces. Modelled upon the Australian campaign (www.2020vision.com.au), we would work with third party advocates and partners to initiate, develop and promote projects that see more green spaces in the urban environment. Third party partnership and collaboration will multiply our resource and reach.

Greenlife Matters

We would welcome the opportunity to intensify our existing Greenlife Matters programme (currently running on a shoestring), to target increased awareness and appreciation of the benefits of greenlife (and hence increased use) in homes, communities, society, the economy and the environment.

Kids' Greenlife and Gardening

A partnership with others in the field to ensure children are exposed to a wide range of greenlife messages – greening New Zealand, benefits of plants, environmental awareness, nursery and garden industry careers, gardening. We would like to see every school establish a "greenlife awareness programme", creating the next generation of "green".

GIA

Engagement in GIA intensifies work with MPI and other horticultural sectors. Significant investment is required to build industry awareness of exotic pest threats, preparedness for their potential arrival and response. The same investment is required to work with other horticulture sectors, where our interests either support

or impact upon each other. Developments required include an industry biosecurity plan, nursery biosecurity manuals and crop protection plans.

Improving Nursery Professionalism

The Nursery Production Farm Management programme is little more than 12 months old in New Zealand. As nursery and media manufacturer participation grows, so does the opportunity to work with regulators (MPI, DOC, regional and district councils), other horticulture sectors, landscape and the retail supply chain to have the programme recognised as a quality assurance and risk management tool. This would reduce the risk of plant health, safety and environment issues, so customers could buy with confidence.

Developing Our People

Our industry will grow and become more complex and we will require a bigger and better workforce. People, leadership, skill and knowledge development programmes will be derived. Industry career paths will be developed and industry career options demonstrated. We will then work to attract new and younger people into the industry.

Export Push

We would investigate ways to grow nursery and garden industry exports - whether plants, intellectual property in plants and design, plant breeding programmes, consultancy, turnkey design, or installation and maintenance. We would work with MFAT, New Zealand Trade and Enterprise, MPI.

NZ Nursery High Health Scheme

Kiwifruit's Psa experience and subsequent work by Kiwifruit Vine Health have transformed horticulture sector biosecurity. Kiwifruit plant movement is regulated, nurseries inspected and KVH is introducing plant certification programmes. The rest of horticulture will not be far behind. A nursery high health scheme will give horticulture confidence that plant material supplied to orchards and market gardens is free of known pests and diseases.

Partnerships

We will work with others to increase our reach of influence and impact, and to multiply our efforts and resource to increase use of greenlife. Partners could include regulators (MPI, DOC, councils), NGOs, Horticulture New Zealand, other horticulture sectors, Federated Farmers, QEII National Trust, Fonterra and Project Crimson.

Plants Biosecurity Index & HSNO Act

The PBI has become the bane of many a horticulturalist and nursery person. It applies rigorous controls around the importation of new germplasm, requiring extensive research and adding much cost to the importation of new species. It is widely felt that this list, in its current state, is largely incomplete. It limits our ability to innovate and to use new germplasm to create export opportunities, and frustrates the development of new crops or biodiversity extension. We would actively seek and resource a review of the PBI, advocating for a common sense approach to the HSNO Act, the EPA and the Plant Biosecurity Index.

Research, Development and Extension

An R&D strategy would encourage industry initiatives, and influence government funded research, to facilitate better decisions, innovation, production techniques and efficiencies, intellectual property, market and product development. This push would support the Greenlife Double programmes and progress monitoring, industry data, crop protection, and initiatives such as the industry development officer.

Industry transformation and opportunity

Above all, these value-adds and transformational projects better the team (the industry, your Association, our members, horticulture and New Zealand) and the opportunities.

If we doubled the value of greenlife going through to 2025, what would it do for your business?

GOVERNMENT INDUSTRY AGREEMENTS ON BIOSECURITY READINESS AND RESPONSE A TRANSFORMATION IN THE MAKING

Overview

In 2013, Parliament amended the Biosecurity Act. One of the key changes was establishing the legal basis for government and industry to work together on biosecurity readiness and response. This tool is called the Government Industry Agreements on Biosecurity Readiness and Response, or GIA for short.

GIA is designed to strengthen New Zealand's biosecurity protection. It gives industries such as ours a direct say in managing biosecurity risks to our industry. It is about reducing impacts on primary sectors by being better prepared, and improving New Zealand's ability to respond to new pest or disease threats.

GIA facilitates a **partnership** between MPI and industries that involves:

- Closer engagement between partners to achieve better biosecurity systems;
- **Shared decision-making** on readiness and response activities; and
- **Shared costs** for readiness and response activities.

GIA is not about reducing government spending (in reality the opposite is more likely) or pulling back from supporting primary industries in favour of environmental or social outcomes.

While GIA is primarily focused on biosecurity readiness and response, it also provides for **partnership in the wider biosecurity system**. This is critical for our industry given our interests extend much wider than 'readiness' and 'response' to include imports (including access to germplasm), exports, access to chemical control tools, managing risks associated with others releasing new organisms, and managing established pests.

Industry is asked to consider only those pests and their impacts that affect your particular industry, with cost

shares relating to the benefit industry accrues. The **Government guarantees a minimum contribution of 50%** toward the cost of readiness and response. **Transitional discounts** have been established to encourage early adoption and help industries adjust to the new partnership arrangements; early signatories won't pay their full share of readiness costs until 2020 and won't pay their full share of response costs until 2023. Costs will start being shared for readiness from July 2014 and for responses from July 2017.

The Biosecurity Act amendments mean that **MPI is able to use the Biosecurity Act to recover costs from industries that do not participate in GIA**, but do benefit from a response. MPI has indicated it will recover costs from non-signatories where it is equitable and efficient to do so. So effectively **GIA has already changed the rules**. It has also already lifted industry focus and attention on biosecurity and associated expectations. There are going to be implications for the nursery and garden industry and its growers irrespective of whether our industry becomes a signatory to GIA, or not.

GIA and the Nursery & Garden Industry

NGINZ has been closely involved with the development of GIA over a number of years. Now that GIA has a legal basis, following its formal launch by the Minister for Primary Industries in late 2013, the time has come to consider our formal role in GIA.

This is not a minor consideration: GIA will impact on the nursery & garden industry both directly and indirectly. We are not compelled to join; that's our decision based upon the benefits GIA may or may not bring, the risks which we will need to carefully manage, and implications for our relationships with MPI and other primary sector industries.

NGINZ is presently assessing the exotic pest risks for nursery production. Work to date indicates there are few that provide a significant and broad industry threat. A possible exception is sudden oak death. We also need to consider cumulative impacts of multiple incursions to avoid a future where our ability to trade suffers "death by 1000 paper-cuts".

In addition to mitigating the risks associated directly with a pest threat to nursery production, GIA presents a significant opportunity for our industry to work with regulators, the horticulture sector and others.

Collaboration would:

- Ensure preparations and responses to pest incursions do not create unnecessary impacts on the nursery and garden industry (for example, unnecessary plant movement controls).
- Improve access to pest and disease control tools.
- Engender confidence in nursery practice and thus increase ease of business.
- Protect market access for our exports.
- Position NGINZ as a responsible industry body, proactively playing its part to ensure New Zealand's biosecurity is effective.
- Ensure more rapid reaction and/or adaption (at least cost and/or impact) when a new pest establishes – assuming eradication was not possible, desirable or failed.
- Help ensure a unified approach, strengthening coordination in the management of biosecurity across the horticulture sectors.
- Strengthen our engagement with MPI in relation to wider biosecurity matters.

Under GIA, there are a number of practical areas where our industry can strengthen New Zealand's biosecurity readiness and response:

- Through pathway management & hygiene – reducing the risk of pests and diseases through movement of plants, soil products, seeds and equipment around New Zealand.
- By utilising our nationwide network of nurseries and retail stores and their skilled professionals to strengthen surveillance programmes.
- By building public awareness to encourage surveillance and early reporting, and to promote adoption of better biosecurity behaviours.
- Through effective use of our nursery and retail network and technical expertise to manage pathway risk using established communication channels.
- By working to introduce and manage high health standards, practices and plant certification schemes.

On the other hand, **if we opt to do nothing, it 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.

Some parts of horticulture have already applied to the Minister to join GIA, many others are actively preparing for this. **In 2014, the kiwifruit, pipfruit and pork industries joined GIA by signing the Deed** – so, GIA is happening. The combined horticulture sector already has a programme underway to develop a GIA arrangement for fruit flies.

Weighing up our options, the NGINZ Board believes there is a compelling case for our industry to join GIA so that we are well positioned to:

- Determine and react appropriately to potential nursery and garden industry pest threats
- Manage risks that could impact our ability to move plants and, thereby, reduce the “ease of doing business”
- Play an influential role as a responsible industry sector in wider horticulture

Industry Safeguards

While GIA is a reality and the NGINZ Board believes we need to be part of it, industry interests are safeguarded in a number of ways.

- Firstly, an industry decides whether to join GIA by signing the GIA Deed, a legally binding agreement approved by Cabinet late in 2013. There is a detailed process to go through before an industry can sign the Deed - including extensive consultation and establishing mandate to act on behalf of industry members (for us that would mean all those in the industry, not just NGINZ members). The industry body must have a funding mechanism in place to meet the cost of any GIA action.
- Each industry determines what pests are important to it. It determines what operational agreements (the nuts and bolts of specific pest plans) it wishes to develop, or enter in to, with MPI and other industries. Each industry has a right to nominate a fiscal cap - to set limits on what it is prepared to fund.
- Should a pest arrive, each industry can elect to enter the response, or not.
- An industry’s share of costs is based upon the share of benefits it derives, the total cost being shared among all beneficiaries. The government meets the cost share attributed to public benefit.

Show me the money

Engagement with GIA will impact financially upon the nursery and garden industry. If we join GIA, preparedness activities will need to be funded and we need a contingency for incursion responses.

If we do not join, and the nursery and garden industry is seen as a beneficiary of a response by MPI and others, **MPI can impose a levy on all growers** (individual growers that is, not NGINZ) to recover their share of the response cost.

However, 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.

If our industry is to join GIA there are a number of funding options, but the most suitable is likely to involve a levy mechanism.

Funding GIA engagement

The costs of 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.

Our next steps

NGINZ is preparing to consult with industry members on its Towards 2025 proposal and in particular GIA as well as Greenlife Double and Levy proposals.

GIA will also be an important part of the discussion during industry consultation meetings in March 2015. With industry support, we will develop a formal application for consideration by the Minister for Primary Industries

You can keep in touch with our progress through updates to our website - www.nginz.co.nz/towards2025, and you can find out more about GIA by viewing "NGINZ's Approach to GIA: Proposal for discussion" on the NGINZ website, or visiting www.gia.org.nz.

If you've questions or comments, please feel welcome to approach NGINZ Board members or CEO, John Liddle

A COMMODITY LEVY SUSTAINABLE & EQUITABLE INDUSTRY FUNDING

Overview

Government provides a mechanism for primary sector industry bodies to fund their work in a fashion where all those who will benefit from this work contribute towards its funding. It is called The Commodity Levies Act.

The Act recognises that the primary sector often comprises a significant number of small producers who are not large enough to fund activities that have application to the industry as a whole, such as advocacy, quality assurance, research, development and extension, industry promotion and product promotion.

Often these activities are undertaken through an industry body and funded by voluntary levies or membership subscriptions. However, there are those who choose not to join such bodies and this leads to non-payer and “free rider” issues. Some of those who benefit from industry activities do not contribute to the provision, yet they cannot usually be excluded from receiving the benefits of voluntary levies.

The need for industry funding, and the free rider problem faced by industry organisations, motivated government to provide for organisations to levy their industries when there was sufficient support among levy payers. The Commodity Levies Act enables an industry body representing a distinct group of prospective levy payers to impose a levy on a commodity to fund activities for the betterment of those levy payers.

The government however recognises a compulsory levy places a burden on industry members and has instigated safeguards to reduce adverse effects and ensure industry body accountability to levy payers.

These safeguard provisions include:

- Restricting the uses of compulsory levies
- Prescribing the requirements to be met before government will authorise a levy
- Prescribing the practices to be carried out by groups that are recipients of compulsory levies
- Conscientious objector provisions
- Provision for keeping of records and accountability to levy payers
- A sunset clause on levy orders
- Provision for compliance audits.

Levy orders are established only with the consent of potential levy payers (in our case, nursery growers). The government requires the industry body to undertake consultation, to consider feedback and, finally, to demonstrate an industry mandate among those who are potential levy payers (growers) through a referendum. We must gain the support of 50% of those who vote, and those who support must represent 50% of the value of plants sold amongst voters.

A levy order needs the approval of the Minister for Primary Industry and is valid for six years, renewed through further consultation and referendum.

Commodity levies and the Primary Sector

The Commodity Levies Act applies a levy to the production of a commodity defined in the Act as “an agricultural, farmed, forestry, horticultural, mineral or wild product”. It is the producers of the commodity who pay the levy.

In the context of the nursery and garden industry, the producers are growers (that is nurseries) and the commodity is plants. That is, nursery growers will pay the levy on plants grown for commercial return.

A Commodity levy

The Act does not facilitate levy application to goods or services outside the primary sector. The levy cannot be applied to garden retail or to allied industry supply of goods or services to production nurseries or garden retail. Inputs to a primary production process can be levied, for example pots. In this example, it is however still a levy on the grower, and their usage of pots, rather than a levy on the pot producer or importer who then sells the pots to a grower.

Thirty one levy orders are currently in place encompassing the gambit of the agriculture and horticulture sectors. Notable exceptions are the nursery industry and the cut flower sector – paeonies aside. Virtually all primary sector ‘industry good’ bodies are funded by a Commodity Levy.

Commodity levies and the Nursery Sector

The development of an industry levy is flagged in NGINZ’s 2011-2016 Strategic Plan and this intention has been discussed at industry forums for a number of years. A levy establishes a sustainable and equitable industry-wide funding arrangement for the good of the nursery and garden industry.

The use of levy funds

Greenlife Double and the wide range of activities needed to promote and support the campaign meet criteria set by the Act:

- research (including market research)
- the development of products derived from the commodity
- the development of markets
- the promotion (including generic advertising) of the industry concerned and/or the commodity
- the protection or improvement of the health of the commodity (including biosecurity)
- quality assurance programmes
- education, information, promotion or training
- day-to-day administration of the industry organisation's activities

Need for a Nursery Industry Commodity Levy

Key to Greenlife Double is the means to resource it. At these early stages, an indicative budget of \$1.5 million is envisaged (inclusive of Association administration).

A **Commodity Levy** would enable us to proactively pursue Greenlife Double, meet our GIA commitments and provide a secure funding base for the Association’s ‘industry good’ work and administration.

A levy on growers

As noted elsewhere, a commodity levy is raised against the production of an agricultural commodity. It is then paid by the producers of the commodity.. In the context of the nursery and garden industry, that commodity is plants, and the producers are growers.

Any business that grows plants and sells them for commercial return will be subject to the levy.

Non-grower industry members

A levy cannot be raised among non-grower industry businesses – retailers and suppliers to nurseries, for example. They do not produce the commodity, plants – this is a cornerstone of the Act.

They are however, an integral part of NGINZ, and along with the amenity and landscape sectors, an integral part of the nursery and garden industry and key participants in Greenlife Double.

A vital component of the Levy process will be to ensure that we maintain a “whole of industry” approach and continue to harness the benefits of a vertically integrated industry where efforts of all branches and parties in the supply chain will multiply and contribute to the success of Greenlife Double and other industry goals. Our levy proposal will include appropriate member and governance structures to ensure an inclusive approach and strong engagement with all sectors in our industry.

A Commodity levy

The mechanics in brief

Some processes and considerations within the scope of a nursery industry levy include

- A levy order needs to be approved by the Minister for Primary Industries. The Minister will only approve our levy if NGINZ can demonstrate industry support through extensive consultation, consideration of feedback and a referendum amongst potentially affected parties. Essentially the industry must see value in the benefits the levy will bring to industry and thus record its support for the levy.
- A Commodity levy order is valid for six years, at which time a renewed proposal and supporting referendum and application to the Minister is required for the levy to be renewed
- NGINZ would need to change its governance, management and decision making processes relating to levy funds to ensure it is responsive to the needs and views of levy payers. Processes would be developed to ensure sound consultation and reporting including an annual meeting of levy payers. An annual report would be furnished to MPI. Governance proposals are discussed in a Section 6 – “Governance Discussion Paper”
- NGINZ is in the process of consulting with industry to determine the defined commodity – at this stage the commodity would likely be all plants commercially produced and sold. Our scope would ideally parallel our “GIA scope” (also being developed). At this stage our intended scope would entail:
 - All plants produced and sold for the purpose of supply to production horticulture, forestry, retail outlets, landscapers, territorial and regional authorities, government departments and projects, those sold direct to consumers (whether these are individuals or body corporates) and sold anywhere else.
 - Plants produced in container nurseries, open ground nurseries, greenhouses, shade houses or imported plants, or any other place where plants may be produced.
 - Plants grown by “grower/retailers” – people who grow plants and then sell the same direct to the “end user”. The end user may be the consumer, through retail, or a landscape or the built or natural environment.
- Mechanisms would be developed to avoid double dipping as some plants passed through the production cycle – for example, plugs and liners and being sold to other growers. It is proposed that tissue culture be exempt.
- Growers would be levied on sales and pay the appropriate levy to NGINZ. The levy would be compulsory for all; anybody who produced the commodity would be required by law to pay.
- All levy payers would become members of NGINZ – provision would be made for conscientious objectors, who would pay their levy to MPI. The Ministry would then pass it onto NGINZ.
- The levy would replace NGINZ membership subscriptions for all levy payers (growers).
- The Act requires a maximum levy rate be set, and NGINZ proposes this be 0.4%. The Act also stipulates that that the proposal establishes the actual rate for the first year; NGINZ proposes this be 0.3%.
- The actual levy rate for the second and subsequent years is set at an AGM for levy-payers (growers).
- It is intended that we would raise \$1.5 million per annum.

A Commodity Levy

Funding GIA

GIA funding requirements fall into three main areas; minimum commitments, preparedness and response (see Section 4, page 18)

A Commodity Levy is appropriate for funding minimum commitments and preparedness, while a Biosecurity Levy is the best mechanism for any response costs.

A Biosecurity Levy is in addition to a Commodity Levy, but operates in similar fashion; it is levy on growers of the industry's product – in our case plants.

It is our proposal to establish a Biosecurity Levy for GIA response purposes, but with the rate set at 0%. That is, we will establish the infrastructure and mechanisms for the Biosecurity Levy, but not raise any funds until such a time that we incur responses costs. At that time, the Biosecurity Levy rate will be reset in order to recover the expense over an appropriate timeframe.

Our next steps

NGINZ is preparing to consult with all potential levy payers (growers) and other industry members on its Towards 2025 proposal and in particular the introduction of a commodity levy, as well as Greenlife Double and GIA proposals.

The levy will be an important part of the discussion during industry consultation meetings in March 2015. With industry support, we will develop a formal proposal for a referendum among potential levy payers (growers) in May and if successful develop an application for consideration by the Minister for Primary Industries.

You can keep in touch with our progress through updates to our website - www.nginz.co.nz/towards2025,

If you've questions or comments, please feel welcome to approach NGINZ Board members or CEO, John Liddle

A GOVERNANCE STRUCTURE FOR NGINZ

Discussion paper - 30/9/14

In reviewing governance structure for NGINZ under GIA and a Commodity levy a number of imperatives arise.

Association Values

- That we are one body representing the nursery and garden industry and businesses within it.
- That the nursery and garden industry comprises the nursery production and garden retail sectors, the supply chains they service and those that supply these sectors.
- That we provide a voice to all members working for their collective well-being on matters that are important to and their businesses and industry as a whole.
- That all members have a fair voice and ability for their views to be represented to the Board
- That we are accountable to our members for our actions and outcomes. Our processes, systems and investment decision making is robust and transparent.
- That our governance and management is fit for purpose, efficient and effective and we have the expertise we need to get the job done.

Further, governance, management and operation procedures need to meet the requirements of both the Commodity Levies Act and, in the case of GIA, the Biosecurity Act.

This paper reflects the outcomes of a discussion by the NGINZ Board on 3 September 2014. The Board convened, and thanks, the "Towards 2025 Working Group", which also considered the governance paper and provided advice on changes in response to this.

Background

The Commodity Levies Act requires Association governance and decision making to be responsive to and reflective of the needs of levy payers. Further it requires accountability for levy decisions and spending to levy payers.

At least 50% of the Board needs to be levy payers (growers), elected by levy-payers (growers).

A review of several other levy funded industry bodies yields a number of models for ensuring levy payer representation (see appendix). In all, levy-paying members are the only members who vote on levy issues (as per the Act), if a poll is called for, voting is weighted based on levy paid or some other production parameter.

Board composition is weighted towards levy-payers (as per the Act), in some Board members are elected by the district they represent, some have supply chain representatives and most have the ability for the Board to co-opt another member to ensure adequate expertise.

One body reviewed, Kiwifruit Growers Incorporated, have a Grower Forum comprising 37 members elected from regions (25 and weighted through 13 regions) and grower group (12 members). Their Board is elected from this body.

Major discussion points at regional meetings include how levy payers will ensure their voice is heard and their ability to influence how decisions are made and how their levy is spent. These principles are at the core of the Act.

While not as prescriptive, participation in GIA (under the Biosecurity Act) brings accountability to industry and the need to operate under an industry mandate, with these formally assessed by the Minister for Primary Industries when deciding on 'eligibility' to join GIA and Biosecurity Levy establishment.

A potential Governance Structure for NGINZ

1. Member Classes

The constitution must clearly differentiate between “levy paying” members and “others”. The former have rights pertaining to levy matters that the other member classes do not have.

RECOMMEDATION

- Grower– a levy payer
- Retailer – entities deriving part of their income from retailing industry goods and services
- Supplier – other entities deriving part of their income from industry related activity
- Associate member – others with an interest in the aims of the Association and industry
- Life member

2. Decision making processes

The Board and NGINZ decision making structures and processes must be responsive to and reflective of the needs of levy payers. None of the bodies surveyed, other than Kiwifruit, are prescriptive on the procedures for levy payer consultation and involvement in the levy decision matters – save for levy decisions at the AGM – levy rate setting, budgets and financial accounts.

The system however mandates accountability to (and hence consultation with) levy payers on how the levy is spent. This was a major issue raised through the recent member meetings. Thus some formal process is in order.

While the interests of levy payers are protected by at least 50% of the Board being elected by levy payers, we need to ensure the views of non-levy payer members and those of the supply chains growers service are reflected in the decision making process.

RECOMMENDATION

An appropriate decision making process may be that incorporated in the Australian levy system and modified to suit New Zealand legislation and process requirements:

- The Board with advice from and the support of advisory conduits develops strategy and direction to ensure the most appropriate use of funds to ensure maximum industry benefit through:
 - A Strategic Plan (3-5 years) establishing the strategic direction for NGINZ’s (industry) investment of levy funds (and other revenue streams) for the industry.
 - An Annual Business Plan (1 year). This plan determines the annual expenditure required to achieve the outcomes detailed in the strategic plan.
 - An Annual Report to industry and MPI that details the outcomes achieved from the expenditure outlined in the annual investment plan.

Routine and programmed procedures will be developed for project submissions from Industry and those servicing it, consultation on priorities and potential effectiveness, and reporting and reviews of outcomes.

3. Industry Supply Chains

Industry supply chains are broad, and in order to ensure our scope adequately provides grower-sector representation it is proposed that five major supply chains are recognised and defined by broad “end markets”:

- Production horticulture
- Forestry
- Revegetation and restoration
- Amenity and landscaping
- Retail and home garden

In regards to these supply chains, for Board elections and Industry Advisory Committee representation, any one Grower (member) would nominate their supply chain. In the case of a Grower servicing more than one supply chain, that Grower must select one (and only one) to nominate, presumably that which is most important to their business.

4. Board and Advisory Conduit Structure

Three models were discussed by the Board and the Board expressed a preference for:

RECOMMENDATION

A smaller Board, competency based and highly governance focused with a formal industry conduit (Industry Advisory Committee) to ensure that levy payers and others are adequately represented and consulted.

NGINZ Board

At least 8 and up to 9 members

- 4 growers (levy payers) elected by levy payers
- 3 members elected by non-levy-payer NGINZ members
- Up to 1 Board appointed member
- A Board appointed independent Chair – who may or may not be an industry participant.

Working Group discussion included an option for a smaller Board than above. Some noted reservations, however and the need for a Board that is small enough to ensure effective decision making while large enough to provide for adequate expertise and relationship with the broad industry scope, membership and sectors.

Industry Advisory Committee (IAC) would review levy-related and all other matters and provide advice to the Board. It would routinely meet four times annually (or at a frequency otherwise determined by the Committee) and comprise 14 members ensuring direct grower (and other member) input into project planning and review, and levy funded matters.

It comprises:

- 9 Growers elected by Growers
 - 1 from each of the industry supply chains elected by growers in those supply chains (5 in total)
 - 4 elected by Growers at large
- 5 others nominated by the Board to ensure expertise and balance. Of these 3 shall be representative of independent retailers, home improvement retailers and industry suppliers.

The IAC is a focused and pan-industry body, and the Board still recognise that different sectors or interests need to be able to come together under either sector or cluster groups. So we are proposing to retain such mechanisms.

In each body it is envisaged that consensus advice and decision making will be the desired outcome, with provision for voting at the Board or IAC meetings on the basis of one vote per member without provision for weighted voting on the basis of the supply chain or sector that the member represents.

Board and IAC Terms of Reference are to be developed clarifying the roles of each body, and their relationship to each other, sectors, members, and cluster groups.

Two other options were considered, but are not preferred by the Board:

1. **A larger Board**, governance focused but with broader representation of levy payers and supply chain conduits at Board level. The need for formal conduits to levy payers and others is thus reduced but by no means fully diminished.

Board - At least 10 and up to 11 members

- 6 growers (levy payers) elected by levy payers
 - 4 elected from their nominated industry supply chains by growers in those supply chains
 - 2 elected by all growers
- 3 members elected by non-grower NGINZ members
- Up to 1 Board appointed member
- A Board appointed independent Chair – who may or may not be an industry participant

Annual Grower Forums provide for direct grower input to the decision making process and Board accountability whereby Grower input is sought on plans, projects and any other relevant issues – say five forums, three North Island, two South Island.

A possible supplement (or alternative, though with potential travel cost concerns for growers) to this process would be to add annual **supply chain forums** which would provide a mechanism for a focus on matters pertaining directly to the supply chains – four forums.

This model was not preferred by the Board, on the basis of it being unwieldy and potentially expensive.

2. **The Australian Model** - whereby levy funds are administered by Horticulture Australia (who manage all levy monies from all industries). Essentially levy management is separated from Association governance.

In Australia levy monies are managed by Horticulture Australia Ltd (HAL). HAL is national research, development and marketing organisation for the whole Australian horticulture industry – it manages 60 levies and supervises all industry investment plans and R&D programmes.

Levy funds are collected by Levies Revenue Service (LRS), part of the Commonwealth's DAFF (MPI equivalent), and passed onto HAL.

Investment decisions are considered by Industry Advisory Committees (IAC) which are sub-committees of HAL and comprise individuals appointed by HAL upon recommendation of industry bodies (NGIA for example which seeks open nominations from levy payers).

The **main role of the IAC** is to provide direction and advice to HAL on the most appropriate use of funds to ensure maximum industry benefit.

A HAL-Model in New Zealand?

Some New Zealand nurseries are familiar with this model given relationships with Australians and see it as advantageous to ensure independence of levy decisions, transparency, responsiveness to levy payers, and funding independence from NGINZ governance and influence.

However, NZ does not have the equivalent of HAL or LRS and implementation of an Australian-like system would require at least one of these to be created with ensuing overheads and duplication of efforts.

NZ's HAL-equivalent would become the levy body and this body would be accountable to levy payers and MPI, rather than NGINZ – it is essentially a new and independent industry body comprising levy payers (that is growers). The Australian model was not preferred by the Board on the basis of its inherent overhead cost and duplication.

5. AGM & SGM Voting

An **annual meeting of levy payers** is mandated by the Act. In terms of the relationship between an annual meeting of levy payers and the AGM/SGM, options are:

- The levy payer meeting is a part of the Association's AGM/SGM with voting rights determined by the remit under question, or
- A separate meeting that considers only levy matters.

All levy payers are entitled to vote on levy issues including appointment of levy payer representatives to the Board and the setting of the levy rate. Voting is initially one member one vote unless a poll is called for in which case weighted voting is commonly based upon commodity quantity or levy value paid.

We must provide a mechanism whereby non-member levy payers (eg conscientious objectors) contribute to decisions on spending the levy – either by a vote at General Meetings or through separate consultations.

Some bodies provide voting rights on non-levy matters to non-levy members. In the interests of promoting a “whole of industry” and vertically integrated approach, this will be an important parameter to include.

RECOMMEDATION

- A single AGM/SGM with a levy payers section where levy matters are discussed and voted on. That section being part of the open meeting – that is, non-levy payers can attend. Non-levy payers would have speaking right, but no voting rights on levy matters.
- Grower members are entitled to vote on any resolution regarding the Levy. If a poll is called for, voting is on the basis of levy value paid.
- Growers and “supply chain” members are entitled to vote on any non-levy matter, and if a poll is called for, voting is on the basis on one vote per member. (Irrespective of the levy value paid in the case of Grower members).
- Associate members are not entitled to vote on any matter.

Ultimate accountability for all matters however remains with the Board. The IAC and/or regional and supply forums are “industry advisory groups”, formal or not. It is the NGINZ Board that is, appropriately, finally accountable to industry, levy payers and the Minister.

None of these structures preclude members or the Board (or the IAC) discussing matters on an as needed basis at any time.

6. Financial structure and accountability

The levy will be collected under the auspices of the Association – The Nursery and Garden Industry Association of New Zealand Inc (NGINZ).

NGINZ would develop the strategic and annual investment plans and contract NEL to undertake implementation. Accountability is thus sheeted back to and through NGINZ to levy payers and MPI.

It is important to segregate levy funds from other income streams and expenses. Under the proposed 0.3% year one actual levy we might anticipate:

Levy income	\$1,500,000
Existing Retail and Supplier subscriptions	\$200,000
Trading income	\$100,000
Gift card write down	\$100,000
Total Income	\$1,900,000

It is sufficient to segregate levy activity through a separate bank account and a separate budget centre in NGINZ annual accounts. A standalone body corporate is not needed.

Note - Levy Income: The aim is to collect \$1.5m through the levy. The Board has assumed the Department of Statistics information is conservative and the true value of the industry (nursery production) is \$400m. The Board recognises that at 0.3% there is a short-term risk of under-collection, with this risk diminishing over time with industry growth under the ‘Greenlife Double’ strategy. There is a mechanism to adjust the levy rate up (up to the maximum rate of 0.4%) or down if a major correction is needed, with this requiring the agreement by levy payers at an AGM/SGM

Appendix 1 - Review of Member & Levy issues from Constitutions of other industry bodies

28 July 2014

Body	Member Classes	AGM Voting	Board / Exec	Levy
HortNZ	<ul style="list-style-type: none"> Active Grower Associate Life 	<p>Active Grower is only class that votes – 1 vote per member unless weighted vote called for, then 1 vote per levy \$ paid</p> <p>Levy related votes always weighted</p>	<p>8 growers 1 co-opted</p> <p>Elected by Active Growers on 1 vote per growers basis</p>	<p>0.15% of sales value</p> <p>Plus</p> <p>Plus</p> <p>0.35% on tomato</p> <p>0.30% Fresh vegetable</p> <p>0.50% on process vegetables</p>
Avocado	<ul style="list-style-type: none"> Levy Member Ordinary member – grows or intends to grow Associate Life 	<p>Levy & Ordinary members = voting members</p> <p>Show of hands or by poll – 1 vote per 1000 trays</p>	<p>8 members 4 on a regional basis voted by voting members 4 elected by all voting members</p>	<p>3% of sell price, plus 50cents per tray if exported.</p>
Pipfruit	<ul style="list-style-type: none"> Grower Post-harvest Associate Life 	<p>Various voting rights to member classes, only Growers vote on levy, rule changes and Grower Directors</p> <p>1 vote per kg</p>	<p>At least 7, up to 8 4 elected by growers 3 elected by PH 1 co-opted</p>	<p>1.5 cents per kg</p>
Summerfruit	<ul style="list-style-type: none"> Producer Exporter Associate – non-commercial producers, nursery, exporters, marketers Group Life 	<p>Producer – 1 vote/ha</p> <p>Associates also in Board elections</p>	<p>5 Producers, 1 of whom can be an Associate 3 Exporters</p>	<p>1% or 1.75% depending on fruit type.</p>
Feijoa	<ul style="list-style-type: none"> Producer Supply Chain Marketing (HEA) 		<p>8 Producers (4 by regional 4 national) 2 Marketers</p>	<p>3% of sell price</p>
Kiwifruit	<ul style="list-style-type: none"> Growers Forum Members 	<p>1 vote per tray</p>	<p>President, VP, 4 x Forum, CEO</p> <p>Members Forum (37) 25 by district (weighted by number) 12 ex growers groups Meet at least 2 x year</p>	<p>NZKGI - 0.28 cents per kg exported.</p> <p>KVH - 0.28 cents per green kg exported.</p> <p>KVH - 0.56 cents per gold/red kg exported.</p>
Beef & Lamb	<ul style="list-style-type: none"> Farmers 	<p>Farmers Votes in proportion to # of animals</p>	<p>6 elected by Farmers across regional districts 3 elected by processors and exporters 1 co-opted</p>	

GIA, THE NURSERY AND GARDEN INDUSTRY, AND FORESTRY & HORTICULTURE SECTORS

Discussion paper for Hort NZ and its product groups, New Zealand Wine and FOA

August 2014

Purpose

1. The purpose of this paper is to communicate how Nursery and Garden Industry New Zealand (NGINZ) proposes to approach Government Industry Agreements on Biosecurity Readiness and Response (GIA), and to enable an early discussion on GIA relationships, common interests and scope across the nursery and garden industry and with key players across the horticulture sector. As context, this also summarises NGINZ's related plans to introduce a new strategic framework for the industry and a Commodity Levy to fund industry good activities.

Introduction

2. We appreciate the horticulture sector is well connected to GIA, and background to GIA is therefore assumed for the purpose of this paper.
3. The nursery and garden industry is a biologically-based industry. Biosecurity is a core activity to enable successful production and plant movements, including ability to access new germplasm and to export.
4. The industry is diverse with some large producers and retailers alongside numerous smaller businesses. It encompasses a broad botanical spectrum through a varied and diverse supply chain. Production nurseries distribute plants to other horticulture sectors (orchard and vegetable producers), revegetation and restoration (regional and district councils, DOC, roading & transport), amenity and urban planting and architecture (landscapers and district councils) and home gardens (landscapers, garden retailers and direct to consumer). Third party suppliers of nursery and garden retail inputs (for example growing media, fertilisers, agrichemicals, pots ...) are also an important part of the supply chain.

5. A wide range of pests and pathogens are present in New Zealand and affect the industry. The industry has established crop protection and management systems, which are likely to address risk associated with most new pests and pathogens, or be readily adapted to do so.
6. This paper is split into three parts; Part 1 summarises how GIA fits within a broader package of proposals NGINZ is putting to the industry, Part 2 summarises how NGINZ proposes to approach GIA, and Part 3 summarises key areas for discussion (scope, interests and relationships).

Part 1 – Context

How GIA fits within our industry’s Towards 2025 proposal

NGINZ is at an early stage introducing a package of proposals to the nursery and garden industry (labelled ‘Towards 2025’), recommending:

- a new **strategic framework** for the industry, built around the goal to ‘Double the value of Greenlife by 2025’ (below)
- the nursery and garden industry becomes a **signatory to the GIA Deed**
- introduction a **Commodity Levy** to fund industry good activities, including biosecurity and GIA

NGINZ will be consulting on this package early in 2015. The full ‘Towards 2025’ package and consultation process/timeline are available at: www.nginz.co.nz/towards2025.

NGINZ involved three nursery specialists that grow young plants for food sectors in a working group that assisted with development of the ‘Towards 2025’ package.

The strategic framework, set out below, currently includes an objective around greater partnering with the wider horticulture sector to support its’ growth plans (\$10b by 2020) and could easily focus on equivalent goals for wine grapes and forestry sectors.

If the ‘Towards 2025’ package is supported, future steps are to develop detailed strategy components and actions plans to make it happen. NIGINZ would seek to work with Hort NZ and its product groups, New Zealand Wine and FOA to identify where there is value in partnering.

Part 2: How NIGINZ proposes to approach GIA

Nursery and garden industry GIA drivers

7. The following are the drivers NIGINZ has identified for participation in GIA (in no particular order):
 - a) To prevent establishment of new pests and diseases that could have productivity or other unwanted impacts (though few risks to nursery productivity have been identified to date - covered below);
 - b) To reduce the risk of pests and diseases spreading through nursery and garden industry pathways (eg, nursery hygiene and transport protocols and systems);
 - c) To ensure biosecurity preparedness and response activities do not create unnecessary impacts on the nursery and garden industry (e.g., movement controls);
 - d) To enable our industry to more rapidly react and/or adapt once a new pest or pathogen establishes (where eradication is not possible or desirable, or fails) at least cost/impact;
 - e) To improve access to pest and disease control tools (both maintaining existing tools and expanding the toolbox);

THE GOAL

Double the value of Greenlife by 2025

OBJECTIVES

Urban and amenity spaces

30% more green space in urban areas by 2025.

Rural, natural environment and infrastructure spaces

70% more greenlife in rural, natural environment and infrastructure spaces by 2025.

Home gardens and landscaping

Double the value of greenlife sold through retail and landscape by 2025.

Exports

Double the value of greenlife exports.

Support growth in forestry and horticulture industries

Partnership with sector groups to facilitate their industry objectives and our role in them.

Public Awareness and Engagement

Public awareness, and thus perceived value, of greenlife doubled by 2025.

- f) To protect market access for our exports (limited to a few crops and a few nurseries);
 - g) To be a responsible industry at the decision-making table and playing our part to ensure New Zealand's biosecurity is effective;
 - h) To strengthen coordination and collaboration in the management of biosecurity across the horticulture sector, taking a unified approach;
 - i) To strengthen our engagement with MPI in relation to wider biosecurity matters.
8. Our other general interests include:
- j) Net benefit - ensuring the benefits of any nursery and garden industry investments in biosecurity readiness and response outweigh costs
 - k) Affordability - ensuring costs are affordable such that nursery and garden industry enterprises remain viable and productive.
 - l) Efficiency - making sure any investments achieve value for money and effort/time invested

A broader perspective

9. As is the case for our colleagues in other parts of the horticulture sector, our biosecurity interests are wider than "readiness" and "response". Like others, we are emphasizing with MPI that a systems-wide approach to biosecurity remains critical (from pre-border through to pest management, and protecting the full range of biosecurity values), that GIA needs to serve as a catalyst for strengthening this, and that MPI needs to guard against over-investment in readiness and response and under-investment in other important areas of biosecurity.
10. NGINZ is developing an "Industry Biosecurity Plan" to provide a strategic framework for our overall investment in biosecurity, define industry biosecurity scope, threats, procedures, standards and engagement, identify priority areas where we will strengthen biosecurity for our industry, and clarity of approach. Additionally NGINZ's "Nursery Production Farm Management System" (www.nginz.co.nz/fms) will foster general best practice in nursery production, environmental impact and biosecurity preparedness. These two initiatives will substantially improve the nursery and garden industry's overall biosecurity capability.

Risk assessment to date

11. NGINZ is undertaking an assessment of exotic pests and diseases that threaten plants of interest to all the sectors in its supply chain. Considerations are two-fold:
- i. Pests and diseases that have potential to compromise nursery productivity; and
 - ii. Pests and diseases that could be spread through nursery industry and associated pathways.
12. The first stage of risk assessment has focused primarily on (largely ornamental, natives plants and food plants) supplied to home garden, amenity and urban plantings, and re-vegetation and restoration sectors. Results to date suggest few if any pests will materially compromise nursery productivity, in particular as the vast majority are likely controlled by existing crop protection procedures (assuming access to, and reliant upon current control tools). Additionally, and in part only, as the nursery and garden industry has a broad botanical spectrum, should specific product lines be affected by an incursion the industry often has ability to exit affected lines and replace them with alternatives. In the long term, however, the industry cannot rely upon this latter approach; it is readily likened to "death by a thousand cuts".
13. A likely exception - a disease that could significantly compromise nursery productivity - is "sudden oak death" (*Phytophthora ramorum*), given its broad host range and severe impacts. Notably this is a significant pest of native flora and forestry. In Australia, readiness and response to *P. ramorum* is classified as "100% Government Funded" under the Emergency Plant Response Deed (their equivalent to GIA).
14. The second phase of risk assessment is focusing on supply of young food and forestry plants to both commercial food and forestry sectors. NGINZ is taking the lead here from your organisations/sectors, and the pest and disease lists you have prepared to date under GIA. We will also be cross-referencing where useful to relevant international approaches (e.g., pests and diseases of young food and forestry plants identified by the Australian nursery industry).
15. We have already identified Pearce's disease (*Xylella*) as another that warrants closer consideration.

16. The GIA environment brings risks beyond the nursery industry's own pest lists, which we will need to be managed, including:
- Impacts associated with restriction on movement and/or sale of plants and plant propagation material;
 - Impacts if our industry is not well prepared and is slow to contain or adapt to a new pest or pathogen (in particular if control tools are not available);
 - Loss of market access (affecting a small number of nurseries); and
 - Impacts if other industries we supply are affected leading to drop in demand for our products.

Where the nursery and garden industry can add value within GIA

17. In terms of "achieving better biosecurity outcomes" NGINZ has identified six key areas of activity where the nursery and garden industry can add value in relation to biosecurity readiness and response:
- i. **Surveillance** - a nationwide network of nurseries and skilled nursery professionals who already carry out surveillance. This is supplemented by an extensive retail network that is the frontline for gardeners, who frequently bring any unusual pest /symptoms in for diagnosis. There is potential to formalise this as a network and establish links with national surveillance activities.
 - ii. **Engaging the gardening community** – building public awareness to encourage surveillance and early reporting, and to promote adoption of biosecurity behaviours.
 - iii. **Pathway management & hygiene** - we are uniquely positioned to reduce risk of pests and diseases spreading through movement of plants, soil products, seeds, equipment etc. around New Zealand.
 - iv. **High health/NZ BioSecure** - there is potential for us to partner with others in the horticulture sector to introduce a biosecurity standard and tailored certification that enables supply of plants to growers with desired level of assurance that these are free of high risk pests and pathogens.
- v. **Responding to new incursions** - as an industry we have a strong network of professionals and technical expertise, ability to manage pathway risk, and strong established communication channels (as above), which may be an asset during some responses.
 - vi. **Assisting the industry and garden community to adapt** - where new and damaging pests or pathogens establish and eradication is not possible or desirable, or fails, we are well positioned to assist growers and gardeners to adapt at least cost.

Proposed approach to GIA and timing

18. NGINZ is proposing that it becomes a signatory to the GIA deed, representing all nurseries that commercially produce and sell plants. We are testing this proposal in two stages:
- i. Stage 1 – In 2014 we undertook testing with our current NGINZ members, firstly at our annual conference in June 2014, and followed by regional meetings that culminated in a member poll in September 2014, and in parallel we are meeting/testing proposals with Horticultural and Forestry Industry Associations.
 - ii. Stage 2 - This is to be followed by formal industry wide consultation in the New Year, concluding with a referendum in May 2015. If successful GIA and levy applications will be put to the Minister in July 2015.
19. At this point (based on risk assessment work to date) NGINZ is unlikely to seek an operational agreement for any specific pest or pathogen. Even if the case for *P. ramorum* stacks up, given this would also have wide-scale impacts on environment and amenity values, and across the horticulture sector, we are likely to be a small-bit player.
20. A potential approach we are looking at is to establish a 'Generic Operational Agreement' with MPI, covering the areas listed in section 18 above (also see initial ideas re practical initiatives under GIA in Appendix 1). We would seek to work with GIA partners to better understand how to achieve effective preparedness for our industry, in a coordinated way that best contributes to overall readiness across the horticultural sectors.

21. Where another sector or sectors prepare operational agreements that are pest- or pathogen-specific (e.g., fruit flies) we will consider these on a case-by-case basis.

Mandate and funding

22. Membership of NGINZ is voluntary and we do not currently have access to Commodity Levy or Biosecurity Act funding. Our ability to commit to GIA is thus presently limited.
23. Some 100 growers are NGINZ members. Statistics NZ industry demographic data records 783 nurseries in the two relevant ANZSIC industry groups. While NGINZ represents a significant portion of larger nurseries, we still have a considerable mandate hurdle.
24. Discussions with MPI conclude that NGINZ is an appropriate nursery and garden industry representative body (and if not us, then who else?). NGINZ will thus campaign vigorously and consult widely to secure mandate.
25. NGINZ is also embarking upon a path to establish a Commodity Levy. The nursery and garden industry (that is nursery growers) have never had a levy; its industry good activities have been funded by voluntary subscriptions and other declining income streams (e.g., gift cards and voucher non-redemptions). The current approach is not sustainable and the NGINZ Board has determined that a Commodity Levy is a funding imperative (among other drivers – industry professionalism, proactivity, GIA, industry capacity, and addressing free-rider issues).
26. It is NGINZ's intention that the Commodity Levy will be in two parts – part to fund broader industry good work and part to fund biosecurity/GIA commitments and activities. NGINZ is proposing to manage any response costs /liability through maintaining a secure 'contingency fund' (which we believe is appropriate as the industry is unlikely to be a significant beneficiary of responses and any impacts would likely be short term). In the event of response costs being incurred the contingency fund would be used then reimbursed by funds collected through the commodity levy. NGINZ would maintain a "Plan B", being to establish a Biosecurity Act Levy if it is subject to unforeseen response costs that exceed its fiscal cap.

Part 3: Key Areas for Discussion – Scope, Interests and Relationships

27. The key scope consideration, which NGINZ wishes to discuss with the wider horticulture sector, relates to whether nursery production of young plants for commercial horticulture and/or forestry is included in scope.
28. A small number of nurseries which produce young plants for commercial horticulture are existing members of NGINZ (e.g., Waimea Nurseries, Zealandia Nurseries, Rainbow Park), however, most are not. A larger number of nurseries produce young food and forestry plants for supply to the retail sector and are members of NGINZ.
29. Our understanding is that most, if not all, nurseries supplying young plants for commercial food or forestry production are not full members of FOA, NZ wine or Horticulture New Zealand, or the respective product groups they supply. Some may be associate members of these, some have formed their own smaller associations (e.g., New Zealand Forest Nursery Growers Association, and equivalent for pipfruit), and some have no affiliation with any industry association (e.g., most nurseries supplying kiwifruit plants).
30. Our understanding is no nurseries that supply young plants for commercial food or forestry production are subject to any commodity levy.

Discussion point 1: Is the above accurate?

31. NGINZ has identified that the current situation described above represents a strategic gap. In the context of biosecurity and GIA, if such nurseries are not under anyone's "umbrella" (that is, if they are not a full and levy paying members of FOA, or of NZ wine or of Horticulture New Zealand and/ or the respective product groups they supply, or of NGINZ) then they will not be contributing their cost share under GIA and they will sit outside coordinated efforts to strengthen biosecurity readiness and response.
32. The NGINZ board has also identified that the current situation has the potential to create inequity between those nurseries that supply to 'commercial' food or forestry as opposed to 'retail', and to generate complexity for those nurseries that supply to both (e.g., paying a levy on tomato plant supplied to retail, but not on a tomato plant supplied to a commercial grower, and reconciling this in a levy return).

Discussion point 2: Do you agree there is a strategic gap and inequity if nurseries supplying plants for commercial food or forestry production are not a full levy paying member of an association?

33. NGINZ recognises that the sort of preparedness and response activities that a commodity levy (refer paragraph 27) would fund will benefit all nurseries (see examples in Appendix 1), which reinforces the case for applying a broad scope that encompasses all nurseries, including those supplying young plants for commercial horticulture and/or forestry.
34. Such a widening of scope would create significant change and challenge for NGINZ, and may not be immediately welcome by some of our existing members (e.g., it may be seen, rightly or wrongly, by some as diluting focus or creating financial risk). But if it is the right thing to do it will need to be worked through carefully.
35. From NGINZ's perspective the most important thing is that such nurseries fall under someone's umbrella; as full levy paying members of one of our Associations. And either way/irrespective of whose umbrella that is, we see this usefully leading to a closer engagement where the nursery and garden industry and FOA, NZ wine and Horticulture New Zealand associated product groups work in partnership or collaborate in areas of common interest.
36. The example of Kiwifruit Vine Health and NGINZ collaborating to develop the 'Kiwifruit Plant Certification Scheme', and the potential extension of this to a broader NZ nursery biosecurity scheme (NZ BioSecure - refer to Appendix 1) is the sort of opportunity we are seeing. A scheme to address biosecurity risk associated with the plant transport network is another.

Discussion point 3: Does it make more sense for nurseries supplying plants for commercial food or forestry production to be under the umbrella of your associations, or NGINZ? Which is a better fit? What are any issues or opportunities you see with either approach?

Discussion point 4: What are the interests of your Association in relation to nursery biosecurity? Are there specific areas or opportunities you are already seeking to progress? What is your level of interest in the concept of a New Zealand nursery biosecurity scheme (as described in Appendix 1)?

37. NGINZ's proposed new strategic framework includes an objective to partner with horticulture in its "Growing a New Future" plan - \$10 billion by 2020. We intend to refine this to reflect any equivalent/wider sector strategies (e.g., for grapes and forestry).

Discussion point 5: Where do you see opportunities for the nursery and garden industry to support your sector strategies?

38. NGINZ has initiated development of its commodity levy proposal (refer to www.nginz.co.nz/towards2025). We will be happy to discuss and answer any questions on this, and present further detail subsequently. One of the proposed features of the levy is a maximum cap on the levy rate, designed to achieve a balanced approach that accommodates large-scale nurseries.
39. NGINZ established a working group earlier this year to assist with development of its strategy, GIA and levy proposals. This included five representatives from nurseries that supply young food plants to commercial horticulture (Zealandia, Rainbow Park, Waimea, Pattullo's). Representation on this working group needs to reflect the scope we settle on, and approach to wider horticulture sector representation on this group is something we would like to discuss.
40. NGINZ will be engaging smaller nursery associations and individual nurseries during the wider consultation phase (as per paragraph 19 above), and we are seeking to enter that engagement with a sound understanding of product group perspectives.

Discussion point 6: What sort of engagement is needed from here?

Appendix 1: Initial ideas re potential initiatives to strengthen nursery and garden industry preparedness

- a) Communication activities to raise awareness of GIA and biosecurity (noting that developing and implementing a GIA Communications Plan would be a baseline commitment for us anyway) across members of our industry.
- b) Communication activities to raise biosecurity awareness within gardening community (would need to be as part of a coordinated and joint campaign).
- c) Establish biosecurity standards and/or guidelines for the different parts of our industry, including:
 - i. General biosecurity practice guidelines (e.g., along lines of ['Drystock Biosecurity Guidelines'](#) or the Australian ['Biosecurity Manual for the Nursery Production Industry'](#)
 - ii. Rolling out the nursery industry Farm Management System (NIASA and BioSecure HACCP) [Note: an area to explore is opportunity to accelerate roll out through GIA (e.g., financial incentives for early adopters, or encouraging FMS as a requirement in supply agreements).
 - iii. Working with horticultural and forestry sectors to implement a NZ nursery biosecurity certification scheme, NZ BioSecure (*described further below).
 - iv. Setting standards for plant transportation operators (hygiene, traceability etc.).
- d) Further develop and formalise a nursery surveillance programme, including to link or utilise this in relation to national surveillance programmes.
- e) Develop strategic approach/initiative to ensure efficient and timely access to control tools (including R&D, tool registration, and coordinated approach to working with EPA).
- f) Further develop understanding of emerging risks to our industry, e.g., by monitoring the international situation and risks offshore, and working with MPI.
- g) Develop industry contingency plans (including fact sheets, simple model plans a business can adopt, and securing access to requisite tools) to enable the industry to rapidly adapt to high priority pests (e.g., what to do if 'myrtle rust' or 'sudden oak death' arrives).
- h) Develop industry contingency plans (including fact sheets, simple model plans a business can adopt, and securing access to requisite tools) to enable the industry to rapidly adapt to high priority pests (e.g., what to do if 'myrtle rust' or 'sudden oak death' arrives).
- i) Developing and negotiating phytosanitary measures that our industry could apply to prevent spread of high risk pests or pathogens following an incursion; to manage risk and eliminate unnecessary restrictions on plant or other product movements.
- j) Develop capability to support response - mechanism to coordinate industry engagement and support members of our industry during a response (e.g., establishing a new Industry Biosecurity Liaison role? or equivalent along lines of NGIA Australia's 'Industry Development Officer' roles?). This could extend to involvement in training, simulations etc. and facilitating any potential role we play within MPI's National Biosecurity Capability Network.

In relation to idea c) iii) above, NGINZ has worked closely with Kiwifruit Vine Health to develop the first standard ("Core Standard") of the 'Kiwifruit Plant Certification Scheme'. NGINZ and KVH have agreed to work together and with other interested organisations/sectors to develop a NZ Nursery Biosecurity Standard/Scheme (NZ BioSecure), to serve as the foundation of the KPCS "High Health" standard (to this the kiwifruit industry will add a module covering kiwifruit industry-specific requirements (e.g., pest-specific monitoring, sampling and/or testing requirements)).

Is there a wider role for a broader NZ nursery biosecurity scheme? We understand that currently 'Grafted Grapes', 'Strawberries', 'Avocados' and 'Forestry' operate some form of nursery biosecurity scheme (others?). Several other product groups have historically either operated similar schemes or attempted to establish such schemes and found this challenging.

The potential we see is to establish a single, integrated scheme for NZ nurseries – one scheme designed to lift biosecurity risk management across nurseries, which can be added to to meet the specific needs of individual product groups (i.e. with ability to attach sector-specific 'modules' along lines described above for the kiwifruit industry), and which is ultimately aligned with regulatory requirements (domestic, import and export).

This is a concept at this stage, and one NGINZ seeks to test with Hort NZ, its product groups, wine grapes and Forest Owners Association, MPI and local government.

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. 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 longer 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