

Submission

On

PROPOSED UPDATES TO MPI'S COST RECOVERY FOR PLANT AND FORESTRY EXPORT CERTIFICATION

Submission to:

The Plant Exports Team
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www.nzfoa.org.nz



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for our
future**

Contents

Contact Details 2

Introductory Comments..... 3

Summary..... 3

Submitters 3

Feedback..... 4

Conclusion 6

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Introductory Comments

1. The Forest Owners Association (FOA), the New Zealand Farm Forestry Association (FFA), and the Forest Biosecurity Committee welcome the opportunity to provide feedback on MPI's proposed updates to cost recovery for plant and forestry export certification.

Summary

2. The New Zealand plantation forestry sector supports a robust, transparent, and fair phytosanitary certification system to maintain market access and uphold New Zealand's biosecurity and export reputation.
3. We acknowledge the excellent work of the Plant Exports team and the phytosanitary certification system.
4. However, we have significant concerns about the fairness, timing, and proportionality of the proposed fee increases, particularly the retrospective recovery of deficit costs. MPI has admitted these deficits arose because costs were not reviewed and updated regularly to reflect actual service costs.
5. We recommend regular, transparent reviews of certification costs (at least annually) to ensure they reflect actual service costs.
6. We do not support retrospective recovery. If recovery proceeds, we prefer a phased approach over three years (Option 2) to minimize impact on exporters and the wider primary sector.

Submitters

The Forest Owners Association (NZFOA)

7. FOA represents the commercial plantation forest growing industry. Members manage approximately 1.2 million hectares of New Zealand's 1.8 million hectares of plantation forests and account for over 70% of the annual harvest.

The Farm Forestry Association (NZFFA)

8. NZFFA represents small forest block owners, farmers, foresters, investors, growers, and managers. It has around 1,200 members who collectively own or manage approximately 100,000 hectares across New Zealand. NZFFA also advocates for the interests of approximately 16,000 small forest owners and investors nationwide.

The Forest Biosecurity Committee (FBC)

9. The FBC provides strategic leadership and oversight for forest biosecurity across the plantation forestry industry. It fosters collaboration among industry, government, and the science community to improve biosecurity outcomes.
10. Membership includes representatives from FOA, NZFFA, NZ Forest Nursery Growers Association (NZFNGA), Ngā Pou a Tāne – National Māori Forestry Association, MPI (Biosecurity NZ and Te Uru Rākau – NZ Forest Service), the Department of Conservation, and key forest health science and service providers.

The Plantation Forestry Sector

11. In 2024, the forest growing sector generated \$5.87 billion in export value and contributed approximately \$9 billion to GDP across its wider supply chain. The Ministry for Primary Industries projects forest product exports to exceed \$9 billion by 2030.¹
12. Plantation forestry is a unique primary industry that delivers significant public benefits through environmental services, including soil conservation, air and water quality improvement, erosion control, carbon sequestration, recreational access, biodiversity enhancement, and conservation. It also provides feedstocks for sustainable energy (e.g., bioenergy) and high-value products that offer alternatives to fossil fuel-based materials. This role will only grow in importance.
13. The sector supports over 40,000 jobs across rural and urban New Zealand.
14. Forestry is essential to the sustainability and viability of key national infrastructure, including railways and nearly all international shipping ports in New Zealand.
15. The sector has long recognised biosecurity threats and has invested in forest health and biosecurity for over 50 years. It remains the only primary industry to lead and maintain a national forest biosecurity surveillance and diagnostics programme. It also invests heavily in readiness and response preparedness, public awareness, and targeted R&D, much of which predates and operates outside the Government Industry Agreement partnership.
16. The sector is increasingly being challenged by rising costs across its entire supply chain which is resulting in significant margin compression for forest owners. Other parts of the sector are having to reevaluate the economic viability of continuing to operate within New Zealand, with several significant closures of longstanding manufacturing and wood processing plants across New Zealand.

Feedback

Support for Support for Reasonable Service Cost Increases

17. The phytosanitary certification system is an essential service for the plant based primary industries, and we wish to acknowledge the excellent work that the Plant Exports team and phytosanitary certification system provide to the forestry and wood export sectors.
18. The sector strongly supports a robust, transparent, and fair phytosanitary certification system. While we acknowledge ongoing cost pressures, moderate increases are acceptable if they:
 - Reflect genuine improvements in biosecurity
 - Support sector sustainability
 - Reflect actual service delivery costs
 - Are transparently justified and equitably applied
19. Future adjustments must remain proportionate and timely, ensuring all participants can continue without undue financial burden. Continued engagement with stakeholders is essential.

Opposition to Retrospective Cost Recovery

20. The deficit in MPI's phytosanitary certification account is the direct result of delayed action by MPI, despite regular deficit reporting and repeated industry warnings.

¹ <https://www.mpi.govt.nz/dmsdocument/41319-fit-for-a-better-world-background-analysis-on-export-earnings-in-the-primary-sector>

21. Industry should not be retrospectively penalised for MPI’s inaction. Costs should be incurred in the financial year or period that they fall due, or as close as possible to this, not applied retrospectively to current exporters who had a reasonable expectation of fair fees.
22. Retrospective recovery is unfair and risks distorting market competitiveness by penalising exporters who had no role in the historical deficit.

Unfair Burden on Contemporary Participants

23. The proposed approach disproportionately impacts today’s exporters and growers. As these costs are ultimately passed back to forest owners or growers, this is particularly inequitable for small forest owners who harvest only once every 30 years and have no ability to absorb or offset costs over multiple years. Even modest fee hikes can significantly erode returns on investment. This is especially profound in a sector where a crop takes nearly 30 years to mature and many participants only harvest and sell or export once.

Disagreement with MPI’s Impact Assessment

24. MPI’s assertion that the proposed cost increases will have minimal impact overlooks the diversity of participants in the system. For small forest owners, these increases, combined with compounding regulatory costs, rising freight charges, compliance obligations, and labour expenses, will significantly erode margins and threaten the viability of their operations.

Principles of Cost Recovery

25. We support cost recovery where exporters are direct beneficiaries, but MPI’s model must uphold transparency, efficiency, justifiability, and equity. The current retrospective recovery proposal does not meet these standards.

Implementation and Lead Time

26. Any changes must allow adequate lead time for industry adjustment. If deficit recovery proceeds, a phased approach over at least three years (**Option 2**) is preferable, with mechanisms to mitigate disproportionate impacts on smaller or more vulnerable, or one off exporters.

Future-Proofing and Scheduled Reviews

27. We strongly recommend that MPI implement regular, transparent reviews of phytosanitary certification system costs—at least annually—to ensure they accurately reflect contemporary service costs. This approach will prevent the deficit accumulation seen over the past five years and allow timely adjustments within the subsequent financial year.

Greater Transparency of Expenditure

28. Regular reviews should include detailed reporting of expenditure (FTE costs, contracts, asset depreciation, and capital costs) in sufficient detail to ensure accountability and provide stakeholders with greater assurance and confidence on how these costs are being incurred.

Public Good and Sector Contribution

29. Phytosanitary certification delivers substantial public good benefits that extend far beyond individual exporters. It safeguards New Zealand’s biosecurity, protects the integrity of our primary industries, and underpins international confidence in our export systems. These outcomes support national economic stability, regional employment, and the country’s global reputation, benefits that accrue to the entire nation, not just the forestry sector.

30. Given these broad societal and economic advantages, it is reasonable and equitable for the Crown to contribute a significant share of the costs. This ensures that the burden of maintaining a system that serves the public interest is not disproportionately placed on a limited group of exporters.

Conclusion

31. The New Zealand plantation forestry sector fully supports a robust phytosanitary certification system that safeguards biosecurity and maintains market access. However, the proposed retrospective cost recovery approach is inequitable and risks undermining sector viability, particularly for small forest owners. We urge MPI to adopt a fair and forward-looking model that includes regular cost reviews, greater transparency, and adequate lead times for implementation. We look forward to continued engagement and welcome the opportunity to discuss these recommendations further.



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