

# Submission

On

## **COST RECOVERY FOR MPI TRADE CERTIFICATION**

Submission to:

**The Cost Recovery Policy Team**  
[costrecovery@mpi.govt.nz](mailto:costrecovery@mpi.govt.nz)

4 December 2025

# Contents

- Contact Details ..... 2
- Introductory Comments..... 3
- Summary..... 3
- Submitters ..... 3
- Feedback..... 4
- Conclusion ..... 7

## Contact Details

Brendan Gould  
Director Biosecurity and Risk, Forest Owners Association/Forest Growers Levy Trust  
Secretariat for the Forest Biosecurity Committee  
Level 9, 93 The Terrace, Wellington.  
Email [brendan.gould@nzfoa.org.nz](mailto:brendan.gould@nzfoa.org.nz)  
Web [www.nzfoa.org.nz](http://www.nzfoa.org.nz)



## Introductory Comments

1. The Forest Owners Association (FOA) and the New Zealand Farm Forestry Association (FFA) welcome the opportunity to provide feedback on MPI's consultation on Cost recovery for MPI Trade Certification.

## Summary

2. The forest sector fully supports the phytosanitary trade certification system, recognizing its importance for market access and New Zealand's export reputation.
3. The sector accepts the need to contribute to certification costs, but insists the framework must be transparent, justifiable, efficient, and equitable, with clear, usage-based allocation and open fee-setting.
4. We are concerned that direct benefits to exporters (like reduced compliance costs or improved efficiency) are not clearly demonstrated, and proposed fee increases may double costs for some users without clear value for money for industry.
5. The forest growing sector highlights that trade certification systems deliver significant public benefits, including regulatory oversight and biosecurity, which serve the wider public interest. It is argued that the Crown should fund these public good components, rather than recovering all costs from industry.
6. We are concerned that compounding cost increases threaten the sustainability and competitiveness of forestry, especially for smaller operators, and urges MPI to ensure cost recovery frameworks do not undermine the viability of producers or the export sector.
7. The forest growing sector supports a flat fee per certification or transaction, as this is seen as fairer and simpler than volume or sector-based charging. Fees should be regularly adjusted to reflect actual system costs, avoiding large, infrequent increases and ensuring predictability for users.

## Submitters

### The Forest Owners Association (NZFOA)

8. 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)

9. 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 Plantation Forestry Sector

10. 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.<sup>1</sup>
11. 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.
12. The sector supports over 40,000 jobs across rural and urban New Zealand.
13. Forestry is essential to the sustainability and viability of key national infrastructure, including railways and nearly all international shipping ports in New Zealand.
14. 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.
15. 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 phytosanitary Trade Certification

16. The forest growing sector fully supports the various components of trade certification as they relate to phytosanitary export certification and acknowledges the critical importance of the systems and personnel that underpin and deliver these services. Phytosanitary certification is essential for maintaining and expanding access to international markets, ensuring that New Zealand's forest products meet the requirements of importing countries, and upholding the integrity of our export supply chains. The sector recognises the significant investment and ongoing effort required to maintain a robust, modern, and responsive certification system, and values the professionalism and expertise of those who operate and support it.
17. Furthermore, we recognise that it is appropriate for exporters who benefit directly from the trade certification system to contribute to the costs of its operation. We support a cost recovery approach that is transparent, justifiable, efficient, and equitable, in line with the principles outlined in the consultation document. It is important that the allocation of costs is clear and based on actual system usage or benefit, and that the process for setting and reviewing fees remains open and accountable to all impacted stakeholders. The forest sector is committed to working constructively with MPI to ensure that the cost recovery framework continues to

---

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

support both the sustainability of the certification system and the competitiveness of New Zealand's forest exports.

### Who Benefits from the “Value for Money” and “Cost Efficiency” Gains

18. While the forest sector recognises the need for a modern, robust trade certification system and supports the principles of cost recovery, we note that the consultation document primarily presents the benefits of the new system from MPI's perspective. The direct, quantifiable benefits to exporters, such as reduced compliance costs, faster processing times, or improved market access, are not clearly articulated or evidenced. Furthermore, the proposed fee increases mean that, for many users, the cost of certification will double, which raises questions about the efficiency claims made for the new system. We encourage MPI to provide more detailed analysis of the direct benefits to exporters and to ensure that this system and the cost recovery framework deliver demonstrable value for money as well as other efficiencies to industry users, not just to MPI.
19. We acknowledge that there will be clear advantages that this new system will deliver, however the costs of this system are essentially doubling relative to the legacy system despite the stated value for money and cost efficiency benefit statements. Without clearly seeing how the stated cost efficiencies will offset the proposed cost increases it is difficult to see how these efficiencies will accrue to system users who are being asked to pay the bill.

### Recognising and Funding the Public Good in Trade Certification"

20. We note that there is significant public benefit derived from the trade certification systems, as elements of these systems are designed to deliver outcomes for MPI and the wider public, such as regulatory reporting, intelligence gathering, and biosecurity risk management. These functions extend beyond the direct needs of system users and serve broader national interests. Accordingly, we would expect that the costs associated with these public good components should be met by the Crown, rather than being recovered from industry users through fees or levies.
21. New Zealand's export sector delivers substantial public good benefits that extend well beyond the direct commercial advantages received by individual exporters. While it is acknowledged that exporters gain clear private benefits through enhanced market access and increased revenue, the activities of exporters also underpin broader national interests, supporting economic growth, job creation, regional development, and New Zealand's international reputation.
22. Export certification alone supports approximately \$33 billion in annual export earnings, contributing to the prosperity and resilience of communities across the country. These public good outcomes are realised by all New Zealanders, not just those directly involved in exporting. Therefore, when considering the allocation of costs for systems such as MPI Trade Certification, it is important that the significant public good generated by exports is appropriately reflected in the cost recovery framework, alongside the private benefits to exporters. This approach will ensure that cost allocation is equitable and recognises the wider value that exports deliver to New Zealand society.

### Supporting the Flat Fee Option

23. We support the proposal to recover MPI Trade Certification system costs through a flat fee charged per transaction or certification, rather than by varying volumes or consignment sizes. The benefits of the trade certification system, such as market access, compliance assurance,

and trade facilitation, accrue regardless of the volume of any individual consignment. Therefore, a per transaction cost is a fairer and more equitable allocation of costs, ensuring that all users pay for the actual services and benefits they receive. Charging by volume or other complex metrics would introduce unnecessary administrative complexity and likely increase costs for both users and MPI, without delivering additional benefits. By aligning fees directly with the number of certifications or transactions processed, the system remains fair and predictable for all exporters, regardless of their size or sector.

### **Supporting a Dynamic, Actual-Cost-Based Fee Structure**

24. We also recommend that costs recovered through the fee structure should reflect actual system costs as closely as possible. For this reason, we support a fixed price option that is periodically adjusted to reflect changes in actual costs, rather than a static fee set for a multi-year period. Regular, incremental adjustments to the fee will help avoid significant increases at the start or end of a fixed price period, providing greater predictability and stability for system users. This approach ensures that exporters can plan with confidence, knowing that fees will remain closely aligned with the true cost of providing certification services.

### **Ensuring Sector Engagement in System Development and Investment Decisions**

25. As a sector, we have previously experienced IT development projects within MPI where significant costs were incurred and proposed to be recovered for system users that ultimately proved not to be fit for purpose. In many cases, greater sector input during the development and procurement phases would likely have ensured a more diligent approach to return on investment and value for money. While increased engagement may not always have changed the final outcome, it would have provided the sector with greater assurance that fitness for purpose and cost-effectiveness was robustly considered by those that would ultimately fund and use the system. Meaningful involvement of sector participants in these critical decisions is essential to building confidence in the process and ensuring that future investments deliver genuine benefits to both users and the wider public.

### **Impact of Rising Costs on Sector Sustainability and Competitiveness**

26. The sector is facing significant and compounding cost increases that are deeply concerning. While each individual fee or regulatory change may appear justifiable in isolation, the cumulative effect of these rising costs, across certification, compliance, freight, and other regulatory obligations across the supply chain, is becoming unsustainable for many producers and growers.
27. This pressure is particularly acute in the forestry sector, where margins are already under severe strain and commodity prices are barely breaking even with escalating costs. The proposed increases to certification and system fees, when layered on top of existing and anticipated regulatory burdens throughout the supply chain, are eroding the economic viability of operations.
28. For many, especially smaller forest owners and processors, these compounding costs threaten not just profitability but the long-term sustainability of their businesses and the broader sector. Without a more balanced and transparent approach to cost recovery and regulatory impact, there is a real risk that ongoing fee increases will force further rationalisation and contraction within the industry, undermining jobs, regional economies, and New Zealand's export competitiveness.

## Conclusion

29. While the forest sector is committed to supporting a robust and sustainable trade certification system, it is concerned about the compounding cost increases and the lack of clear, demonstrable cost efficiency benefits to exporters. The sector urges MPI to ensure that cost recovery frameworks are transparent, equitable, and reflect both the private and public good aspects of export certification. Without a more balanced approach, ongoing fee increases risk undermining the viability of producers and the competitiveness of New Zealand's export sector—particularly in forestry, where margins are already under severe pressure.



Brendan Gould  
Director Biosecurity and Risk