



Commodity Levies (Apples and Pears) Order Consultation



Introduction

The New Zealand government has imposed a commodity levy on commercial apple and pear growers, payable to New Zealand Apples and Pears Incorporated (NZAPI), to fund the support and services it provides as the industry body.

A commodity levy, once imposed by a commodity levy order, must be renewed every six years. The current Commodity Levies (Apples and Pears) Order 2018 (Levy Order) expires on 16 January 2025. Consequently, NZAPI is seeking support for the continued imposition of a levy during 2024.

The Strategic Review undertaken in 2023 formed a basis for consultation and engagement with growers. The review process continues in early March with consultation with growers and other persons likely to be affected by the payment or collection of the levy (such as collection agents) through in-person regional meetings, webinars, newsletters, website updates, and public notices.

In April, a referendum will be held for potential levy payers (principally our current growers) to vote on the Commodity Levy Order. This will be followed by a formal application in May from NZAPI to the Ministry for Primary Industries (MPI) requesting renewal of the Levy Order.

While the Levy Order is a very important piece of legislation for the industry, more importantly it is what brings us together as an industry, formalising how we work together, and how NZAPI provides services and support to growers. Because of this, it is critically important that you, the grower, are part of the renewal process.

Why a compulsory levy?

In 1990, the government introduced the Commodity Levies Act (Act) to provide a legal basis for the imposition of a levy payable to primary industry groups to fund primary industry activities. This is because it was recognised there is a need, and a cost, for the support and services the industry requires to function and grow in New Zealand and to engage and export around the world.

The Commodity Levies (Apples and Pears) Order made under the Act imposed a levy on apples and pears, payable to NZAPI as the industry body for pipfruit.

Today, more than thirty years on, our Levy Order continues to be the foundation of what we, as an industry body, do for our industry. The levy is how growers fund NZAPI to invest and grow the industry, while providing growers with day-to-day services required for their operations, many of which would be otherwise inaccessible for individual growers.



NZAPI will continue to offer value to its members by focusing on the following strategic priorities:



SELL

Market Access

Our markets are secure and profitable, and access is meaningful. To maintain, improve and grow market access.



DO

Workforce

We have access to the right workforce at the right time. Securing a skilled workforce.



KNOW

Extension

We have the services we need to prosper, underpinned by research and development. To ensure that industry have knowledge and information – “technical translation”.



DEFEND

Biosecurity

We are resilient to biosecurity threats and incursions. Managing risk and preparing industry.



CARE

Environment

We use natural resources sustainably, and minimise our environmental impact.



VOICE

Communication & Advocacy

We have the voice we need to prosper. To engage at a local and national level to represent the interests of our members.



But beyond service provision, what the Levy Order does is bring our industry together, and **TOGETHER we are strong, we are efficient and effective, and our voice is loud and clear.**

Purposes for which levies money can be used

The levy is primarily used by NZAPI to support and deliver services to growers. Following the Strategic Review undertaken in 2023, NZAPI proposes that, NZAPI, or any subsidiary of NZAPI, may spend levy money for the following purposes relating to apples, pears, or growers:

- **Market access and crop protection:** Maintain, manage, improve, and grow market access and crop protection opportunities for industry.
- **Biosecurity:** Manage, prepare for, and protect industry from biosecurity risks.
- **Advocacy and communications:** Advocate for and represent the views of the industry to all stakeholders. To ensure effective communication to the membership and stakeholders.
- **Extension:** Provide services to the membership that provide benefits to the industry via technical transfer.
- **Business management services:** Ensure the smooth running of the organisation and governance structures to support the industry and meet the requirements of any associated Acts and legislation.
- **Governance:** Govern and ensure the membership is well informed and resourced by services provided by NZAPI.
- **Research and development:** Establish and run, or support the establishment and running of, research and development programmes that support and advance market access opportunities, crop protection, and product development.
- **Workforce:** Work collaboratively with growers, other industry participants, research institutions, and government agencies to provide education and training to the membership, developing people within the industry and attracting new people in. Maintaining viable access to labour mobility schemes nationally and internationally.
- **Environment:** Work collaboratively with growers, other industry participants, research institutions, and government agencies to understand sustainable resource use and minimising the environmental impact of the industry.
- **Project management:** Ensure effective management of projects (in-house and external) as part of the overall service package of NZAPI.

This list differs from the purposes for which levy money may be spent in the current Levy Order, as it has been updated to align with the Strategic Review outcomes and priorities. The updated list is reflected in the Proposed Amendments to the Commodity Levies (Apples and Pears) Order.

One of NZAPI's key strategic priorities is to facilitate the following industry advisory groups which govern and guide the services that we offer members:



KNOW | Extension

- Market Access Advisory Group (MAAG)
- Research Consultative Group (RCG)
- Agrichemical Advisory Group (AAG)
- Biosecurity Advisory Group (BAG), commencing early 2024

We are also regularly involved with regional and national forums, guided by other NZAPI strategic priorities:



SELL | Market Access

- GLOBALG.A.P. Advisory Board + GRASP
- NZ International Business Forum
- SHAFTE
- WAPA
- Hort NZ Industry Forum
- CORE Group (key agricultural stakeholders)
- Global Risks and Opportunities Workshop (GROW)
- Organic Exporters Association of New Zealand
- Plant Market Access Council
- HB Horticulture Advisory Group
- Agcarm
- Antimicrobial Resistance Group
- Food & Beverage Forum (MPI Food Safety Administration)
- Plant Protection Society



CARE | Environment

- HBRC Pan Sector Group
- Human Assist Industry Advisory Group
- NZFSSRC Horticulture Task Force + Industry Advisory Group
- SFF Tile Drains Project Governance Group
- SFFF FOPS Project Governance Group



DO | Workforce

- Regional and National Labour Governance Groups
- RSE Operational (pan-sector) Group

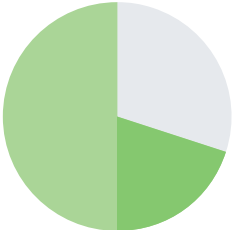
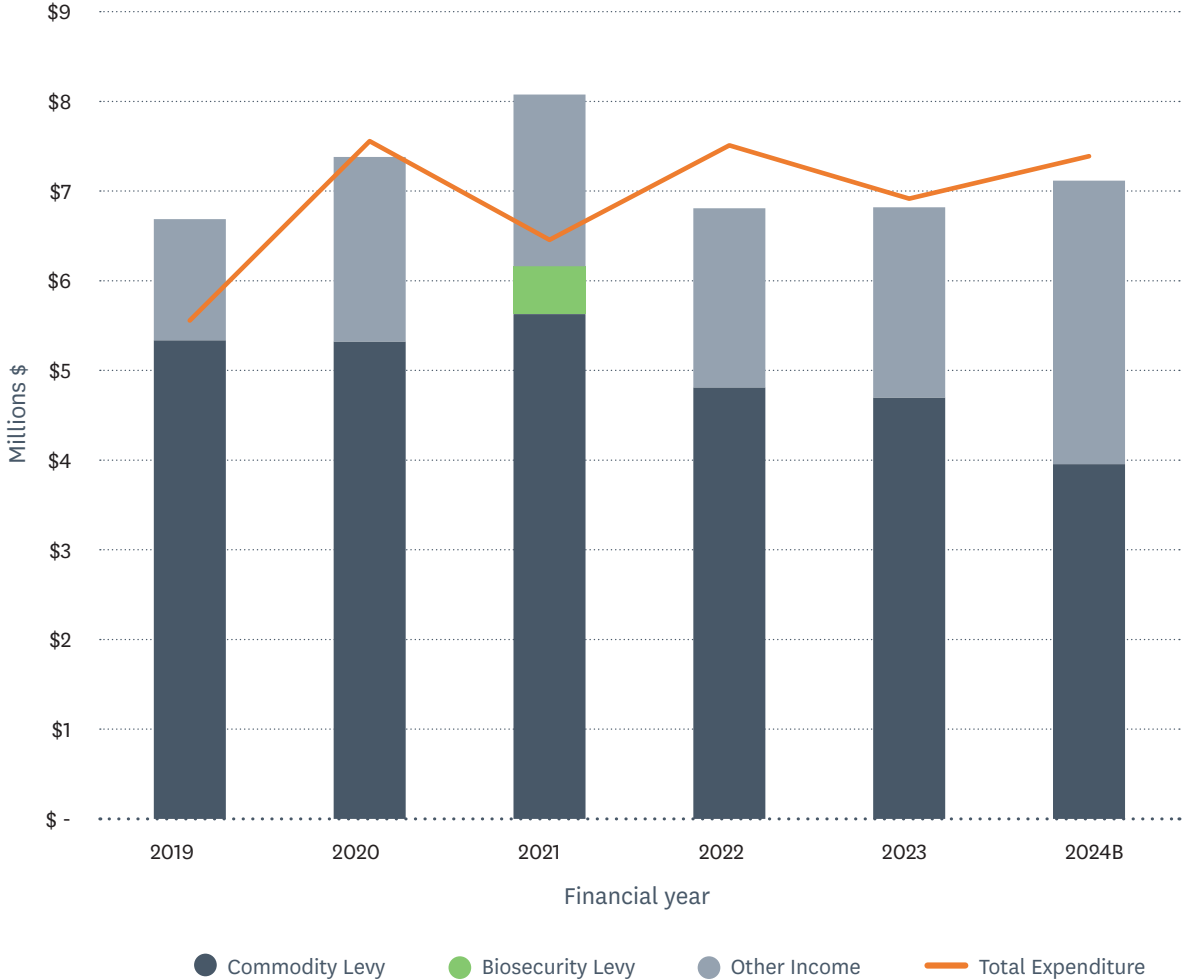


DEFEND | Biosecurity

- Biosecurity Managers NZ Group
- Plant Biosecurity Council
- GIA Brown Marmorated Stink Bug Council
- GIA Deed Governance Group
- GIA Fruit Fly Council
- GIA Lepidoptera
- GIA Xylella

Where money comes from

Summary income and expenditure

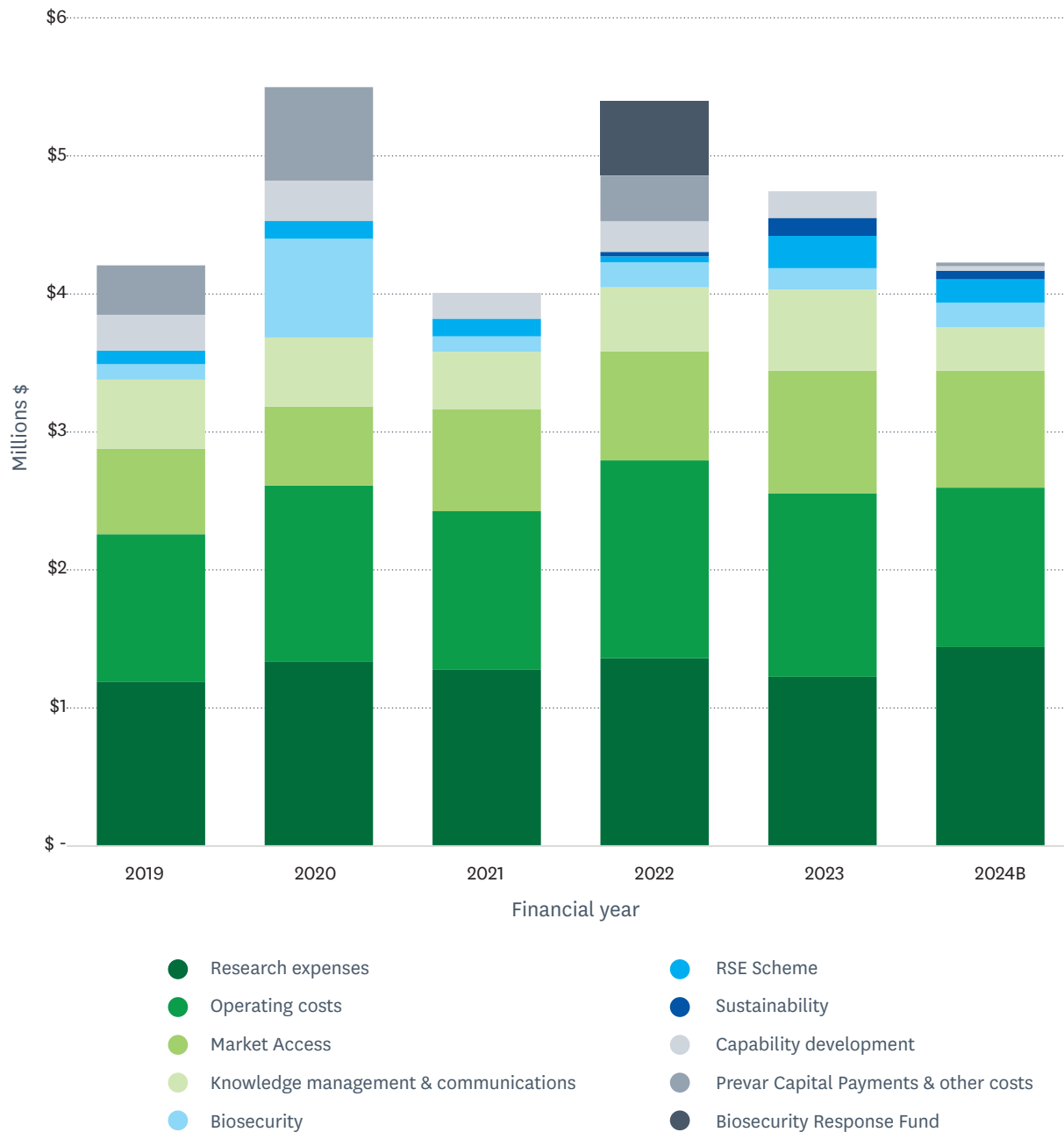


55 - 70%

of NZAPI's income comes from commodity levy monies. The remaining funding LEVERAGES levy monies to obtain shared research funding from MPI (previously MBIE and MPI), and other co-funding and grants. NZAPI also receives monies from targeted services provided to members.

How levy money is used

How the commodity levy is spent



The graph shows the amount of commodity levy funds spent in priority areas and for the operation of NZAPI. This is net of other funding sources i.e. the total research spending for 2024 is \$2.5m, and \$1.4m of that is funded by commodity levies. Several of the above priority areas primarily support market access activities, in total making this the largest proportion of NZAPI's commodity levy expenditure.

Prevar

In 2016 and 2018, the support of grower referendums and Ministerial approval was required to allow NZAPI (previously known as Pipfruit New Zealand Incorporated) to spend levy money on Prevar (or any other grower approved apple and pear (including nashi pears) industry breeding programme). This time, the Board is not proposing that future commodity levy money be spent on Prevar. Consequently, the grower referendum does not include Prevar as a purpose for which levy money may be spent.

NZAPI owns 55% of the shares in Prevar Limited (Prevar). This is made up of paid and unpaid capital. NZAPI currently has a commitment of \$1.36M for the unpaid capital. NZAPI currently holds the cash to pay the unpaid capital if called and these existing funds will be retained in case Prevar calls the unpaid share capital. Prevar has reached commercial self-sustainability and has indicated it does not intend to call the unpaid capital in the next three years. Prevar is also due to begin paying dividends to their shareholders in the coming years. If the liability for the unpaid capital is cancelled, NZAPI will apply the retained funds to the new permitted levy purposes.

Prevar's current key objectives for the current financial year are:

1. **To optimise** its existing portfolio by maintaining grower confidence and delivering to plan so that it has stability in its financial position for FY24 and across the next three years.
2. **To accelerate** two new commercial opportunities that will deliver incremental income over the next three years above and beyond existing contracted business.
3. **To design** and start to deliver on a re-shaped breeding programme that meets the needs of its shareholders over the next ten years and provides a platform for early-stage investment of new product.

HortNZ Collaboration

HortNZ works hard to promote and protect growers' interests in an ever-changing environment, so growers can get on growing nutritious, great tasting fruit and vegetables in New Zealand. HortNZ advocates on behalf of growers for sound and sensible policy settings that allow growers to get on with business.

HortNZ works closely with product groups to ensure there is no duplication of work in all that is done to support growers. Crop-specific marketing and product-specific research and development is the responsibility of product groups, such as NZAPI. However, when an issue affects the whole industry, HortNZ takes a strong leadership role and advocates on behalf of all growers.

Collective investment by growers provides the scale needed to achieve things that no individual grower can achieve alone.

Proposed Amendments to the Commodity Levies (Apples and Pears) Order

The changes proposed for the new levy order compared to the Commodity Levies (Apple and Pears) Order 2018 are:

1. Additional levy payable if levy not paid in time can be charged at NZAPI's discretion.
The current levy order makes the payment of an additional levy mandatory. NZAPI's preference is to have the discretion as to whether to request an additional levy be paid where a levy is not paid on time.
2. The Purposes for which levy money may be spent have been updated to align with NZAPI's new strategic plan.

Current Commodity Levies (Apples and Pears) Order 2018

16. Purposes for which levy money may be spent

NZAPI, or any subsidiary of NZAPI, may spend levy money for the following purposes relating to apples, pears, or growers:

- (a) product research and development, including the development of new varieties;
- (b) production research and development;
- (c) market research and development, including the development of access to markets;
- (d) attracting people to, retaining people in, and developing people for the apple and pear industry;
- (e) biosecurity activities, including activities to protect the apple and pear industry from biosecurity risk;
- (f) education and training;
- (g) provision and application of technology;
- (h) promotion of apples and pears;
- (i) quality assurance programmes;
- (j) development of a central registration system and database;
- (k) development and maintenance of an industry Internet site;
- (l) day-to-day administration of NZAPI;
- (m) representation of the views of growers.

Proposed Amendments to the Commodity Levies (Apples and Pears) Order

16. Purposes for which levy money may be spent

It is proposed that NZAPI, or any subsidiary of NZAPI, may spend levy money for the following purposes relating to apples, pears, or growers:

- (a) market access, including crop protection to support and protect market access;
- (b) biosecurity, including activities to protect the industry from biosecurity risks and to support response and recovery;
- (c) advocacy and communications, representing industry views and communicating effectively with all stakeholders;
- (d) extension services, including transfer of technical information;
- (e) management and administration services for the organisation to support the industry;
- (f) governance, including resourcing NZAPI to support its board and growers;
- (g) research and development;
- (h) workforce attraction and development, including education and training, and maintaining viable access to labour mobility schemes;
- (i) environment, including understanding and promoting sustainable resource use, and minimising the environmental impact of the industry; and
- (j) project management to enable and support the delivery of above activities.

Voting

Who can vote?

All apples and pears growers who grow their fruit in New Zealand which is or may be:

- (a) sold for consumption as whole fresh fruit; or
- (b) sold for resale as whole fresh fruit; or
- (c) exported as whole fresh fruit.

Each trading entity is entitled to one vote.

Whoever casts the vote on behalf of a trading entity must have the authority of that entity to vote on its behalf.

How is the vote determined?

A result in favour of the proposed commodity levy will occur if both of the following occur:

- The “YES” votes equal more than half of all votes cast; and
- The total production (kgs) of apples and pears during the 12 months immediately prior to the ballot (defined as 1 November 2022 to 31 October 2023) of those apples and pears growers who participated in the referendum and voted “YES” equals more than half of the total production of all apples and pears during that period by the apples and pears growers who participated in the referendum.

Any voting paper returned to the returning officer that is incomplete or not completed correctly will be deemed to be invalid and will be counted as a “No” vote.

Any voting paper that is returned by a person who is not a potential levy payer will not be counted.

Voting papers received after the deadline will not be counted.

How is the vote being managed?

The vote will be managed independently by Electionz (as Returning Officer). Electionz will send voting instructions to all growers. Both Electionz and NZAPI will send reminders to growers.

Voting will be by:

- **e-vote:** voting online at www.applesandpears.nz by clicking on a voting link on the homepage then logging in by using a PIN and Password provided previously by Electionz.
- **Postal:** completing the voting paper and posting it back in the freepost envelope provided, to reach the Returning Officer before the close of voting.

The voting will be open from 9am Monday 8 April 2024 to 12 noon Friday 3 May 2024.

Results, once confirmed by the Returning Officer, will be advised by email and on the NZAPI website.



More information

All information on the levy order renewal is available at applesandpears.nz/Commodity_Levy

If you have any questions regarding the Commodity Levy Order, please contact:

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VOTE YES 

Your levy. Your future.



New Zealand
Apples & Pears[®]