Media Release

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Horticulture Export Structure modernised

Clarity and flexibility are two benefits for horticulture industry groups under an amended horticulture export structure that passed its final hurdle in Parliament late yesterday. The amendments to The New Zealand Horticulture Export Authority (HEA) Act will modernise the Act by clarifying the entry/exit criteria and funding mechanisms as well as providing greater flexibility with respect to the licensing options for the 9 product groups currently using the structure.

These 9 sectors collectively exported $283million in the year ending June 2016, continuing the long-term increased value trend. Since its creation in 1987, the HEA Act has provided an option for horticulture industries to assist with the development of their sectors. The HEA system is based around sectors developing their own export marketing strategy and applying this through the HEA licensing of exporters. This framework for industry cooperation and collaboration has encouraged growers and exporters to develop export opportunities.

HEA Chief Executive Simon Hegarty says “we operate in a dynamic international trading environment that dictates our export systems must periodically modernise to remain effective. The fundamentals of the HEA export system that add value through sector led export marketing strategies, are proven, and are now supported by these amendments to provide clarity and flexibility. The enactment of the Bill is a welcome step, enhancing the strategic options available to the growing horticulture export sector.

The business of producing and exporting horticulture products carries significant risks. The HEA mechanism helps manage and reduce those risks provided it is periodically amended to ensure it remains fit for purpose. This amendment fine tunes what a recent review identified as a ‘fit for purpose’ model for the horticulture export industry.

We urge industry groups to review their respective positions on exporting as they stand to benefit from these amendments to the HEA structure.”

ENDS

For further information:

Simon Hegarty, Chief Executive

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Background information:

What is the HEA?

- A statutory authority charged with the application of legislation – NZ Horticulture Export Authority Act 1987.
- The primary function of the HEA is “to promote the effective export marketing of horticultural products” (section 6 of the HEA Act).
- Industry Product Groups opt (vote) to come under the HEA model. There are currently 9 sector product groups operating under the structure: avocados, blackcurrants, buttercup squash, chestnuts, kiwifruit to Australia, persimmons, summerfruit, tamarillos and truffles. Collectively these 9 achieved export earnings of $283.5m in y.e. 30 June 2016.
- The HEA framework is based on 2 key tools:
  1. The Export Marketing Strategy (exporting rules) for each product group &
  2. Licencing exporters

HEA’s Goal: exports under the structure to reach $600million by 2020.

How does HEA provide value?

The HEA legislative framework enables Product Groups to enforce their agreed standards. These standards may cover:

- Developing and enforcing export quality grade standards.
- Operating a food safety programme.

The HEA framework also enables Product Groups to:

- collect industry information from all participants on product exports,
- generate funding for industry good functions,
  develop a co-ordinated industry structure encompassing growers, packers and exporters.

How is HEA funded?

While the HEA reports to the Minister for Primary Industries, the HEA is funded 100% by its industry sector participants via:

1) statutory fees on Recognised Product Groups &
2) Fees on export licence holders (application fees and annual monitoring fees).

HEA expenditure in 2016 amounted to 0.12% of the value of the exported products under the HEA framework. This translates to on average $1.20 for every $1,000 of exported product.

"HEA - the structured approach to horticulture exporting"