NZ Ethical Employers
Cultivating Excellence in Employment to Support Primary Industries

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Funding of Industry Good Organisations: Time to Rethink the Model

Industry good organisations have long played a key role in supporting New Zealand's primary industries. For decades, they've delivered research, promoted best practices, and advocated on behalf of producers. But the operating environment has changed — sharply. And the way we fund these organisations needs to change with it.

Today's farmers and growers face a very different landscape than even a generation ago. Farming has become more commercial, more corporate, and more self-sufficient. Many services once provided by industry good organisations — technical advice, compliance tools, policy updates, or market intelligence — are now delivered in-house by large agribusinesses or directly by marketing companies to their suppliers. With professional staff, digital tools, and vertically integrated supply chains, corporate and contract-based producers have far less reliance on industry good organisations.

At the same time, smaller producers — who are expected to pay the same compulsory levies—often already receive similar services from their packhouses, cooperatives, or marketing groups. These businesses provide technical support, updates on regulatory changes, benchmarking data, and even R&D access. For many, the value from industry good bodies has become marginal — if not redundant.

Corporate Evolution, Diminished Need
The rise of integrated corporates has rendered many industry good functions obsolete. When your operation has its own R&D unit, compliance team, or market development capability, you don't need a central body duplicating that work. Yet the funding model hasn't adapted — every producer, regardless of size or circumstance, is still expected to fund these organisations through compulsory levies.

This creates an imbalance. Large players benefit from scale and internal capacity while still drawing on industry good outputs. Meanwhile, smaller producers — with fewer resources and less influence — effectively cross-subsidise them. It's outdated, inequitable, and no longer aligned with how modern agribusiness actually operates.

The Value Question
There's also a broader cultural shift underway. Today's producers, like all business owners, are focused on value. They want a clear return on investment especially in the current tough economic times. More are asking tough but fair questions: Does this organisation represent me? Is it adding value I can't get elsewhere? Is it agile enough to deal with the next policy shift, technology disruption, or market swing?

Too often, the answers are unclear. If the answer is genuinely yes — if the organisation delivers high-impact industry services or collective benefits that can't be done elsewhere — then there may still be a case for partial levy funding for that work. But the rest should be up for scrutiny.
KPMG and AGMARDT, in their 2023 think piece *Are Industry Good Organisations Good for Industry?*, noted that: *"The need to demonstrate value is more immediate for voluntary membership organisations, requiring a constant display of value to ensure members renew their annual subscription... In market conditions where profitability is uncertain, membership bodies face a disadvantage compared to CLA levy-funded bodies, as they are often viewed as a discretionary expense."*
That's the point. The levy-funded model shelters organisations from the reality every other service provider faces: prove your value, or lose support.

From Entitlement to Earned Support
The solution isn't to scrap industry good organisations. It's to make them earn their place. That means shifting from levy entitlement to voluntary membership — where producers choose to support what works, and walk away from what doesn't.

A voluntary model puts the power where it belongs: with the producers. If an organisation is delivering real value, it will attract support. If not, it won't. That's fair. That's transparent. And that's how nearly every other service provider operates.

Voluntary support would drive better engagement, clearer communication, and sharper priorities. Organisations would need to define their niche, avoid duplication, and prove their relevance year after year. That's not a risk—it's a reset. And it would lead to better-performing, leaner, and more effective institutions.

The Case for Change Is Clear

Compulsory levies may have made sense in the past. But in 2025, they've become a crutch—propping up legacy structures that no longer reflect how the industry works. In a modern, commercially driven sector where producers have options and expect value, industry good organisations must adapt.

It's time to flip the model. Let these organisations stand on their own feet. Let them compete for support, not assume it.

That's how we'll get industry good organisations that are truly fit for purpose. Not because they were mandated — but because producers chose them.