



**To:** Hon Nicola Grigg, Associate Minister of Agriculture  
**From:** Sothea Tep, Manager Horticulture Sector Policy

## Interview with Rural News, 30 July 2024

<b>Date</b>	29 July 2024	<b>Reference</b>	AM24-0745
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### Purpose

- This aide-memoire provides notes for your interview with Peter Burke of Rural News on 30 July 2024 about your horticulture portfolio priorities.
- This aide memoire has included:
  - **Appendix One:** Brief biography of Peter Burke;
  - **Appendix Two:** List of Government priorities for horticulture; and
  - **Appendix Three:** Suggested talking points.

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## Appendix One: Brief biography of Peter Burke

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Peter Burke has worked for more than fifty years in the media as a journalist in television, radio, print, and public relations. Peter is a specialist agricultural journalist and is a life member of the NZ Guild of Agricultural Journalists and the Science Communicators Association of New Zealand (SCANZ).

He is doing this interview for an article in Rural News.

Peter is currently working full time as a senior staff journalist for Rural News Group and as Public Relations Manager at Ahuwhenua Māori Trust, which runs an annual competition for the top Māori Farmer and top Young Māori farmer.

Previously Peter has been the Agricultural Correspondent for Television New Zealand, and Editor for Radio New Zealand Rural.

Peter worked 20 years as a Public Relations Manager for a number of government and private organisations involved in the agriculture and sustainability sectors.

Peters' awards include - Agricultural Communicator of the Year, Life member of the NZ Guild of Agricultural Journalists and founder and Life Member of SCANZ.

Peter was the first NZ journalist to be awarded the gold medal of the International Federation of Agricultural Journalist.

Peter is also an established author of Irish/ New Zealand history, you can find out more about his book, 'True to Ireland,' at the following link: [www.true-to-ireland.com](http://www.true-to-ireland.com)

## Appendix Two: Sector overview and Government priorities for horticulture

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### *Sector Overview*

1. The horticulture sector is forecast to have total export revenue of \$7.1 billion (including wine) in the year to 30 June 2024 and projected to achieve \$8.0 billion to the year ending 30 June 2025.
2. The sector employs over 75,000 people in our regions (during peak season).
3. Harnessing opportunities to grow the sector will be an important part of the Government's goal to double the value of exports within ten years.

### *Workforce, education, and skills*

4. The Government is committed to increase the cap of workers under the Recognised Seasonal Employer (RSE) scheme and increase the flexibility of the quota allocation system, to ensure the sector has access to the necessary workforce at peak times.
5. The scheme came into effect in April 2007, and alongside the industry, experienced significant expansion. From annual export earnings of approximately \$2.5 billion then to over \$7 billion now, and a 5,000 RSE worker cap at inception to a cap of 19,500 RSE workers now.
6. The scheme is often referred to as a triple win for employers, workers, and Pacific Nations (from which the workers originate). It is important that the integrity of the system is maintained, is efficient, provides certainty for employers and workers, and supports the sector to grow and increase productivity.
7. The Government has committed to change the structure for vocational education and training. A key goal is improving regional autonomy and responsiveness, supporting stronger connections between the vocational education and training system and local communities, industries, and labour markets. This will improve education and training for the sector.
8. It is a Government priority that the vocational education and training system will include pathways for New Zealanders to obtain the skills that are in demand in the primary sector, including in the horticulture industry.
9. Work is already underway to disestablish Te Pūkenga and consult on a proposed replacement model. Hon Penny Simmonds, Minister for Tertiary Education and Skills has indicated she will put forward a model to reform Te Pūkenga to Cabinet before the end of July.
10. A review of the science and university systems is also currently underway with advisory groups established for both, chaired by Sir Peter Gluckman.

11. The University Advisory Group has been set up to provide the Government with advice on the challenges and opportunities in New Zealand's university sector, including funding mechanisms and delivering graduates that address national workforce needs and challenges.
12. Access to drivers' licences and public transportation in rural communities is variable and inconsistent throughout the year and across seasons. This in turn can have an impact on how local people can get to jobs in the horticulture sector.

#### *Resource Management Act 1991 (RMA) Reform*

13. The Government has committed to reforming New Zealand's resource management system to make it easier to consent new infrastructure, allow farmers to farm, get more houses built, and enhance the food and fibre sector while achieving good environmental outcomes. Any shifts towards less regulation for rural farming communities could assist in increasing export values.
14. The work programme is currently in Phase Two, which includes:
  - a) the Fast-Track Approvals Bill. The Environment Select Committee is due to report back on the Bill by 6 September;
  - b) two RMA amendment bills. The first amendment Bill (Resource Management (Freshwater and Other Matters) Amendment Bill) is currently being considered at Select Committee; and
  - c) a national direction amendment package.
15. The second RMA amendment bill will focus on urgent changes to enable housing growth, infrastructure, and introduce emergency response regulations along with other coalition commitments. The national direction package is aimed at amending, reviewing, and developing current and new national direction instruments to unlock development and investment in infrastructure, housing capacity, horticulture, aquaculture, forestry, and mining.
16. The Government will make announcements on the second amendment Bill and the National Direction package by the end of this year (see below for more detail on the proposals for highly productive land and freshwater changes). There will be an opportunity for public input in this process next year.

#### *National Policy Statement for Highly Productive Land (NPS-HPL)*

17. The NPS-HPL protects highly productive land for use by land-based primary production from inappropriate subdivision, use and development.
18. Officials are progressing the amendments consulted on in 2023 that will provide a clear consent pathway for intensive indoor primary production, greenhouses, and specified infrastructure such as solar farms to develop on highly productive land. Subject to Cabinet consideration, the amendments will likely take effect in the third quarter of 2024.

19. The Government has also committed to amending the NPS-HPL to better enable housing development whilst appropriately managing highly productive land. These amendments will be delivered through Phase Two of the RMA reform programme. There will be an opportunity for public input in this process next year.

#### *Water*

20. The Government has announced it is reviewing and replacing the National Policy Statement for Freshwater Management 2020 (NPS-FM) this term, to better reflect the interests of all water users.
21. Water is an essential resource for horticulture. There are growing challenges with water availability and security, particularly as droughts become more frequent and intense due to climate change.
22. The Government wants to enable small- and large-scale water storage infrastructure. We have asked officials to explore options for enabling activities such as on-farm water storage which support economic and environment goals

#### *Enabling vegetable growing*

23. As part of the Resource Management work programme, we will also be considering how to better enable vegetable growing in the resource management system.
24. We need to be able to grow enough fresh fruit and vegetables to meet our needs, and support our growers to do so, while at the same time protecting our water quality.
25. Vegetable growers are regulated differently across the country and in some regions face challenges in obtaining resource consents and undertaking normal practices like crop rotation.
26. Ministers have asked officials to explore options to enable vegetable growing under NPS-FM review. This is part of the broader RMA reform programme.

#### *Freshwater farm plans*

27. Freshwater farm plans (FWFP) will enable farmers and growers to find the right solutions for their farm and catchment. Growers consider the current system too complex, so the aim is to simplify and improve the freshwater farm plan system.
28. The horticulture sector would like existing environmental programmes to be recognised in the freshwater farm plan system, and the Government is looking at ways to integrate existing farm environment plans or industry assurance programmes (such as the Good Agricultural Practice schemes) in the system.

29. On 10 April 2024, Hon Todd McClay, Minister of Agriculture and Hon Andrew Hoggard, Associate Minister of Agriculture announced their intention to improve the FWFP system. As part of this work, the development of an enduring and effective FWFP system will prioritise:
- a) reducing regulatory burden by creating integration pathways for existing farm environment plan initiatives and industry assurance programmes;
  - b) providing farmers with greater flexibility to find the right freshwater management solutions for their farm and catchment area;
  - c) enabling catchment level solutions and empowering local communities to lead freshwater farm planning;
  - d) reviewing FWFP certification and audit requirements to reduce unnecessary cost;
  - e) reducing duplication for farmers and growers; and
  - f) further development of what 'risk based' will mean in practice.

#### *Genetic technologies*

30. The Government is reforming gene technology regulation to enable the use of these tools to deliver benefits for New Zealand, from producing sustainable, climate-friendly food, and new technology to reduce climate impacts from production.
31. The new rules will be fit-for-purpose, future-focused, and designed to accommodate advances in gene technologies and methods.
32. Policy design has begun, and a Bill to allow for greater use of gene technology is expected to be introduced by the end of this year. Legislation for a new regulatory system for gene technology is expected by August 2025.
33. A vital part of this work will be ensuring strong protections for human health and the environment, and ensuring any work is safe and ethical.


#### *Agrichemicals*

34. The Government has recently announced a regulatory sector review on the approval process for new agricultural and horticultural products, with the aim to reduce regulatory burden on the sector.

## Appendix Three: Suggested Talking Points

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**To:** Hon Nicola Grigg, Associate Minister of Agriculture  
**From:** Sothea Tep, Manager Horticulture Sector Policy

## Meeting with Ian Proudfoot (KPMG) – Sharing insights on KPMG Agribusiness Agenda 2024

<b>Date</b>	31 July 2024	<b>Reference</b>	AM24-0729
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### Purpose

- This aide-memoire provides you notes for your online meeting with Mr Ian Proudfoot of KPMG on 7 August 2024. He has requested this meeting to discuss KPMG's Agribusiness Agenda 2024 report and to seek your views on the issues covered in this report and your priorities for the horticulture sector
- Attached to this aide-memoire are:
  - **Appendix One:** Brief biography on Ian Proudfoot;
  - **Appendix Two:** KPMG's 'Agribusiness Agenda 2024' findings;
  - **Appendix Three:** Government's priorities for the horticulture sector; and
  - **Appendix Four:** Suggested talking points for your meeting.

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## Appendix One: Brief biography on Ian Proudfoot

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Ian Proudfoot is a partner at KPMG, based in Auckland. He leads KPMG's Consumer/Industrial Markets and Agribusiness lines of business. He provides audit and transaction services to clients in a wide range of sectors, including agribusiness, retail, and distribution.

Ian has a Bachelor of Science (BSc) degree in Industrial Economics from the University of Warwick. He joined KPMG in London and transferred to KPMG Auckland in 1996. Since then he has undertaken a diverse range of client assignments including a 12 month secondment managing financial reporting and consolidation for a major New Zealand company.

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## Appendix Two: KPMG's 'Agribusiness Agenda 2024' findings

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1. The Agribusiness Agenda 2024 is a report that presents the findings from KPMG's annual Agribusiness Leaders Priority Survey, alongside insights from over 150 food and fibre industry leaders who have contributed their insights and perspectives on the issues facing the sector. The theme for the 2024 Agenda was '*Today's potential, tomorrow's possibilities*'.
2. The industry leaders' contributions were collected through:
  - a) six online roundtable sessions, attended by 93 invited industry leaders to share their top-of-mind issues;
  - b) one online session with 17 members of the Emerging Leaders cohort (brought together for last year's KPMG Agenda); and
  - c) annual Industry Leaders Priorities Survey, which received 107 valid survey responses.

### The 2024 Agenda's findings on Today's potential, tomorrow's possibilities

*From the above meetings and survey, KPMG distilled the following themes*

3. Today's potential:
  - a) support industry leaders to build confidence in their industry;
  - b) need good farm management practices and hygiene standards for biosecurity;
  - c) regulatory environment that supports business success, not over regulation;
  - d) trade and market access actions to continue and create value;
  - e) welcome international investors who buy into building a better New Zealand;
  - f) we can't continue with unenforceable and foolish biotechnology rules; and
  - g) industry leaders to value the next generation of employees.
4. Tomorrow's possibilities:
  - a) address consenting rules to give confidence to investors;
  - b) industry leaders must continue to focus on climate transition;
  - c) all interested parties must have skin in the game for investment in science;
  - d) costs of providing services to improve how they manage nature are increasing;
  - e) build confidence that AI tools are about creating better outcomes for all; and
  - f) concerned about cost and security of energy, and electricity infrastructure.

### Findings of industry leaders survey

5. As shown in the following Table One, the KPMG 2024 Agribusiness Agenda survey has identified biosecurity as the number one priority for our food and fibre sector leaders, the same as for 2023.

6. Biosecurity is followed by “act on the results of gene editing discussions”, which has jumped from sixth ranking in KPMG’s 2023 report. The report notes that this only jumped into the Top ten in 2023 as knowledge about the potential benefits of gene editing technologies are becoming more widespread.

Ranking	Priority Action
1 <sup>st</sup>	World class biosecurity
2 <sup>nd</sup>	Act on results of gene editing discussions
3 <sup>rd</sup>	Sign high quality trade agreements
4 <sup>th</sup> equal	Invest in resilient rural infrastructure
4 <sup>th</sup> equal	Broadband equality for all
6 <sup>th</sup>	Public/private mission science partnerships
7 <sup>th</sup>	Build water storage to manage resources
8 <sup>th</sup>	Develop resilient supply chains
9 <sup>th</sup>	Maximising sustainable use of oceans
10 <sup>th</sup>	Maintain immigration settings

7. The report adds that the mainstreaming of this topic in 2024 gives a clear message that this is an issue we should resolve and act on sooner rather than later. Sector leaders mentioned that countries that have provided regulatory certainty are seeing the technologies mainstream, delivering better outcomes to producers, processors, and consumers. At the same time we need to be careful not to move too far ahead of our markets and customers.
8. In the 2024 KPMG leaders survey, the two new entries that moved to the Top ten (both making a return after a one-year absence) were:
- building water storage infrastructure (ranked 7<sup>th</sup>, up from 16<sup>th</sup> in 2023), to support growth and to deliver greater resilience to the environment and the sector; and
  - developing resilient supply chains (ranked 8<sup>th</sup>, up from 12<sup>th</sup> in 2023), as the sector deals with the disruption caused by droughts in Panama, conflict in the Middle East and accidents including the incident in Baltimore harbour<sup>1</sup> in the United States early this year.
9. The Ministry for Primary Industries notes that maintaining immigration settings is ranked tenth by primary sector leaders, whereas it could be expected to be ranked in the top five if the survey was only of horticulture sector leaders. The horticulture sector is highly dependent on migrant workforce, both under the Recognised Seasonal Employer Scheme and Working Holiday Visa, for seasonal work like pruning, harvesting, and packing.

<sup>1</sup> In March, a container ship crashed into one of the bridge's support pillars, sending the ship into Baltimore Harbor, six construction workers were killed and shipping and traffic was disrupted at the port. Replacing the bridge will likely take years, but authorities have since opened two temporary channels.

10. Similarly, access to productive land is not in the top ten for primary sector, but would likely be in top five for horticulture sector leaders. Another item missing in the table, but important for horticulture, is cost of doing business and in particular compliance with all the regulations, including those under the Resource Management Act 1991.

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## Appendix Three: Government's priorities for the horticulture sector

### *Workforce, education and skills*

1. The Government is committed to increasing the cap of workers under the Recognised Seasonal Employer (RSE) scheme and increasing the flexibility of the quota allocation system to ensure the sector has access to the necessary workforce at peak times.
2. The Government has committed to change the structure for vocational education and training. A key goal is improving regional autonomy and responsiveness, supporting stronger connections between the vocational education and training system and local communities, industries, and labour markets. This will improve education and training for the sector.
3. It is a Government priority that the vocational education and training system will include pathways for New Zealanders to obtain the skills that are in demand in the primary sector, including in the horticulture industry.
4. Work is already underway to disestablish Te Pūkenga and consult on a proposed replacement model. Hon Penny Simmonds, Minister for Tertiary Education and Skills has indicated she will put forward a model to reform Te Pūkenga to Cabinet before the end of July
5. A review of the science and university systems is also currently underway with advisory groups established for both, chaired by Sir Peter Gluckman.
6. The University Advisory Group has been set up to provide the Government with advice on the challenges and opportunities in New Zealand's university sector, including funding mechanisms and delivering graduates that address national workforce needs and challenges.

### *Resource Management Reform*

7. The Government has also committed to reforming New Zealand's resource management system to make it easier to consent new infrastructure, allow farmers to farm, get more houses built, and enhance the food and fibre sector.
8. In addition, the Government will be making targeted changes to improve the operation of the Resource Management Act 1991 (RMA) and national direction instruments. These changes will reduce unnecessary regulation and help unlock development and investment in infrastructure, housing, and the food and fibre sector while achieving good environmental outcomes.

### *National Policy Statement for Highly Productive Land (NPS-HPL)*

9. The NPS-HPL protects highly productive land for use by land-based primary production from inappropriate subdivision, use and development.

10. Officials are progressing the amendments consulted on in 2023 that will provide a clear consent pathway for intensive indoor primary production, greenhouses, and specified infrastructure such as solar farms to develop on highly productive land. Subject to Cabinet consideration, the amendments will likely take effect in the third quarter of 2024.
11. The Government has also committed to amending the NPS-HPL to better enable housing development whilst appropriately managing highly productive land. These amendments will be delivered through Phase Two of the RMA reform programme. There will be an opportunity for public input in this process next year.

#### *Water*

12. The Government has announced it is reviewing and replacing the National Policy Statement for Freshwater Management 2020 (NPS-FM) this term, to better reflect the interests of all water users.
13. Water is an essential resource for horticulture. There are growing challenges with water availability and security, particularly as droughts become more frequent and intense due to climate change.
14. The Government wants to enable small- and large-scale water storage infrastructure. We have asked officials to explore options for enabling activities such as on-farm water storage which support economic and environment goals.

#### *Enabling vegetable growing*

15. As part of the Resource Management work programme, we will also be considering how to better enable vegetable growing in the resource management system.
16. Vegetable growers are regulated differently across the country and in some regions face difficulty in obtaining resource consents and undertaking normal practices like crop rotation.

#### *Freshwater farm plans*

17. Freshwater farm plans will enable farmers and growers to find the right solutions for their farm and catchment. Growers have told us the current system is too complex, so we are working at pace to simplify and improve the freshwater farm plan system.
18. Property and catchment-specific farm plans make sense because they can be used to identify environmental risks and plan practical on-farm actions to manage those risks.
19. We have heard that many in the sector would like existing environmental programmes to be recognised in the freshwater farm plan system, and we are looking at ways to integrate existing farm environment plans or industry assurance programmes (such as the Good Agricultural Practice schemes) in the system.

### *Genetic technologies*

20. The Government is reforming gene technology regulation to enable the use of these tools to deliver benefits for New Zealand, from producing sustainable, climate-friendly food, and new technology to reduce climate impacts from production.
21. The new rules will be fit-for-purpose, future-focused, and designed to accommodate advances in gene technologies and methods.
22. Policy design has begun, and a Bill to allow for greater use of gene technology is expected to be introduced by the end of this year. Legislation for a new regulatory system for gene technology is expected by August 2025.
23. A vital part of this work will be ensuring strong protections for human health and the environment, and ensuring any work is safe and ethical.

### *Agrichemicals*

24. The Government has recently announced a regulatory sector review on the approval process for new agricultural and horticultural products. This review will look to reduce regulatory burden, and support growers having access to the tools to do what they do best, growing their crops.

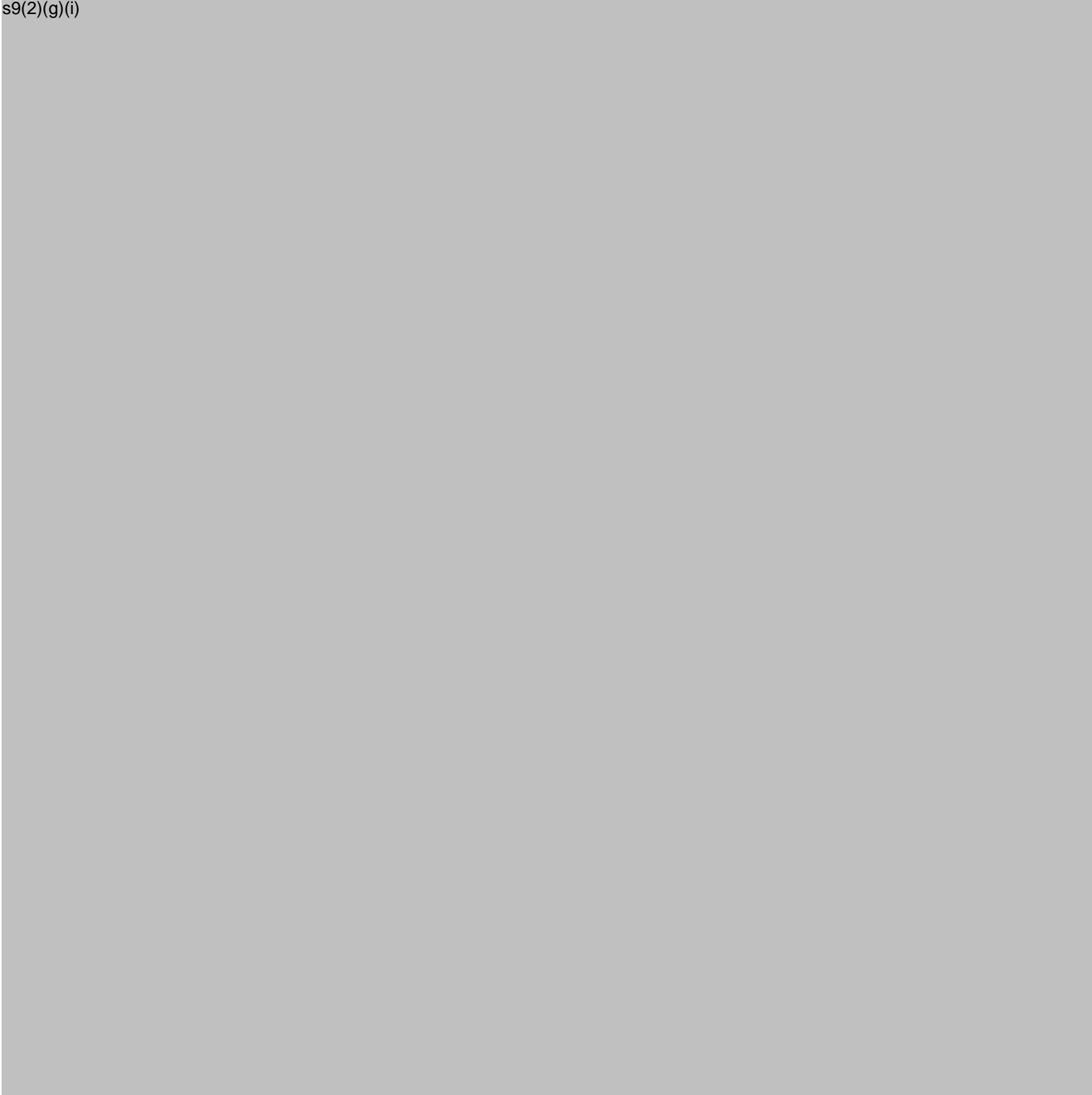
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## Appendix Four: Suggested talking points

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<sup>2</sup> AGMARDT is an independent not-for-profit organisation, established in 1987 with public funds from the wind-up of the British, Christmas Island and New Zealand Phosphate Commissions. AGMARDT is funding Ian Proudfoot and his KPMG team to look at how the primary sector can collaborate better. This work is not just limited to the commodity levies bodies. The aim of this work is to start a conversation, recognising challenges and pushback in changing the structure of commodities levies bodies and other organisations.



## BRIEF: MPI & VIP attendees at Canterbury West Coast Wood Council 2024 Forestry Industry Awards

To:	Hon Nicola Grigg, Associate Minister of Agriculture		
From	Sam Keenan, Deputy Director-General Te Uru Rākau – New Zealand Forest Service		
Date	31 July 2024	MPI Reference	MO24-0388
Priority	Medium	Security Level	Sensitive

### Purpose

- This paper provides you with the names of the Ministry for Primary Industries (MPI) Te Uru Rākau – New Zealand Forest Service officials and other VIPs attending the Canterbury West Coast Wood Council (CWCWC) 2024 Forestry Industry Awards on Friday 2 August in Christchurch.
- The Awards are being held at the Te Pae, Convention Centre from 5:00pm.

### The Awards

1. The Canterbury West Coast Wood Council is hosting this event. Their remit is to “promote, encourage, and coordinate the sustainable economic development of plantation forestry and the wood products industry in the Canterbury and West Coast regions.”
2. This year there are ten Awards Categories that cover the full forestry supply chain: *Business Innovation, Forestry Excellence, Harvesting Excellence, Distribution Excellence, Wood Processing Excellence, Crew of the Year, Emerging Talent of the Year, Outstanding H&S, Outstanding Environmental Management and Outstanding Contribution to the Forestry Industry.*
3. Te Uru Rākau – New Zealand Forest Service is a Silver Sponsor of the Awards night.

### Attendees

4. The Te Uru Rākau – New Zealand Forest Service officials attending the event are:
  - a) **Debbie Ward**, Director Forestry Insights; and
  - b) **Volga Lipwoni**, Analyst Spatial Intelligence.
5. Officials will make themselves known to you at the event.
6. Other VIP attendees include:
  - a) **Marie Black**, Mayor of Hurunui;
  - b) **Dan Gordon**, Mayor of Waimakariri;
  - c) **Leeann Watson**, Chief Executive of Business Canterbury;
  - d) **James Treadwell**, President of New Zealand Institute of Forestry;
  - e) **Joe Akari**, CEO/National Safety Director, Forest Industry Safety Council, Safetree
  - f) **Mark Grover**, Retired General Manager of Rayonier Matariki Forests,
  - g) **Elizabeth Heeg**, Chief Executive of New Zealand Forest Owners Association & 2024 Judge,
  - h) **John Hawkins**, Stonyhurst Timbers Limited & 2024 Judge,
  - i) **David Evison**, Associate Professor, University of Century School of Forestry; and
  - j) **Rens Bosman**, CWCWC Judge 2022.



**To:** Hon Nicola Grigg, Associate Minister of Agriculture  
**From:** Sothea Tep, Manager Horticulture Policy, Policy & Trade

## Vegetable production and industry allocation under the Emissions Trading Scheme

Date	Reference
1 August 2024	AM24-0743

### Purpose

- This aide-memoire provides information and talking points (**Appendix One**) for your reference as needed on how industrial allocation under the Emissions Trading Scheme affects greenhouse vegetable growers.

### The Chair of Vegetables New Zealand was critical of the Emissions Trading Scheme in a recent interview

- On 25 July 2024, Vegetables New Zealand (VNZ) Chair, John Murphy, was interviewed by Newstalk ZB about the impacts of the Emissions Trading Scheme (ETS) system on commercial greenhouses. Mr Murphy was highly critical of the ETS system<sup>1</sup>.
- During the interview, Mr Murphy was critical of proposed changes to the ETS industrial allocation and believes the changes will unfairly penalise growers using greenhouses and cover growing systems (covered crop growers). VNZ believe the decrease in industrial allocation the Ministry for the Environment (MfE) is proposing is too significant and will have significant negative impacts for the industry, including one operator who is claiming a \$200,000 loss figure. VNZ want a delay on the proposed changes to industrial allocation, to provide time for growers to switch to sustainable fuel options.
- This issue has been raised by the industry in the past, s9(2)(g)(i) [redacted]  
[redacted]  
[redacted] Information on the SVS launch is provided in AM24-0702 *Launch of Sustainable Vegetable Systems (SVS) nutrient management tool*, and additional talking points to support you in MO24-0389 *Talking points on industrial allocation under the Emissions Trading Scheme and vegetable growing as a permitted activity*.

<sup>1</sup> <https://www.freshvegetables.co.nz/news-and-events/news/emissions-trading-scheme-could-put-remaining-greenhouse-growers-out-of-business/>

4. Background information on the vegetable industry is provided in **Appendix Two**.
5. The Ministry for Primary Industries (MPI) consulted with MfE on the industrial allocation changes under the ETS. Information on the ETS and reasoning behind the changes for the impacted greenhouse-based crop groups is provided in **Appendix Three**.
6. MPI recently consulted with the industry to make amendments to the National Policy Statement for Highly Productive Land, which will enable greenhouses to be built on highly productive land. This will help reduce the regulatory burden on the industry as they continue to adapt new sustainable measures and operate. Additional information on this is provided in **Appendix Four**.

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## Appendix One: Talking Points on industrial allocation under the Emission Trading Scheme (ETS)

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## Appendix Two: Background information on New Zealand's vegetable industry and greenhouse grower

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### *New Zealand's vegetable sector*

1. New Zealand's vegetable industry covers 55 commercially grown crops. Most crops in the vegetable industry are represented by Vegetable New Zealand, however many large crops such as tomatoes and potatoes have their own industry organisations.
2. Many vegetable growers use commercial greenhouses to grow their crops, however industry data does not distinguish between the volumes and sales value of crops grown with the use of greenhouses.
3. New Zealand's fresh and processed vegetables industries collectively exported \$737 million to the year 30 June 2023<sup>2</sup>. It is estimated that for the year ending 30 June 2024 the vegetable sector will achieve \$730 million in exports.

### *Commercial covered crop and greenhouse vegetable growers*

4. New Zealand has three crops produced in industrial greenhouses that fall under the Emissions Trading Scheme (ETS). These are tomatoes, cucumbers, and capsicum. There are 1,323 hectares of greenhouses established across New Zealand, which produce these three crops primarily for export.
5. Other crops like leafy greens are often grown in greenhouses but do not receive an ETS allocation as they are sold on the domestic market. The intent of the ETS industrial allocation was to help our greenhouse growers be competitive with produce sold on the global market.

### *The three greenhouse industries (tomatoes, cucumbers, and capsicum) have been consolidating over time*

6. The industry structure for the three crops under the ETS have been consolidating over time with many industry participants expressing concerns about smaller scale operators leaving the industry. From 2010 to 2023 the number greenhouse growers have shrunk. However, the scale of growing operations has increased significantly with 37 percent of growers operating large scale greenhouse operations.

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<sup>2</sup> This includes both greenhouse crops and non-greenhouse crops.



## Appendix Three: Background information on the Emissions Trade Scheme changes

### *Information on reforms to industrial allocation under the Emission Trading System (ETS)*

1. The Ministry for the Environment (MfE) has regulatory stewardship of the ETS.
2. The ETS is a regulatory tool for helping New Zealand meet our domestic and international climate change targets, including the 2050 target set by the Climate Change Response Act 2002. The system requires industry operators to measure their greenhouse gas emissions and provides allocations to incentivise sustainable practises and gradually reduce the amount of greenhouse gas emitted.
3. The Government began reviewing industrial allocation policy in 2021 after evidence emerged some industrial activities were likely receiving an over-allocation of units. Public consultation took place in mid-2021.
4. The Climate Change Response (Late Penalties and Industrial Allocation) Amendment Act 2023, which enables reforms to industrial allocation, was passed by the House of Representatives in August 2023.
5. The Act made the following changes to industrial allocation:
  - a) enabled allocative baselines to be updated to address over-allocation;
  - b) changed the base years for allocative baselines;
  - c) clarified the framework for assessing if a new activity is an eligible industrial activity; and
  - d) technical changes to improve industrial allocation policy.

### *Industrial allocation for the three vegetable crops (tomatoes, cucumbers, and capsicum)*

6. Capsicum, cucumber, and tomato growers are intended to receive 56 percent of their energy costs as industrial allocation. Under the current allocation the three vegetable crops are all over allocated.
7. According to MFE, the vegetable industry has been receiving over allocation during 2023, receiving allocations of:
  - a) 67 percent for capsicums growers;
  - b) 98 percent for tomatoes growers; and
  - c) 251 percent for cucumbers growers.
8. This over allocation has an estimated fiscal cost of approximately \$7.5 million for 2024. The proposed ETS baseline allocation changes will update those that were set in 2010 to ensure the allocations accurately reflect the industries scale.

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### Emissions intensity

10. The emissions intensity of all three vegetable crops has decreased significantly since 2010 (**Table One**).

**Table One:** Emissions intensity of horticultural activities (tCO<sub>2</sub>-e<sup>3</sup>/\$million)

	2010	2023	Difference
Capsicums	963	735	-228
Cucumbers	1,565	328	-1,237
Tomatoes	926	447	-479

11. The changes in emissions intensity are for the following reasons:
- there were no submissions in the recent data collection from firms producing capsicums and tomatoes with comparatively high allocative baselines that submitted in 2010; and
  - reduced heating in glasshouses and reduced quality of outputs for cucumber growers.
12. There has also been consolidation within the sector, which has contributed to improvements in emissions intensity (**Table Two** below). MFE considers that the changes in emissions intensity show that all three activities may be ineligible for industrial allocation. This may have occurred if eligibility had been retested as part of the reforms to industrial allocation.

**Table Two:** Growers that submitted activity data in 2010 and 2023

	2010	2023
Capsicums	18	11
Cucumbers	17	14
Tomatoes	62	26

### Allocative baselines

13. The allocative baselines for capsicums, cucumbers, and tomatoes have reduced by 16.74 percent, 77.67 percent, and 42.61 percent respectively. As a result, the industrial allocations for firms carrying out these activities will decrease (see **Table Three** below).

<sup>3</sup> Tonnes of carbon dioxide emission gasses.

**Table Three:** Industrial allocations for commercial greenhouse production of capsicums, cucumbers, and tomatoes.

	2022 allocation (NZUs <sup>4</sup> )	Value @ \$50 NZU price	Estimated future allocation (NZUs)*	Value @ \$50 NZU price
Capsicums	24336	\$1,216,800	20262	\$1,013,108
Cucumbers	28741	\$1,437,050	6418	\$320,893
Tomatoes	42748	\$2,137,400	24533	\$1,226,654

*\*This is an indicative estimate based 2022 allocations and percentage change in allocative baselines for each activity.*

*Previous engagement*

14. We understand MFE has engaged with organisations that represent the industries impacted by proposals to update industrial allocation policy.

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<sup>4</sup> NZU referring to New Zealand Units of ETS allocation.

**Appendix Four: Additional information on National Policy Statement for Highly Productive Land amendments consulted on last year are being progressed.**

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1. The objective of the National Policy Statement for Highly Productive Land (NPS-HPL) is to protect highly productive land for use in land-based primary production. This is achieved by restricting inappropriate use, development, or subdivision of highly productive land.
2. Last year, amendments to the NPS-HPL were consulted on relating to enabling greenhouses, indoor farming, and specified infrastructure (such as solar farms) on highly productive land. According to the Horticulture New Zealand submission, 83 percent of greenhouses in New Zealand are currently built on highly productive land.
3. Recommendations have been made to Hon Chris Bishop, Minister Responsible for RMA Reform, and Hon Todd McClay, Minister of Agriculture on amendments to the NPS-HPL. The Cabinet paper package is being developed and the Ministers will seek Cabinet decision on 6 August 2024.
4. This change aligns with government goals of reducing regulatory burden and allow normal rural activities on highly productive land.



**To:** Hon Nicola Grigg, Associate Minister of Agriculture  
**From:** Sothea Tep, Manager Horticulture Policy

## Letter to Horticulture Industry Stakeholders

<b>Date</b>	2 August 2024	<b>Reference</b>	AM24-0737
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### Purpose

- This aide-memoire provides you with the requested draft letter addressed to horticulture industry groups outlining the Government's actions and work programme (**Appendix One**).

### The New Zealand horticulture sector

- New Zealand's horticulture sector is diverse with industries of all sizes covering fruit, vegetables, wine, arable crops (such as, grains, seeds) and other plant industries (such as flowers). Generally, most fruit is exported to international markets, vegetables serve the domestic market, and arable crops feed New Zealand's livestock, but there are many exceptions and variations in this across the sector.
- Growers face common issues including accessing and managing water, accessing new crop protection tools, workforce pressures, use of highly productive land, and accessing export markets.
- The Government has work programmes that are in progress to address these. The draft letter contains information on work the Government has done, what is on the Government's work programme, and invites the sector to engage with the policy process where there is an opportunity.

**Minister / Minister's Office**

Seen / Referred

/ / 2024

Released under the Official Information Act 1982

# Hon Nicola Grigg

Minister of State for Trade  
Minister for Women  
Associate Minister of Agriculture



Dear [name]

I write to you as the Associate Minister of Agriculture with the delegation of Horticulture to inform you of the Government's work programme as it relates to this important sector.

Firstly, I want to acknowledge the hard work and ongoing resilience of all our growers across the country. It has been a difficult year of soft commodity prices, high input costs, high inflation, high interest rates, and recovery from extreme weather events. Despite this, our horticulture export revenue is forecast to continue increasing; this is an achievement to be celebrated.

It is a privilege to hold this portfolio in a country such as New Zealand with a horticulture sector that contributes so much to the success of our nation. This is not a role I take lightly. Now that I am back on board from maternity leave, I am keen to continue to meet with as many of you as I can, and understand what is important to you. Keeping in regular touch is a key part of my role, along with championing your sector to achieve its goals.

Our government is focused on backing our farmers and growers to see more value returned to the farm gate, and a greater return for our growers so the sector can continue to adapt, evolve, and innovate for the long term.

While there are many issues that the horticulture sector is impacted by, I have heard from you that access to land, water, and a skilled workforce are a priority. As mentioned, I'm writing to let you know of the work the Government has been doing in these areas and what is on the work programme going forward, including with some other areas around innovation, market access and rural communities that I thought would be of interest to you. It's my intention to keep you updated on the work in these areas, and I would like to hear from you about other areas that are important to you.

The latest updates on these priority areas are outlined in this letter. In some areas the Government will be seeking views on specifics through consultation, and I encourage you to get involved in these processes as they progress.

Thank you for continuing to be proactive and involved in voicing your needs and concerns as a sector. Your feedback is imperative to ensuring the future success of the sector is well considered in the Government's policy development – I would be grateful if you could share this letter with your membership.

***The Resource Management Act 1991 (RMA) reform***

The Government has committed to making a range of reforms to the resource management system to unlock development capacity for housing growth, enable the delivery of infrastructure, allow farmers to farm, and enhance the primary sector. We are currently undertaking 'Phase Two' of the work programme, which includes:

- The Fast-Track Approvals Bill. The Environment Committee is due to report back on the Bill by 6 September 2024.
- Two RMA amendment bills.
  - The first amendment Bill Resource Management (Freshwater and Other Matters) Amendment Bill is currently being considered at Select Committee.
  - The second amendment bill will focus on urgent changes to enable housing growth, infrastructure, reduce regulation and help unlock development and investment in the food and fibre sector while achieving good environmental outcomes.
- A national direction amendment package. The national direction package is aimed at amending, reviewing, and developing current and new national direction instruments to unlock development and investment in infrastructure, housing capacity, horticulture, aquaculture, forestry, and mining while achieving good environmental outcomes.

Phase Three of the work programme will be to introduce resource management legislation to replace the current RMA. This work will look at the principles, functions, and structure of the system, and what changes will make the biggest difference to outcomes in the long-term.

The Government will make announcements on the second RMA amendment Bill and the national direction package by the end of this year. There will be an opportunity for public input in this process.

### ***National Policy Statement for Highly Productive Land (NPS-HPL)***

As you will understand, the NPS-HPL is an important piece of regulation for the horticulture sector. The NPS-HPL protects highly productive land for use by land-based primary production from inappropriate subdivision, use, and development.

Amendments are being progressed to provide a clear consent pathway for intensive indoor primary production greenhouses, and specified infrastructure to develop on highly productive land. It is likely that the amendments will take effect in the third quarter of 2024, subject to Cabinet consideration. To facilitate these amendments coming into effect, officials will be updating guidance material to support implementation.

The Government has also committed to amending the NPS-HPL to better enable housing development whilst appropriately managing highly productive land. These amendments will be delivered through Phase Two of the RMA reform programme (national direction package). Public consultation on NPS-HPL amendments is planned for early 2025.

### ***Freshwater regulation changes***

The Government is committed to reducing the regulatory burden on farmers, while working towards improving environmental outcomes for our waterways. We have heard from growers and farmers that the existing policies have become extremely complex and expensive to implement.

The Government has announced it will review and replace the National Policy Statement for Freshwater Management 2020 (NPS-FM) to better reflect the interests of all water users. Ministers are currently determining the scope of the review. This includes asking officials to explore options to enable vegetable growing and on farm water storage to support economic and environment goals.

Officials are also reviewing ways to improve the freshwater farm plan (FWFP) system based on stakeholders' concerns about the cost and complexity of the current system. The review aims to reduce regulatory burden and duplication by creating integration pathways for existing farm environment plan initiatives and industry assurance programmes, enable catchment level solutions and empower local communities, and review FWFP certification and audit requirements to reduce unnecessary cost. It is important that farmers and growers are supported to develop robust plans. The sector will be engaged throughout the review.

### ***Recognised Seasonal Employer (RSE) Scheme Review***

As I'm sure many of you will have experienced, the RSE scheme is an essential input for horticulture and viticulture businesses; providing workers during seasonal peaks to maximise productivity. The RSE scheme has been a significant contributor in the growth of our industries.

The RSE scheme has a number of built-in safeguards to protect workers from exploitation, ensure New Zealand workers are not displaced from work, and ensure there is minimal impact on local infrastructure and services, particularly housing. However, many of you who employ through the RSE scheme have raised concerns recently about the costs in addition to the minimum wage you are obliged to pay, restrictions on accommodation costs, and having to guarantee 30 hours of work each week. I understand that these, and other scheme settings have resulted in increasing costs and uncertainty for employers during a time of high inflation.

While I think it is important that the integrity of the system is maintained, changes are necessary to make the scheme more efficient, provide greater certainty for employers and workers, and to support the sector to grow and increase productivity. The Government's plan to increase the RSE cap will increase the flexibility of the allocation system which will help address seasonal labour pressures. We will have more to announce about the scheme shortly.

### ***Vocational education and training***

In 2023 the Government committed to disestablish Te Pūkenga and restore regional decision-making for vocational education. Work is already underway to disestablish Te Pūkenga and consult on a proposed replacement model.

A key goal is improving regional autonomy and responsiveness, supporting stronger connections between the vocational education and training system and local communities, industries, and labour markets. The Government is focused on ensuring the vocational education and training system includes pathways for New Zealanders to obtain the skills that are in demand in the primary sector, including the horticulture industry.

Pending Cabinet approval, consultation is expected to take place in the near future. Final proposals will reflect consultation and are expected to be provided back to Cabinet in late November.

### ***Agricultural and Horticultural Products Regulatory Review***



I have heard from you that access to agricultural and horticultural products is important to support primary sector productivity and provide protection against pests and diseases. Farmers and growers have regularly talked of how long, difficult, and complex it is to get new products for use in New Zealand, and the impacts that this has on your ability to operate and sell to the domestic and export markets.

While I understand the industry's concerns, these need to be balanced against making sure New Zealand has a system to manage risks of such products to human health, trade, food safety, the environment, and animal welfare. If these settings become out of balance this could lead to significant negative impacts such as trade issues for our exported primary produce.

The Government has recognised this is an issue for the sector and has initiated a regulatory review on the approval process for new agricultural and horticultural products, under the Agricultural Compounds and Veterinary Medicines Act 1997 and the Hazardous Substances and New Organisms Act 1996, led by the Ministry for Regulation (MfR). The approval path will be considered as starting from information collection for applications through to receiving approval for domestic use. The review will also consider any conditions attached to approval of products, reassessment processes, and both regulatory design, and regulatory practice.

MfR has developed the Terms of Reference and timeframes for the review which you can find on the Ministry's website: <https://www.regulation.govt.nz/assets/Ministry-for-Regulation-files/Terms-of-Reference-for-Agricultural-and-Horticultural-Products-Regulatory-Review.pdf>. Horticulture New Zealand (HortNZ), A Lighter Touch, Zespri, Foundation for Arable Research, and New Zealand WineGrowers, among others, were consulted on these. HortNZ will also be part of the review's Sector Reference Group.

The review is expected to be completed in six months, but as this is a complex and important area of regulation, flexibility may be required. A report and recommendations will be delivered to Ministers in early 2025.

Once MfR has begun the review, there will be a chance to publicly submit your thoughts on what the key issues are and potential ways these can be addressed. Your feedback will be very welcomed and necessary during this process.

### ***Genetic Technologies***

New Zealand's regulation has not kept pace with developments in genetic technologies. I believe there is an opportunity for New Zealand to benefit from new technologies while maintaining the integrity of our industry operators that opt to remain genetic editing free. This could be achieved through implementing assurance and supply chain separation programmes which prevent unintentional crossover and help manage trade risks.

The Government is currently developing the new policy settings at pace to support New Zealand's adoption of genetic engineering technologies including the definitions of Genetically Modified Organisms. We are reforming genetic technology regulation to enable the use of these tools to deliver benefits for New Zealand. This may include producing sustainable, climate-friendly food, reducing the sectors' environmental impact and providing new opportunities, and reducing climate impacts from food production. I want to understand the industry's needs and opportunities with genetic technologies, including how you might use the technologies.

### ***Rural banking inquiry***

In June this year, the Government announced an inquiry into rural banking. We recognise that growing the rural economy is critical to rebuilding New Zealand's economy, and that understanding the role of bank competition in the sector is important.

The Primary Production Committee has been asked to work with the Finance and Expenditure Committee to jointly develop terms of reference, join meetings on submissions relevant to rural banking, and prepare a report on rural banking to feed into the overall inquiry. We are working on the details of the Inquiry and will release the Terms of Reference in due course.

### ***Enhancing market access***

I know that market access is of critical interest to the horticulture sector as one of the vehicles for export growth. The Government is prioritising protecting and enhancing the market access we have and addressing non-tariff measures across the primary sectors.

Governments across the world put in place legitimate non-tariff measures to ensure the safety and suitability of food and other primary products imported into their jurisdiction. We will be working with international counterparts to ensure New Zealand's export interests are prioritised, and that New Zealand's regulatory and administrative systems are recognised. We will leverage this to protect and enhance existing market access, and to support access for new products to new markets.

We will also support you through removing unjustified non-tariff measures, which are a significant cost and impediment to growth for the sector. The Government will challenge non-tariff measures and find innovative and cost effective means of maintaining and gaining access to these markets by investing in closer relations with trading partners, leveraging our Free Trade Agreements and other arrangements, and through a closer working relationship with the sector.

I am aware that the horticulture sector is diverse, with a number of industry bodies, each with unique market access opportunities. Industry groups and forums such as the Plants Market Access Council (PMAC) play a crucial role in helping the Ministry for Primary Industries (MPI) work with the sector to prioritise its interests, so that we best support your sector and New Zealand's interests.

Recently I was encouraged to hear that MPI, with support from Onions New Zealand, successfully negotiated a new protocol for onion export to Indonesia, without requiring additional fumigation treatment. The recent signing of the kiwiberry export plan with China further demonstrates our ongoing commitment to enhance market access. I look forward to supporting you in maintaining and enhancing market access.

I encourage the industry to continue using forums such as PMAC to identify risks and make the most of opportunities, and I look forward to supporting this good work with my Ministerial colleagues, both here in New Zealand and on the international stage.

Yours sincerely,

Hon Nicola Grigg  
**Associate Minister of Agriculture**