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**TO:** Gisborne District Council

**SUBMISSION ON:** Draft Long-Term Plan

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### **1. The kiwifruit industry in New Zealand**

The kiwifruit industry is a major contributor to regional New Zealand returning \$2 billion directly to rural communities in 2019/20. There are ~3000 growers, 14,000ha of orchards, 10,000 permanent employees and up to 25,000 jobs during the peak season. Approximately 80% of New Zealand's kiwifruit crop is grown in the Bay of Plenty and the industry is expected to grow its global sales to \$4.5 billion by 2025 which is an increase from \$3.1 billion in 2018/19.

### **2. Kiwifruit in Gisborne**

Gisborne's kiwifruit production returned \$57 million to local communities in 2019/20. 50% of fruit is trucked to the Bay of Plenty where it is packed, stored and shipped via the Port of Tauranga. The remainder is shipped via Gisborne Port. Zespri's Annual Plan 2020<sup>1</sup> showed that there were 267 producing hectares of SunGold (including organic), and 44 hectares of Hayward (green) however a further ~100 hectares has been developed since then.

### **3. Rate Increases**

NZKGI obtained legal advice and wrote to the Office of the Valuer General on council's decision to include the licence price in rating valuations for gold kiwifruit orchards. The response from the Valuer General was that he did not provide a directive to include the licence price but agreed that the valuer proposal was reasonable. Therefore council was not directed to include the licence price but chose to.

The below examples provided by council show rate increases that range from 51.3% to 62.4% for kiwifruit properties, however we have been provided examples from growers that show much larger increases including in one case a 168% increase for one property. This is a direct result of the licence price being included. Meanwhile some residential properties will receive rate reductions and/or an average rate increase of 2.2%. This is regardless of the Gisborne median house price increasing by 43.9 per cent in 2020 which was the biggest increase in New Zealand<sup>2</sup>. Kiwifruit growers do not mind paying their share as long as it is fair and consistent with other groups/industries and reasonable.

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<sup>1</sup> <https://www.zespri.com/content/dam/zespri/nz/annual-reports/Annual-Report-2019-20.pdf>

<sup>2</sup> <http://www.gisborneherald.co.nz/local-news/20210116/gisborne-tops-country-in-house-price-increase/#:~:text=%E2%80%9CThe%20Gisborne%20region%20saw%20median,properties%20sold%20in%20December%202020.>

NZKGI understands that council finances have been impacted by Covid-19 and NZKGI is concerned that gold kiwifruit growers are being targeted to support council finances.

Table 1: Council example of kiwifruit rate increases

<b>HORTICULTURAL Kiwifruit properties</b>	Tiniroto Road	Bushmere Road	O'Grady Road	Tucker Road	Harper road
2020 Valuation	\$13,310,000	\$5,878,000	\$3,409,000	\$3,403,000	\$9,155,000
2017 Valuation	\$4,485,000	\$2,095,000	\$1,215,000	\$1,270,000	\$3,690,000
*Proposed Rates 2021/22	\$20,099	\$9,032	\$5,698	\$5,373	\$14,432
Actual 2020/21	\$12,376	\$5,970	\$3,647	\$3,524	\$9,486
Change	\$7,722	\$3,062	\$2,051	\$1,849	\$4,946
%	62.4%	51.3%	56.3%	52.5%	52.1%

\*Includes estimated Permanent Crop remission

NZKGI does not support excessive rate increases for kiwifruit orchards. NZKGI supports a fair and reasonable approach with consideration given to the return that growers provide back into the community.

#### 4. Water

Sustainability is a key driver in the NZ kiwifruit industry – both in terms of our returns and our impact on communities and the environment, which is why the industry has developed a [Water Strategy](#) to protect and enhance water resources for our people, our environment and our communities while still enabling the industry to grow. This includes looking at how we use water, how we can do so in the most sustainable way, and how we can gather data to measure our progress and improve.

Council has proposed to invest \$7 million in freshwater management planning from 2021 to 2023 and \$18.9 million in the Tairāwhiti Resource Management Plan from 2023 to 2025. This is a \$25.9 million expenditure in freshwater planning over a four-year period which is a significant amount, and it is unclear if this funding has been included in the proposed rate calculations. Will this be additional cost to rate payers on top of what has been proposed? When will more detail be released about this?

New Zealand has ageing water infrastructure and the cost to councils on repairs and maintenance are becoming prohibitive. NZKGI does not support a band aid approach and would rather council spend an additional amount to prevent leaks and breakages throughout the region's water pipes. Therefore NZKGI supports the **\$3.2m option** over the next ten years.

#### 5. Biodiversity

NZKGI supports the **\$6.7m biodiversity option** over the next three years. While NZKGI sees benefit in the 'spend more, do more' option, NZKGI is currently working with government and Zespri on [Zespri Gap](#) being the mechanism to deliver farm plans and therefore the industry would not require the enhanced support proposed under this option.

#### 6. Roothing

Under the preferred option, council are suggesting that some sealed roads with minor traffic flows will be reverted back to unsealed due to budget restraints. What minor is has not been defined. Data from the draft regional land transport plan (RLTP) shows that 53% of rural roads are unsealed however the roads marked for unsealing have not been identified. Airborne dust created from unsealed roads can cause health issues as well as deposit unwanted particles on kiwifruit. The fruit does not get washed as they are picked without a stalk attached and if the picking wound gets wet, the fruit will rot. NZKGI would not support unsealing of roads where kiwifruit orchards are situated or on rural roads in general.

The RLTP states that a crash is more likely to occur in the region than any other with rural roads being one of the safety risk areas. The condition and maintenance of roads, the presence of unsealed roads and the narrowness of the road being safety risk factors. As 85% of the regions roads are rural, NZKGI supports additional investment in sealing rural roads due to rural infrastructure suffering through historical under investment in maintenance (page 29 RLTP).

NZKGI supports the **\$5.57m roading option over the next three years**. The roading network is a key part of the industry’s supply chain and having safe, well maintained roads that are resilient is vital. NZKGI makes further comment on roading in the draft RLTP submission.

## 7. Flood protection

There are ~108 orchards across 311 hectares on the Poverty Bay flats therefore NZKGI supports the work council is doing to upgrade 64km of stop banks along the Waipaoa River. NZKGI understands that since initial work began, higher and wider stop banks are now required to provide the full layer of protection at an additional cost of \$13.2m.

A comment from council’s Chief Financial Officer in a newspaper article that stated that 60 per cent of the cost of the Waipaoa Flood Control Scheme is met by all ratepayers. NZKGI points out that orchards provide direct returns via investment to the community that all rate payers benefit from. Whether this be purchasing of orchard vehicles, supply chain expenditure, retail shopping, hospitality and so forth. Therefore, NZKGI supports this targeted rate being met by all rate payers.

NZKGI supports the **\$28.4m flood control option over the lifetime of the project**

## 8. Climate Change

A [Climate Change Projections and Impacts for Tairāwhiti and Hawke's Bay](#) report found that areas of the transport system are at risk from sea level rise or will need upgrading to cope with more extreme weather events. It is predicted that there will be an increase in areas that require repairs or replacement following more intense storms.

Table one: Gisborne region infrastructure exposed to flood hazard from 0-1.5m sea level rise

Transport Infrastructure exposed to flood hazard	
Roads (km)	370.8
Railway (km)	17.6
Airports (#) – Gisborne Airport	1
Cycle lanes (km)	29.2

A report by Local Government NZ [Vulnerable: The quantum of local government infrastructure exposed to sea level rise](#) set out a number of recommendations for councils to address climate change impacts:

- Highlight exposed infrastructure for council members and public consideration
- Improve coordination with stakeholders to prioritise “lifeline” roads and associated infrastructure
- Perform research and analysis to determine options for priority roads
- Engage with both central government and private businesses to address alternatives and costs; and

- Ensure planned levels of service and suitability of location are included in long-term planning.

NZKGI supports an aggressive and coordinated approach to address the recommendations to ensure the ongoing connectivity of the roading network.

Many horticultural areas are located on low-lying land in the region. This means they may be more exposed to extreme coastal flooding exacerbated by sea-level rise. Soils in the region are of poor quality and erodible, resulting in vulnerabilities to slips. Climate change projections are for more frequent with extreme weather events causing slips and erosion (page 29 RLTP)

NZKGI submits that while climate change is considered, solutions to mitigate the repercussions are missing including:

- Introduction of a climate change risk assessment for the region
- Creation of a zero-carbon transition plan, outlining how council will achieve net-zero carbon emissions by 2050.

NZKGI submits that a progressive approach is required to meet the impacts of climate change.

The kiwifruit industry is committed to reducing emissions. Zespri is working to understand the contribution the industry makes to climate change as an industry as well as exploring the opportunities to reduce impact:

- Zespri's industry carbon mitigation milestone is to be carbon positive to its retailers by 2030
- Zespri invests more than \$1 million per year in understanding more about climate change
- Postharvest facilities continue to invest in electric forklifts which have zero emissions
- Investment by Zespri in hybrid fleet vehicles
- EV charging is available at Zespri.

It is worth noting that shipping is Zespri's most significant industry emissions source, accounting for ~43% of total supply chain emissions.

## 9. Conclusion

Gold kiwifruit growers invest a significant amount to produce excellent quality kiwifruit which is New Zealand's number one horticultural export. The returns on this investment are shared within the communities that kiwifruit growers live in. Growers are being targeted because of their success, especially with council decision to phase out the rates remission policy. NZKGI supports a collaborative approach with council and would like to be heard in support of this submission