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**TO:** Gisborne District Council

**SUBMISSION ON:** Draft Rate Remission and Postponement Policy

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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. Rates remission**

NZKGI understands that the following changes have been made to the rates remissions for permanent crops:

From 1 July 2021, the permanent crop rate remission:

- Will be capped between \$100 and \$7,000
- Will be applied on the subsidised targeted roading rates that are based on capital value
- Must be applied for each year via an application instead of receiving the remission automatically
- For each successive year, the maximum remission value will decrease by 30% over the previous year.

Six hundred properties currently receive permanent crop rate remissions ranging from \$1 to \$7400 — a total cost to the council of \$159,000. That will increase to \$394,000 under the existing policy. A total of 276 properties receive remissions of less than \$100.

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

A \$235,000 increase in rates remission funding for the existing policy is minimal compared to the excessive amount that kiwifruit growers have been asked to pay in rate increases.

NZKGI does not support any changes to the rates remissions policy for permanent crops and does not think that council has been transparent in their reasoning for the changes. The justification and reasoning for the rates remission policy holds true the same today as it did when it was implemented, and the council must commit to keep this policy in place rather than phasing it out. Wairoa District council has agreed to retain the existing remission method for rural landowners.

Kiwifruit growers are facing a substantial rate increase due to the inclusion of the licence prices included in the rating valuations for gold orchards and the capping and phasing out of the policy is seen as unfair and targeted towards the rural sector supporting council finances.

#### **4. Conclusion**

Kiwifruit growers do not mind paying their share as long as it is fair and consistent with other groups/industries. 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. NZKGI asks that council retain the existing rates remission policy and would like to be heard in response to this submission