



NZKGI
NEW ZEALAND KIWIFRUIT GROWERS

CONCERNS OF NEW ZEALAND'S KIWIFRUIT GROWERS

Our industry is at a critical juncture with the whole supply chain feeling the pressure of ever-increasing costs and regulation. When things don't go well for Growers, NZKGI's role to advocate for them becomes even more critical.



NZKGI REPRESENTS KIWIFRUIT GROWERS AND GIVES THEM THEIR OWN VOICE IN INDUSTRY AND GOVERNMENT DECISION MAKING.

KEY CONCERNS

Advocating, protecting and enhancing the commercial and political interests of New Zealand's kiwifruit Growers.

The future of the kiwifruit industry is bright and an essential part of New Zealand's economy as New Zealand's largest horticultural export.

Strong demand means that the kiwifruit industry is experiencing rapid growth with production expected to jump from \$2.87 billion (184 million trays) in 2022 to \$3.59 billion (230 million trays) in 2027.

However, the success of the industry is under threat. This document outlines the industry's top concerns which must be resolved for Growers' businesses to remain viable in their contribution to New Zealand's communities.

To retain this success, NZKGI is committed to leading Growers through industry growth and change, to make key decisions and work with industry partners to build a successful and sustainable kiwifruit industry for all.



FACTS & FIGURES

New Zealand's kiwifruit industry contributes almost \$2 billion in direct payments to New Zealand's regions.



GDP contribution is expected to triple to over \$6 billion by 2030, adding 29,000 jobs to the economy



Māori Grower revenue estimated to grow from \$271m to \$638m per year

HYDROGEN CYANAMIDE (Hi-Cane)



Hydrogen cyanamide (HC) is a plant growth regulator that is used once in late winter primarily to compensate for inadequate winter chill. There are six hydrogen cyanamide products approved for use, the most well-known being Hi-Cane.

PROBLEM

The Environmental Protection Authority (EPA) is currently reassessing the use of hydrogen cyanamide. The EPA's Update Report, December 2022, recommends that HC be banned with a 10 year phase out.

The EPA is of the view that the level of beneficial effects does not sufficiently outweigh the level of residual risk and the need for a precautionary approach. Based on the currently available information, the EPA considers that while the economic benefits are high, there are some high risks to soil organisms and birds. Coupled with this, the EPA considers that the continued use of HC would disproportionately impact Māori. Following a review of information provided by NZKGI, HC is no longer suspected to be a carcinogenic substance.

There is currently no HC alternative that can replace the efficacy of HC, and new kiwifruit cultivars that do not require bud break enhancers are many years away. It is highly unlikely that new cultivars will be available within the proposed ten year phase out of HC.

A ban on HC would seriously affect the viability of kiwifruit orchards, and growers together with the communities that they operate in would be badly affected by a HC ban. Smaller orchards are comparatively less resourced and therefore less capable of mitigating the effects of a HC ban. The green variety relies heavily on the use of HC compared to the gold and red varieties, and because green kiwifruit is the variety grown most by Māori orchardists, they will be significantly exposed to the effects of a HC phase-out.

A report commissioned by NZKGI concludes that if HC was banned, GDP would reduce by \$143m per year and this would need to yield comparable improvements in other forms of wellbeing for it to be in the best interests of the nation. There is no evidence that the



The loss of HC would seriously impact Growers, supply chains and communities



The kiwifruit industry is a major contributor to regional New Zealand returning \$2.25 billion directly to rural communities in 2020/21

wellbeing benefits of a ban would likely outweigh the wellbeing costs. The expected costs of a ban amount to \$1,561m in 30-year present value terms and this compares to quantified benefits of just under \$8m in similar 30-year present value terms.

SOLUTION

A hearing is planned to commence on 26 February 2024. This will provide an opportunity for submitters to be heard by the Decision Making Committee prior to them making a decision.

NZKGI and Zespri are both submitters. As part of the process, both parties have engaged experts to prepare a series of scientific and economic reports to support their submissions, and expert evidence will be provided at the hearing. NZKGI is hopeful that these studies will allow the EPA to reassess the risks to the extent that HC can continue to be used with workable controls.

Given that new kiwifruit cultivars that do not rely on bud break enhancers are many years away, NZKGI is of the view that it is worth having a conversation around the potential to use precision breeding to reduce the time taken to find new cultivars. The benefits of using biotechnology, such as gene editing to speed up changes that could have occurred naturally or through traditional breeding methods ought to be carefully considered.

WATER RESOURCES

Water is an important and valuable resource for the kiwifruit industry.

Many kiwifruit orchards require water for the purposes of irrigation, frost control and spraying. Kiwifruit orchards also require nutrients in the form of synthetic and/or organic fertiliser, and discharges of these nutrients (particularly nitrogen) have the potential to affect surface water and/or groundwater.

Of particular importance to regional councils is the direction in the NPSFM to set freshwater objectives based on values the community and tangata whenua hold for local water bodies and to set targets limits and other methods to achieve these objectives.

PROBLEM

The kiwifruit industry continues to grow at a time when New Zealand is experiencing major changes in water policy. Changes to policies and rules in Regional Policy Statements and Plans that must be formally notified in 2024 will likely affect water allocation and discharges in regions where kiwifruit are grown.

The first in first served approach to allocation will change as a result of national direction through the NPSFM, which requires regional councils to give effect to Te Mana o te Wai.

Some rivers and groundwater aquifers in New Zealand are already overallocated and regional/unitary councils will be looking at ways to address that. Minimum flows in rivers and streams will be set to ensure that ecosystems are protected, and this will likely result in Growers having to cease taking water from rivers at times.

Limits on the discharge of synthetic nitrogen fertiliser and the reporting of fertiliser use will be required.

Kiwifruit Growers will also be required to prepare Freshwater Farm Plans.

The problem is the uncertainty that comes with changes of this magnitude, the volume of work associated with the current regulatory changes and the cost of compliance.



Key changes for kiwifruit Growers introduced under the NPSFM include:

- **Te Mana o te Wai requirements** have been enhanced and retained as a fundamental principle of the NPSFM framework and a hierarchy of obligations has been added
- **Strong policy direction to protect** wetland and river extent and values, and habitats of indigenous freshwater species
- **Direction to manage freshwater** as part of NZ's integrated response to climate change
- **New compulsory values** include threatened species habitat, mahinga kai, and a more holistic definition of ecosystem health
- **A stricter definition of the requirement to maintain or improve freshwater** at or better than baseline state, allowing no room for decline
- **The National Bottom Lines** for nitrate and ammonia toxicity attributes are tightened to achieve a minimum of 95% species protection level, compared to the previous 80% species protection level

SOLUTION

With all regional councils working to meet the same timeframe, and given that kiwifruit is grown across multiple regions, there is a considerable amount of work ahead for NZKGI and growers that needs to be completed within a very small timeframe.

NZKGI will continue to work with regional/unitary councils as the policy develops and prepare timely comments and submissions as required. NZKGI will also ensure that growers are well informed of how they can be involved and that they are supported through this period of change.

The Kiwifruit Industry Water Strategy focuses on improving and demonstrating efficiency of nutrient and water use, and fostering healthy soils.



LABOUR

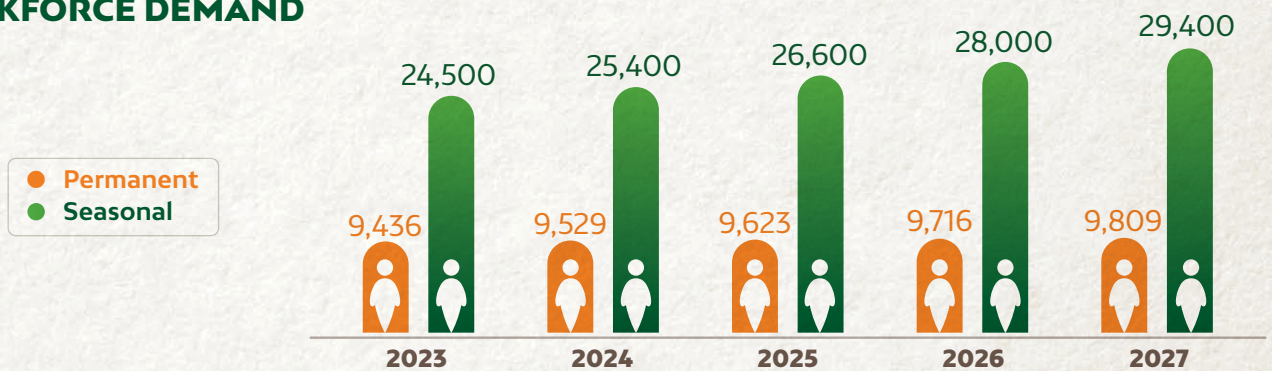
ACCESS TO PEOPLE

Our industry is committed to innovation, but that takes time, and does not replace the reliance on people to pick and prune our kiwifruit, as well as other roles in our industry.

With a lack of access to good people we can't achieve the sustainable growth that our industry needs. The increasing compliance and regulation changes are causing uncertainty and negatively impacting business confidence.



WORKFORCE DEMAND



PROBLEM

- ✘ Constant regulation and immigration changes regarding employment standards.
- ✘ A national labour shortage, as New Zealanders leave the country for options overseas. This results in the kiwifruit industry having to compete with other industries for labour, with limited access to migrants to fill our permanent roles.
- ✘ Accommodation constraints. Due to the limited sources of accommodation available, many employers must turn to purpose-built facilities which can be very costly.

SOLUTION

- ⊕ **A consistent application of standards** across Local Authorities as many Growers work across more than one Local Authority.
- ⊕ **A close relationship between Industry and Government** to ensure the needs of the industry are understood so that we can reach our aspirations.
- ⊕ **Longer term the industry needs to be front and centre in a pro-migration policy.** All migrant workers from all countries are important, including backpackers and RSE workers. A significant increase in all worker numbers is required. Taking a long-term approach that offers more visas to give our Growers assurances that they will have the workforce required.

GROWERS ARE UNDER THE PUMP



The cost of growing kiwifruit is increasing significantly.

A major driver of these costs are regulations from local and national Government which are putting Growers under increased financial stress. It is critical that issues such as those presented in this document recognise this pressure Growers are currently experiencing in order for our industry to continue to prosper.

The pace of change and complexity of the regulatory environment is becoming increasingly difficult for growers. While NZKGI understands and supports the need for appropriate regulation to protect the environment and the communities that we operate in, we think that the time is right to consider some changes that would result in greater efficiencies that will lead to better outcomes.

NZKGI, in its advocacy for growers in this space, finds it concerning when regulations start to impinge on growers' ability to grow a profitable business. It is not only the evolving nature of rules, but also the variations in the rules between district and regional plans which are increasingly challenging to understand.

In addition to the time and cost involved in actively monitoring and submitting on multiple plan change processes, there is increased uncertainty and risk for growers as they move into new areas and get tripped up by rules that they thought they understood, or didn't realise they needed to know about.

With the RMA reform taking place at present, NZKGI is of the view that now is the perfect time to consider whether the balance is right in terms of which rules should apply to the whole country and which activities should be left to regional and district councils to manage.

More consistent rules across the country for activities such as agrichemical spraying and shelter would provide more certainty for all parties. They would also significantly reduce costs to the industry and foster its growth.

PROJECTED GROWING COSTS

