



TO: SmartGrowth Bay of Plenty
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SUBMISSION ON: SmartGrowth Strategy 2023

FROM: New Zealand Kiwifruit Growers Inc (NZKGI)

**THIS SUBMISSION IS SUPPORTED
BY THE FOLLOWING:**

- Māori Kiwifruit Growers Inc (MKGI)



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New Zealand Kiwifruit Growers Incorporated

For over a quarter of a century New Zealand Kiwifruit Growers Inc (NZKGI) has advocated on behalf of New Zealand kiwifruit growers and does this by representing the commercial and political interests of kiwifruit growers in industry and government decision making. While this submission is on behalf of New Zealand kiwifruit growers, NZKGI has also encouraged growers to make their own submission.

Zespri Limited

Zespri is the world's largest marketer of kiwifruit, accounting for about one third of global kiwifruit trade, with a premium high-value proposition. Zespri is 100 percent owned by current and former kiwifruit growers and has a global team of more than 800 based in Mount Maunganui and throughout Asia, Europe and the Americas. Zespri's purpose is to help people, communities and the environment around the world thrive through the goodness of kiwifruit, and Zespri works with 2,843 growers in New Zealand and 1,500 growers offshore to provide consumers with fresh, healthy and great-tasting Kiwifruit. In 2021/22, Zespri supplied over 200 million trays of kiwifruit to consumers in more than 50 markets and recorded global operating revenue of NZ\$4.47 billion.

Māori Kiwifruit Growers Incorporated

Māori Kiwifruit Growers Incorporated (MKGI) is an organisation representing the interests of Māori kiwifruit growers in New Zealand. Established to support and advocate for Māori growers in the kiwifruit industry, MKGI works to ensure that their members have a voice in the decision-making process and are well-informed about industry developments.

1. The Kiwifruit Industry

The Bay of Plenty region stands as a testament to the enduring success of New Zealand's kiwifruit industry. Representing a significant portion of the national economy and having a rich history intertwined with the growth and development of kiwifruit, the region is poised for continued growth, underscored by sustainable practices and socio-economic advancement.

Commercial kiwifruit cultivation in New Zealand dates back to the 1930s, with exports commencing in the 1950s. The establishment of the New Zealand Kiwifruit Marketing Board, later renamed Zespri in 2000, became instrumental in managing and marketing kiwifruit exports, excluding Australia.

The Bay of Plenty has long been the centre of New Zealand’s kiwifruit growing industry, and average expenditure in the region accounted for 79 percent of national grower expenditure. The average annual \$1.59 billion of direct expenditure by growers in the Bay of Plenty over the past three seasons resulted in a \$2.96 billion total average annual expenditure impact within the region.

As the below table shows, this expenditure directly contributed \$692 million to the Bay of Plenty’s GDP and supported 20,805 FTEs. Direct employment in the Bay of Plenty was 82 percent of total national direct employment generated by kiwifruit growing. When indirect and induced impacts are included, the total impact of kiwifruit growing in the Bay of Plenty region contributed \$1.65 billion to GDP and supported 37,323 FTEs.

Table 3.1 Bay of Plenty kiwifruit growers’ average annual regional impact 2020/21 - 2022/23

	Direct	Indirect	Induced	Total
Expenditure (\$m)	1,588.9	801.2	569.3	2,959.3
GDP (\$m)	692.3	587.1	365.9	1,645.3
Employment (FTEs)	20,805	11,174	5,344	37,323

Source: BERL analysis

In 2022/23, the Bay of Plenty received over \$1.7 billion in export earnings from the kiwifruit industry alone. Given the current demand, this value is expected to double by 2030. Kiwifruit provides one of the highest per-hectare returns in New Zealand’s primary sector with exporting totals more than 80% of the Tauranga port’s operation. The aforementioned, not only emphasises the economic magnitude of the industry but also its role in regional employment, providing avenues for both permanent and seasonal work, including many under the Recognised Seasonal Employer (RSE) scheme.

We note that a focus of the SmartGrowth Strategy is to ensure a range of employment opportunities (page 5) and that average household incomes in the sub-region are below the national average (page 21). The kiwifruit industry provides a range of employment opportunities associated with growing, harvesting, processing distribution and marketing. These employment opportunities cover the full income range.

At the orchard level, growers are proud of the economic contribution that they make to the region through direct spending and employment. The average picking wage across the industry for 2023 was \$28.35, which is well above the minimum wage of \$22.70. The salary range for orchard managers is \$55,000 to \$150,000 per year. At the upper end of the scale, for the year ended 31 March 2023, 200 employees at Zespri had total remunerations and benefits exceeding \$100,000 (the highest of which was in the \$800,000 to \$809,999 range). The industry relies on technical support at all levels and staff employed in those roles are remunerated accordingly.

Māori growers play a pivotal role in this industry, with 87% based in the Bay of Plenty. In 2021 alone, their contribution reached 15.7 million trays, translating to around \$165 million in income for Māori growers.

The next five years herald an anticipated growth of 30% in the kiwifruit industry within the Bay of Plenty region. This projection underscores the potential for socio-economic advancement and increased employment opportunities. NZKGI appreciates the opportunity to provide feedback on the 2023 SmartGrowth Strategy on behalf growers in the region.

2. Rural Accommodation

The RSE scheme in New Zealand is designed to address seasonal labour shortages in the horticulture and viticulture sectors. It permits employers to recruit workers, primarily from specific Pacific nations, to fill temporary roles in these industries when there aren't enough New Zealand workers available.

With the global appetite for kiwifruit on the rise, the industry is gearing up for a period of expansive growth. RSE workers are essential to this industry, especially during the high-demand seasons. Their involvement is pivotal for the industry to uphold its output and fulfil international demands. The RSE scheme allows 19,000 places for overseas workers to do seasonal work in New Zealand each year. Within 12 months of the year, around 3,500 to 4,500 RSE workers operate in the BOP for varying durations, and this number is only anticipated to rise. Yet, to capitalise on the continued growth of our industry necessitates addressing a pressing concern: providing appropriate accommodation for these workers.

The Bay of Plenty region faces a notable deficit in housing for its seasonal workforce. This shortage becomes even more pronounced in the smaller towns of Western Bay of Plenty, the hubs of numerous orchards and packing centres. Consequently, many employers have ventured into constructing new or adapting existing structures to ensure their workers are housed close to their places of work. In a 2022 survey, employers reported having 4,451 beds designated for seasonal workers, with a plan to bolster this number to 6,445 by 2027.

There are perceptions, especially in real estate squeezed Tauranga, that seasonal workers take homes from local families. In reality, less than 5% of the accommodation provided in the Bay of Plenty is in residential housing with most workers living in purpose-built accommodation: converted buildings, on orchards and dormitories with shared facilities.

For employers to participate in the RSE scheme, they are obliged to source housing for their RSE staff. Given the scarcity of available accommodation options, numerous employers find themselves investing in specialised facilities, at substantial costs. With costs around \$60,000 NZD per bed and a two-year timeline due to resource consents and permits, this solution is becoming increasingly cost-prohibitive and excessively lengthy in its completion time.

In a recent case highlighting housing challenges for RSE workers in the region, an employer participating in a joint Agreement to Recruit (ATR) confronted disparities in accommodation charges. While capped at \$110/week for housing RSE workers in the 2023 season, another party in the same ATR had an approved rate of \$145/week for the identical accommodations. This uneven approach has caused significant financial strain on the employer, leading to a yearly loss of \$60,000. This restricts their capacity to improve the necessary accommodation requirements for workers, resulting in them having to desperately reach out to the wider industry to help them source housing solutions

for his RSEs in the 2024 season. This situation accentuates the urgent need for consistent and affordable housing solutions for RSE workers.

Current Challenges in Securing Adequate Accommodation for RSE Workers:

1. **High Construction Costs:** Establishing purpose-built RSE accommodations often involves significant capital investment. The intricacies of designing facilities tailored for RSE workers, combined with the rising costs of materials and labour, make this a costly undertaking for employers.
2. **Shift in Facility Use:** The recent pandemic saw facilities, such as the ART House in the BOP, pivot from serving RSE workers and backpackers to addressing the urgent need for emergency housing. While this move was crucial for the community at the time, it inadvertently shrunk the housing pool for seasonal workers.
3. **Legislative Barriers:** The central RSE policy, while emphasising the necessity for suitable housing, faces obstacles at the local level. Land use regulations, particularly in rural areas, are often at odds with central government objectives. This inconsistency between national aims and local legislative restrictions becomes a huge barrier to the industry and its growth.
4. **Residential Housing:** The inability to buy a residential house after 26 September 2019 to accommodate RSE workers, even if employers intend to significantly modify it, eliminates a potential solution where older or less expensive homes could be purchased and renovated to meet the needs of the workers.

The SmartGrowth strategy alludes to the importance of securing accommodation for seasonal workers near their job locations and essential services (page 95). However, specifics on how this will be realised are lacking. It is important that the strategy not only recognises the need for housing these workers but also the broader implications for their well-being, productivity, and the overall prosperity of the region.

We appreciate that preserving highly productive land is vital but coupled with the current restrictions on RSEs living in residential homes and the potential community isolation for RSE's due to on-orchard housing, it raises the questions about what solutions and opportunities are available? As the scheme is set to expand, this complex issue necessitates engagement with industry stakeholders, ensuring that the voices of RSE workers are also heard. NZKGI is ready to actively participate in these important discussions.

3. Social Infrastructure and Wellbeing

Enhancing Community Cohesion: Fostering Engagement and Cultural Competency with RSE Workers in the BOP Region

The BOP region, thriving in its diverse culture, values the contribution of every community member. Within this framework, the RSE workers hold a pivotal place. Their integration and active community engagement play a key role in forging a cohesive, welcoming, and prosperous community. Over the course of 12 months, there are approximately 3500 to 4500 RSE workers that work for differing lengths of time in the BOP, with this only expected to grow.

RSE workers are not mere transient contributors; they are an integral part of our local ecosystem. When they earn, they also spend within the BOP, circulating resources and sustaining local businesses.

The complete integration of RSE workers into the community is still a work in progress. By nurturing deeper connections between these workers and the broader community, we can cultivate a greater sense of belonging and create a more harmonious, inclusive environment for all.

There is a growing concern regarding certain misperceptions surrounding RSE workers. For instance, isolated incidents, such as Council complaints about RSE workers allegedly spitting outside Kava Bars in Te Puke and the misconception that RSE workers are taking New Zealanders jobs, underscore the urgency for increased community integration, education, and engagement. Such instances can be mitigated through informed communication, fostering mutual respect, and understanding among community members.

Some RSE employers have taken commendable steps towards promoting community engagement. A testament to this is the rugby match organised by Pacific Island Rugby between RSE workers employed by kiwifruit packhouses, EastPack and Seeka in August of this year in Mount Maunganui. The event was not only a sporting spectacle but also a testament to the power of community bonding.

The well-being of RSE workers—both mental and physical—needs our attention and support during their tenure in the region. Embracing them with local customs like a traditional pōwhiri by the local iwi upon their arrival, facilitating their participation in church sermons, supporting their national Independence Day celebrations and promoting sports and activities are not mere gestures but essential steps towards holistic community integration. It has been noted that practicing faith is hugely important for RSE workers' as it not only supports their mental well-being but also provides them with guidance and purpose while here in New Zealand.

The SmartGrowth Strategy, while focusing on the broader community development, needs to include the integration and well-being of RSE workers, understanding their role in the BOP regions community.

Key areas to focus on should include:

1. **Community Integration and Cultural Understanding:** Address misperceptions and incidents that may arise due to cultural misunderstandings, such as the concerns raised over RSE workers' behaviour outside Kava Bars in Te Puke. Strategies could involve educational programs, community dialogues, and cultural exchange initiatives that enhance mutual respect and understanding.
2. **Engagement and Well-being Initiatives:** Expand on existing employer-led engagement efforts, like the rugby match organised by Pacific Island Rugby, to include broader, structured community programs. These should focus on the well-being of RSE workers, incorporating mental and physical health support, and offering a range of social and recreational activities.
3. **Customs and Celebrations Inclusion:** Introduce RSE workers to local customs and involve them in regional and national festivities, thereby fostering a sense of belonging. Initiatives could include traditional pōwhiri welcomes, involvement in local church services, celebration of their national Independence Days, and more.

4. **Collaboration with Existing Programs:** While programs like "Welcoming Communities" led by Immigration NZ exist for migrants, there's a need to either expand these to include RSE workers or create new, tailored initiatives. Collaboration between local governments, businesses, and community groups is essential for the success of such programs.

4. Climate Change

Plans for future housing need to consider many things including tāngata whenua perspectives, potential effects on Te Taiao (the environment), proximity to work, transport and infrastructure, natural hazards and areas that may be susceptible to climate change.

The climate change maps that are shown in the SmartGrowth Strategy are confusing. Maps 2a and 4 appear to show that the whole of Matakana Island is subject to coastal inundation. Figure 17, which is a snapshot of climate change risks to the Western Bay of Plenty, appears to show something different for Matakana Island but the legend is confusing. Figure 17 shows considerable river and surface flooding in the Te Puke and Pukehina areas, which are important areas for kiwifruit growing. The area of flooding in Figure 17 appears different to that shown in Map 4. Presumably the identified growth areas are not affected by flooding but the differences in the maps make this unclear.

NZKGI wishes to better understand where the areas at risk from climate change are located because this is of interest to growers. NZKGI requested from BOPRC the shapefiles that show the areas at risk from coastal and inner harbour erosion and inundation. In response, we were advised that new information is currently being reviewed and formatted correctly before being made publicly available, which will hopefully be by the end of this year.

We understand that the WBOPDC Mapi maps contain the climate change related information at a better scale. Our preference, however, is to wait until the updated maps are available and to review the information then. Presumably the SmartGrowth team will do the same and will make any necessary changes as a result of the new information.

NZKGI has an interest in climate change for several reasons. Many kiwifruit orchards and the associated roads and infrastructure that the industry relies on are located close to the coast and rivers and in some cases in low lying areas, so it important to understand how they may be affected. In addition, growers are already seeing climate change effects on their crops with decreased winter chilling hours, the devastating effects of recent cyclones (which affected not only the orchards but the roads and infrastructure that support them), flooding and unusual frost events.

Climate change will result in significant challenges for growers in the future, and as part of the adaptation required for a growing industry, growers will increasingly start looking for Highly Productive Land that is less susceptible to the effects of climate change. They will likely favour areas where the land and associated infrastructure is less susceptible to erosion and inundation, and where they can access water for irrigation and to protect their vines from frost. Access to labour will also be an important consideration. Other sectors in the agriculture/horticulture industry will likely also be looking for similar land. It will be important to protect Highly Productive Land so that it remains available for food production.

We note that the SmartGrowth Strategy seeks to provide accommodation for a growing population, but we question whether the Strategy has appropriately considered the need for land to deal with the likely requirement for managed retreat. Presumably some houses that will be affected by coastal and river erosion and inundation will be able to be picked up and relocated elsewhere, and where relocation is not an option, the people who reside in those houses will still need somewhere to live.

The SmartGrowth Strategy is currently silent on this, but consideration of the need for managed retreat, and where people will retreat to, will become an important consideration for the future.

Map 3 is already showing the potential for future growth on areas of Highly Productive Land. We submit that where possible, Highly Productive Land should be protected for appropriate land use such as kiwifruit growing, and we urge the Committee to keep this in mind as they consider the challenges ahead and the need to identify future land areas for housing.

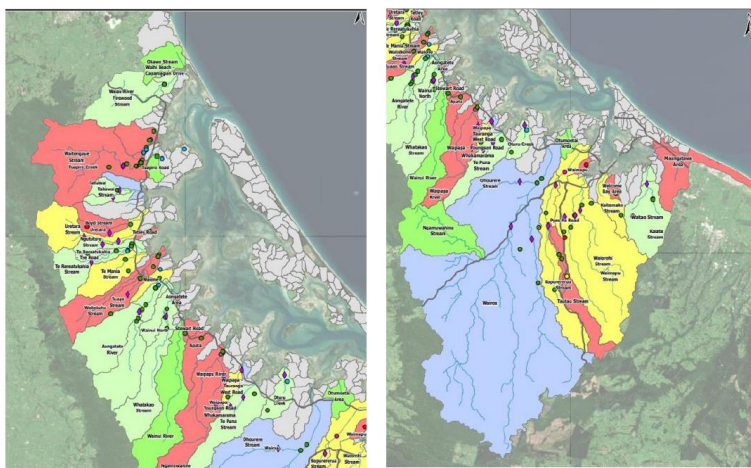
5. Water

Many kiwifruit growers in the sub-region currently rely on an adequate supply of water for irrigation and frost protection. The demand for water is likely to increase with climate change.

NZKGI has recently provided comments on Bay of Plenty Regional Council’s Freshwater Management Unit (FMU) stories. The proposed minimum flows in rivers and streams will create new challenges in terms of reliability of water supply when river levels fall during dry weather. Water storage and water efficiency measures will become more important for everyone to achieve climate change resilience. Some growers have already switched from taking surface water to taking groundwater to ensure a more reliable supply and others are likely to follow.

We note that in some areas within the region, there is already allocation pressure for surface water and groundwater. The figures below are taken from a recent presentation by BOPRC in Katikati. The first figure summarises the allocation status for surface water and the second figure illustrates the revised allocation status for groundwater.

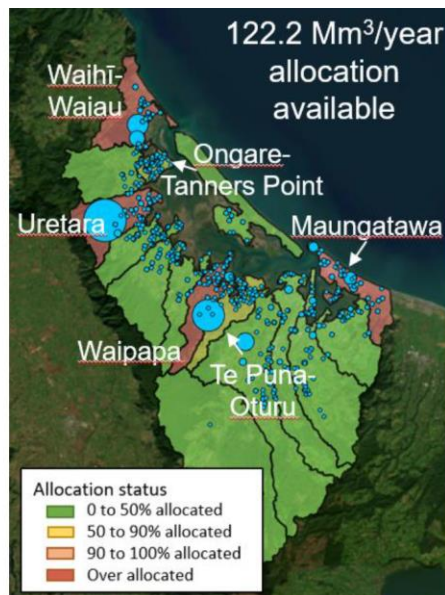
Surface water: Draft allocation status



- Over allocated
- Tuapiro
 - Boyd
 - Waitakohe
 - Kopurererua
 - Tautau

Revised draft allocation status

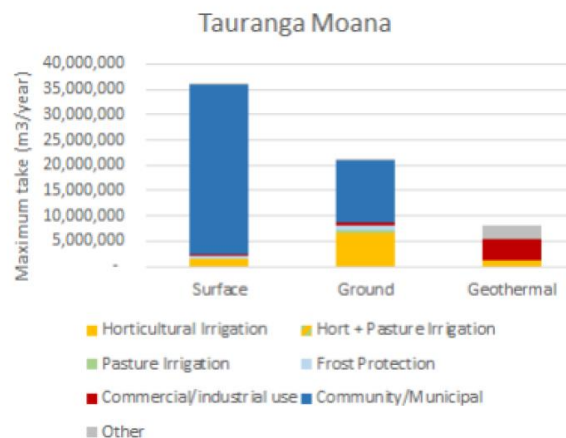
- The proposed management of the groundwater system is of a single layer (no vertical separation).
- Total allocation available for region now estimated to be 122.2 Mm³/year.
- Based on updated approach.
- Areas of over-allocation include Waihi - Waiau, Uretara-Te Rereatukahia, Waipapa, and Maungatawa.
- Areas of between 50% and 90% allocation include Ongare-Tanners Point and Te Puna-Oturu



Within the Tauranga Moana FMU, the take volume is dominated by municipal water takes as shown below:

Water Quantity

- 325 groundwater take consents
- 92 surface water take consents
- 131 warm groundwater take consents
- Volume dominated by municipal water takes
- Important horticultural, hydro electric and commercial uses
- 200+ consents water take consents expire 2026



The infrastructure needed to support development in the sub-region, including the need for new bores to cater for expected growth is discussed in Appendix 1 of the Smartgrowth Strategy. It is unclear whether the surface water and groundwater allocation maps produced by BOPRC currently provide for these new water takes. In addition, it is unclear whether the long-term water needs associated with new future areas of housing and industrial land are included in the allocation maps.

If they are not included, then existing kiwifruit growers may find that their currently authorised water takes will be affected at some time in the future due to the increased allocation pressure that will be caused by the need for water for community/municipal use. Growers will need to adapt by, for example, implementing a water storage solution or seeking a new water supply. This will require some lead time to plan and budget for any necessary changes. In addition, growers who wish to develop new orchards will be seeking clarity around their water supply before investing into a new venture. They will likely call BOPRC for this information and will assume that the information is accurate for the foreseeable future.

The SmartGrowth Strategy discusses the need to improve water efficiency to deliver a climate-resilient environment but there is no detail on how this will be achieved. Encouraging homeowners to build tanks and store water when it is available so that it can be used on gardens during dry weather might be one way of taking the pressure off waterways during dry periods. The reuse of grey water for toilets might be another solution.

In summary we seek clarification as to whether water that is necessary for the new growth areas has been provided for in BOPRC's allocation maps. We also seek that water storage and water efficiency is at the forefront of the design of new housing.

6. Kiwifruit Orchard Locations

Map 11 shows land use areas including the land that is used for kiwifruit growing. The kiwifruit growing area is based on 2017 data and there has been significant expansion of the industry since then. While it may be considered that there is no need to update the map at this point in time, we note the significant reverse sensitivity issues that can arise when new housing developments are located close to kiwifruit orchards. These issues include complaints regarding agricultural spraying and audible bird scaring devices.

It will be difficult for the potential for reverse sensitivity to be appropriately considered by the planners if they are looking at outdated maps of where the kiwifruit orchards are located. We encourage ground-truthing and the use of appropriate buffer zones to prevent future problems.

7. Quarries and the Demand for Aggregate

The SmartGrowth Strategy is silent on the future demand for aggregate and where this will be sourced from. Like many others in the sub-region, growers and postharvest facilities rely on good roads. They are essential to ensuring that the fruit can be efficiently transported for packing and shipping.

In our view, the demand for aggregate will likely increase for a number of reasons, firstly to support subdivisions and also to maintain roads that are likely to be affected by climate change. It may be that this has been considered elsewhere but this is not clear.

In our view, aggregate demand needs to be estimated and future quarries identified and ringfenced to ensure that it can be affordably supplied in the future. Building houses on these areas would effectively sterilise them.

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