



13 November 2024

Colin Bond  
CEO  
New Zealand Kiwifruit Growers  
*By email:* Colin.Bond@nzkgi.org.nz

Dear Colin,

I am writing to you to share another update on the work the Government is doing to support the horticulture sector. As I mentioned in my 7 August 2024 letter, we are dedicated to ensuring that we understand what is important to growers, and the challenges that the sector is facing. We are also focused on creating opportunities for the sector so it can continue to maximise value from horticultural products.

I would also like to take this opportunity to encourage you to share your thoughts and ideas on new policies, such as the Resource Management Act 1991 (RMA) reform. We welcome the chance to hear about your experiences and to share your expertise with us.

Our government is focussed on expanding trade opportunities for New Zealand exporters, and we've achieved a number of new market access arrangements lately.

## **Trade and Market Access**

You will have seen the recent announcement of New Zealand's Gulf Cooperation Council (GCC) Free Trade Agreement (FTA), and the bilateral Comprehensive Economic Partnership Agreement signed with the United Arab Emirates (UAE CEPA). These deals will provide New Zealand exporters across all sectors with new opportunities in these rapidly growing markets. I believe these FTAs are evidence of the Government's commitment to provide new opportunities for our exporters and reduce trade barriers. Both the UAE and the wider GCC region are becoming increasingly competitive markets, but New Zealand horticulture exporters can rest assured that tariff free access has been secured.

The UAE CEPA is New Zealand's fastest ever negotiated FTA, concluding in just over four months of negotiations. This was a result of a mutual understanding between New Zealand and the UAE of how free trade will benefit both countries and a commitment to strengthen our trade ties where possible. New Zealand's goods and services exports to the UAE totalled NZD \$1.1 billion in the year to June 2024. Two-way trade was NZD \$1.3 billion. Horticulture is a key export to the UAE, exporting \$44 million in the same period.

The GCC FTA was a longer process, with negotiations commencing in 2006. After 18 years the Government is pleased to deliver a high-quality FTA that provides long-term certainty to the region with significant opportunities for horticulture and the wider primary sector. The GCC comprises of Saudi Arabia, the UAE, Oman, Bahrain, Kuwait, and Qatar – all countries with substantial upside for exporters that will continue to grow in potential. Trade between New Zealand and the GCC is worth over NZD \$3 billion annually (with New Zealand exporting NZD \$2.6 billion in the year to June 2024) including NZD \$72 million of horticulture. The agreement

will make doing business easier with preferential access for our primary sector exporters, streamlined customs processes, and reduced trade barriers.

As with the UAE CEPA, the GCC FTA will lock in existing tariff free access, with eventual elimination of tariffs on all other horticulture exports to the region. Peas and sweetcorn for example, worth over NZD \$2 million in trade combined to the GCC, will see the five percent tariff removed over the next five years.

New Zealand will have duty-free access for all horticultural products by year ten, with tariffs removed on 92 percent of horticultural trade on entry into force. This agreement complements the UAE CEPA and represents an important milestone in the Government's efforts to grow our international connections and double exports by value in ten years.

## **Rural Banking Inquiry**

Submissions on the Inquiry into rural banking in New Zealand closed on Wednesday 25 September. We await the submission analysis to be completed and the report back to the Finance and Expenditure Committee and Primary Production Committee before select committee dates are set for submitters to be heard.

## **RMA Reform**

The Government's commitment to reform the resource management system is proceeding at pace. The Fast-Track Approvals Bill will be passed into legislation by the end of 2024 and the listed projects have already been announced. The first RMA Amendment Bill was passed this month. It includes changes to freshwater management, stock exclusion and winter grazing rules, marine farming consents, and significant natural areas.

It will also amend Section 107 to enable diffuse discharges to continue being managed in a sensible way, pause the rollout of freshwater farm-plans until work to improve the system is finalised, and restrict councils' ability to notify freshwater plans before the National Policy Statement for Freshwater Management is replaced. The first RMA Amendment Bill also streamlined the process for changes to national direction. All of these changes are part of a broader effort to modernise the resource management system, making it easier to update national policies and boost the primary sector.

It is expected the second RMA Amendment Bill will be introduced to Parliament before the end of the year and passed into law in mid-2025. The National Direction package will follow the same timeline.

Changes to legislation and national direction are grouped into four buckets:

- the Farming and Primary Sector package will boost on-farm productivity, enable vegetable growing and on-farm water storage, and remove barriers to indoor primary production and solar farms. It will also provide certainty on discharge rules under section 70 of the RMA for primary producers, and councils, enabling permitted discharge activities to be managed in a practical way;
- the Infrastructure and Energy package includes a new National Policy Statement on Infrastructure; extends the duration of port coastal permits by 20 years; and includes changes for telecommunications, renewable energy, and quarrying;
- the Housing package introduces 30-year Housing Growth Targets, allows councils to opt out of Medium Density Residential Standards, changes national directions for urban development and highly productive land, and enables granny flats; and

- the Emergency and Natural Hazards package will introduce a comprehensive, nationally consistent framework to manage natural hazard risks including climate change.

Cabinet has also recently agreed to the scope for the new resource management system (Phase Three). The new system will replace the RMA and deliver three core tasks:

- unlocking development capacity for housing and business growth;
- enabling delivery of high-quality infrastructure for the future, including doubling renewable energy; and
- enabling primary sector growth and development (including aquaculture, forestry, pastoral, horticulture, and mining).

An expert advisory group has been established to assist Ministers to make decisions needed to draft the new legislation as quickly as possible.

### **Recognised Seasonal Employer Changes**

In my previous letter, I acknowledged the Recognised Seasonal Employer (RSE) scheme is essential to horticulture and viticulture businesses, and the need for changes to be made to make the system more efficient, so it can support our industry to grow. On 14 August, my colleague Hon Erica Stanford, Minister of Immigration, announced changes designed to achieve these goals for the scheme. These changes reduced costs and compliance for employers and improve flexibility for RSE workers.

Amending the 30 hour per week minimum pay requirement to be averaged over a four-week period, adjusting the minimum wage plus ten percent pay requirement to be only for workers in their third or more season, and removing the accommodation cost freeze have made the scheme more viable for employers again.

To improve flexibility for workers, the RSE visa now allows multiple entries, which means it is easier for workers to move between employers and regions. Workers' entitlement to undertake training unrelated to their work has been clarified.

These changes will take some time to fully bed in and the Government is aware they may have come too late for those who had already offered contracts to workers. However, the next phase of the RSE work programme will consider substantive, longer-term options to further improve the wider RSE system and worker welfare settings. Future changes will further improve the viability of the scheme for employers and ensure the scheme's 'triple win' endures.

As always, please feel free to share this letter widely with your stakeholders, and I look forward to continuing to work with the horticultural sector. I invite you to continue sharing your valuable insights with us.

Yours sincerely,



Hon Nicola Grigg  
**Associate Minister of Agriculture**