



SUBMISSION ON

Exposure Draft Natural and Built Environments Bill

4 August 2021

To: Select Committee

FROM: Vegetables New Zealand Inc (VNZI)
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Vegetable New Zealand Inc thanks the Environment Select Committee for the opportunity to submit on the 'Inquiry on the Natural and Built Environments Bill: Parliamentary Paper' and exposure draft.

Vegetables New Zealand Inc wishes to be heard in support of our submission.

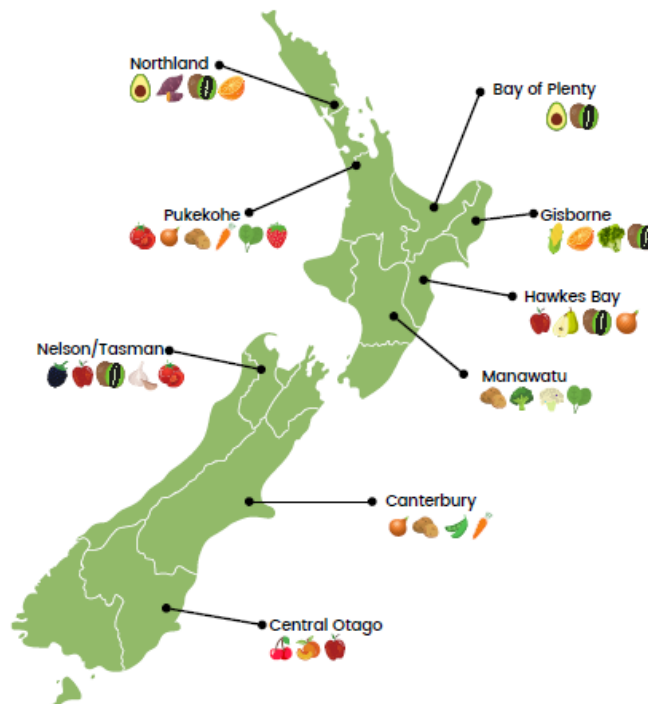
VEGETABLES NEW ZEALAND INC (VNZI):

Vegetables New Zealand Inc (VNZI) advocates for and represents the interests of 700 commercial vegetable growers in New Zealand. VNZI members grow around 55 different crop types and employ over 10,000 workers. Land under vegetable cultivation in New Zealand is approximately 30,000 hectares.

Over 80% of the vegetables that Vegetable New Zealand growers produce are for the domestic market. They are food for New Zealanders.

Vegetable New Zealand growers have an industry value of \$420m. What is unique about Vegetable growers is that they cover all regions of New Zealand, from the far north with Kumara, to the deep south with carrots and parsnip. We are the only industry group to sustain communities throughout New Zealand with a range of diverse vegetables for a balanced diet. Moreover, Vegetable growers have an economic impact in every region of New Zealand where they invest in their business operations and employ large numbers of New Zealanders.

Figure 1. Where we grow our crops in New Zealand



Submission

Vegetables New Zealand supports the submission by Horticulture New Zealand.

Vegetables New Zealand supports the submission of the Pukekohe Vegetable Growers Assn.

This submission provides additional context and insights as to the importance to our sector of recognition of food security, highly productive land and enabling a transition to a low emissions economy, in the legislation replacing the RMA is important for our sector.

We also suggest our ideas to enable the sector to remain economically viable and manage the environmental effects in a manner that is consistent with achieving environmental outcomes.

Domestic food supply/ food security and the role of exports

Economic Resilience

One thing NZ should never forget from our experience in Covid – 19 lockdown of 2020 – is that access to New Zealand grown food is essential. At no time did the growers stop harvesting while NZ was in crisis. New Zealand produce was available on supermarket shelves through-out the national lockdown. It is important to understand that NZ is a long and skinny Island with a number of geographical barriers that make logistics difficult. Food security is our country being able to produce the food required to sustain our population within our own borders. Vegetable growers predominantly produce for the domestic market. It is important to support our food producers to feed our population. Relying on imported substitutes or supplements has proven to be a risky approach to sustaining our population. To ensure all of NZ has food security we need to plan and deliver against a pandemic, or earthquake, or biosecurity lockdown. We need all our growers, in every region of NZ to be resilient and sustainable, for a reliable supply of fresh vegetables.

If Government policy does not recognize the essential nature of our food system and food security, it is at the peril of our regions to be resilient to the current pressures on growers, and in the event of a crisis. Growers and farmers make up our national food system. At the local level, they sustain our communities with more than just food, they supply employment, culture, diversity and inclusion. The reality is that vegetable production is undertaken by private businesses. From small single owner-operators through to large corporate operations, located by large urban centres or in smaller rural communities.

The variety and breadth of vegetable growers throughout all regions of NZ, reflects the complexities in running vegetable growing operations in New Zealand. One size does not fit all. One commonality for horticulture business is the importance of those growers to be supported to be able to effectively run economically viable businesses. One negative consequence of the proposal to review a complex regulatory environment, is that the new NBA model repeats the complexity and hence cost. If vegetable growers are not able to run viable businesses producing vegetables on their

land, nor be able to sell the land, this leaves families and individuals in the unenviable position of having highly productive land which is effectively worthless.

Vegetables NZ members are somewhat unique to wider horticulture in that as an industry group we focus so much on domestic supply. Vegetable crops that rely on an export market often have a foundation in the domestic market where they feed New Zealanders.

Many vegetables grown in New Zealand are only grown for the domestic market – for example:

Garlic	100% domestic
Kumara	100% domestic
Brassica – Broccoli / Cauliflower / Cabbage	95-100% domestic
Lettuce	100% domestic
Leaf greens – herbs / spinach	97-100% domestic

Grower impact statement on food security – Marlborough - Garlic Producer:

Counter factual argument - Food security is **not** in jeopardy as long as we can rely on other countries to produce our food.

The question is, is this smart?

It is important to understand why we can grow produce in New Zealand:

- Health benefits are relatively similar at harvest time for both imported and domestic production. However, freshness is compromised through importing food. Moreover, there are logistical issues which highlight a risk to supply:
 - Long delivery times
 - Viability of shipping short shelf-life products?
- Imported food is constrained by economic and physical factors beyond our control:
 - Quality of product at a fair price
 - Variability of standards due to volume of order, against larger order from other countries or markets
 - Competition with other countries for the same goods
 - Fluctuating freight systems – NZ is very costly to service with shipping, as Covid 19 disruption has shown, NZ services have been discontinued
 - Export receipts improve our balance of trade and regulate inflation
 - Export receipts with a favourable exchange rate generates addition income in the NZ domestic market
 - International currency exchange - \$dollars going out of the country, rather than circulating within our economy
 - **import substitution** against what is needed in our diets or food systems rather than take what we can get

- Economic and social impact
 - The economic and social impact of NBA needs to address business success. Without a viable business model, that has appropriate production and compliance costs, and market opportunity, there will be no production.
 - In contrast to international food producers, NZ vegetable growers are not directly supported by Government subsidies. Social and environmental impact, and good practice, are demanded by global markets, while neglecting to factor in local Government subsidy. For example “the direct farm payment” in Europe where methods of production are stipulated as a condition. Many of the Paris accord participants are covered by this. We are not.
 - Paris Climate Accord specifically excludes industry involved in the production of food in its limits.
 - Growers of crops not eligible for the ETS scheme (which is the great majority of vegetable growers) have paid carbon tax and not seen any investment by government into making alternative technologies and fuels economically viable or available in NZ.
 - The consequence of “over-regulation” on small business. If growing is not viable, businesses will close. This is happening now.
 - The best way to produce the right goods for consumers is for a market to determine supply and demand. Whenever Government gets involved, it distorts the market, creating winners and losers. The losers tend to be the smaller operators.
 - Grower initiatives like the Covered Crops / EECA (ETA) project are providing growers with clear lines of sight on technologies suited to their industry. This Industry lead, Government enabled principle needs to be adopted by policy settings and Government support.

Environmental Resilience

To maintain soil health and reduce plant pests as well as maintain yields that support a profitable business, crop rotations are required. This is considered best practice and the ideal way to care for the soil. Most vegetable crops cannot be grown continuously in the same soil season after season, making crop rotation critical to rotation minimize pest, disease and weed pressure. Crop rotations are planned based on a number of factors, including (but not limited to), soil type, crop, weather, pest pressure, soil testing, water availability etc. There is significant planning and science behind each operations crop rotation schedule making them unique.

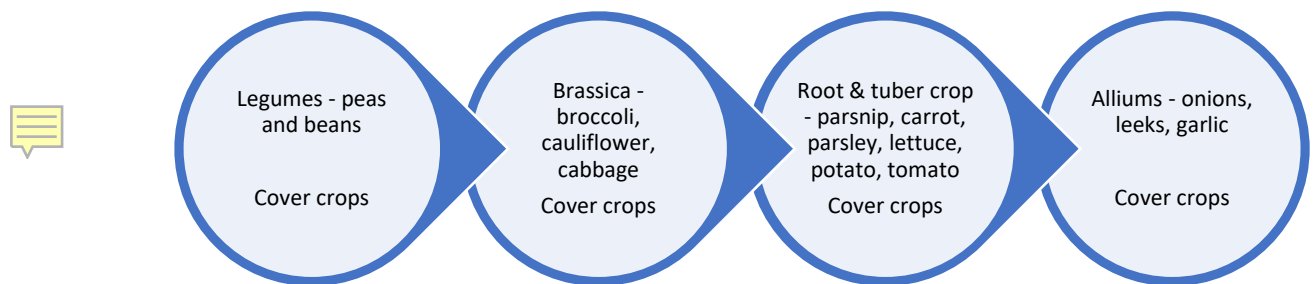
Seasonal factors related to weather and market conditions require that growers can make dynamic decisions about their production. These decisions are extremely time sensitive.

Why are crop rotations essential for vegetable growth:

1. Lessens the need for pest control

2. Reduce the spread of soil borne disease
3. Avoids nutrient depletion.

Figure 2 – annual cycle (12 months).



There is no one optimal vegetable rotation due to soil types, climate, pH levels in the soil, and infrastructures required by the crop grown and access to market. The example above in Figure 2, shows the multitude of options in a crop rotation. Different regions will have a different rotations.

Economic Resilience

Crop rotations are a necessary part of vegetable production and unique to horticulture. Vegetable crops follow a seasonal rotation based on best practice. The crops are grown from plants, that are grown to seasonal market requirements. The time in the ground is based on the growing cycle of the crop. This enables some land to have 4 vegetable crops grown in a 12 month period. Best practice meets the crops ability to have a marketable harvest and looks to optimize nutrition, water use, pest and disease thresholds and biodiversity.

Environmental Resilience

Cover crops are used to ensure the vegetable rotations are viable and can meet marketable yield for commercial vegetable growing. Cover crops are ryegrass, cereal crops, lucerne or legumes - nitrogen fixing crops. Cover crops enable the land to rest after heavy production and also supply green manure into the soil carbon cycle.

The importance of highly productive land

Not all land is suitable for growing vegetables. Only 5% of land in NZ is considered highly productive. Of that land, 2.5% of that land is under housing.

Highly productive land is an important resource that enables growing and maintaining access to high quality soils is critical. To ensure land is available for food production it is important in enabling transition to a lower emissions economy.

Highly productive land is not just about the soil, it is also about the contributing factors such as water, infrastructure, and being able to operate within a rural environment (i.e without reverse sensitivity pressures).

Land farmed by vegetable growers is fundamental to their operation and considered their most valuable asset. Limiting the use of this land to a specific activity could undermine a growers business model. In the normal course of events, growers should maintain the right to change their mode of production and gain a return for their investment that sees a profit to ensure future production. Vegetable growers are best positioned to assess the suitability of land for their production from an agronomic and market perspective.

There is potential for more Vegetable (onion/potato/vegetable) growing across highly productive land. Our growers are experiencing pressure on the availability of suitable land - including growers in the Pukekohe area.

Some crops can be grown out of the soil e.g. through covered cropping or hydroponic operations, however the investment into the infrastructure required for such operations is significant and costly. The returns from crops currently produced predominantly in soil make this not economically viable or realistic.

Grower Impact Statement on highly productive soils – Canterbury – Greens grower

I think the way to protect highly productive land is:

1. Avoid any reverse sensitivity issues such as by making sure that there is a setback of say 150 m for any residential development from a working farm. Strengthen things like current noise restrictions and make sure we can still operate our tractors and bird scarers (I've had these issues).
2. Have incentives to keep growers on the land. Make it easier for growers to do the growing and don't burden us with over regulation which would help to stay viable.
3. Change town planning rules to allow current stock of lifestyle blocks to be subdivided further to increase supply and hence reduce demand on current farms*.
4. Even though we want to protect highly productive land, I'm not sure whether it's actually possible to change the law to take away the rights of landowners – I for one would like the retain the right to grow houses if that was more profitable ... keep growers on their land by taking away all the road-blocks in their way.

VNZI role in the transition to a low emission economy

The expansion of [e.g. onions, potatoes] provides an option for diversification of the primary sector to reduce emissions, including through mixed farm systems - while contributing to feeding New Zealand and the world.

This is particularly relevant to agricultural emissions. Agricultural emissions are not currently managed within the ETS, and are likely to be managed through an integrated farm level system which incorporates, price, farm planning and regulation.

The emissions associated with fertilizer and plant based food production are much lesser than the emissions associated with animal production. Further to this, the purpose of nutrient application maybe to ensure produce is fit for market and consumption. For example, reducing the amount of nitrogen applied to a broccoli crop will result in produce deformities and consumers will not generally purchase deformed product for consumption.

In New Zealand animal feed (brassica) has a land area 10 times that of brassica production for people. If some of this area was converted to vegetable production for direct human consumption, it would provide an alternative income stream for farmers, and have a lower emission (no animals).

This would align with New Zealand's climate goals, and as noted, aligns with the advice of the Climate Change Commission. We consider it important for the NBA legislation to enable this climate change adaptation.

Grower impact statement low emission economy – Covered Crops grower - Marlborough





One major difference between the NZ growers situation and that of a grower in some other countries (e.g. in Europe, the United States and much of Asia) is that our growers are not subsidized directly by government. This is a longstanding protectionist approach by some countries towards their horticultural and agricultural sectors. The main advantage is that governments have been able to subsidize growing, invest or control how goods are produced in return for the subsidy. In NZ, growing operations are generally autonomous so the industry situation is vastly different. While we have policy and regulatory mechanisms such as resource consents, district / regional plans and the RMA, NZ based growers are generally making improvements through their own initiative and within their own capabilities. Comparing NZ vegetable production to international production is not comparing apples-to-apples.

Investment by government towards climate goals is preferable to punitive/legislative mechanisms forced on industry as it is likely to result in more substantial change and will result in less negative outcomes for NZ consumers and producers. Practical help to transition to preferable production modes matches the intention of the Paris Agreement.

Government should invest in making climate change solutions accessible. Historical payments of ETS by growers of crops that have not qualified for credits are not equitable.

Electrical systems are not yet a viable alternative for vegetable grower operations (particularly in covered cropping) due to the cost of and availability of electricity. This materially marginalises the viability of running heating, year round supply, and the breadth of crops grown, and points to a discontinuation of many businesses. All of these things impact New Zealand's food security and limit New Zealand consumers.

Firstly, and this is an example from our own farm, we have experienced a 25% increase in the value of our power bill in the last month. Our **usage** has not changed from previous years, but our **bill has increased by 25%**. In the context of the carbon issue and the government's proposal to transition covered crop growers from coal and natural gas – this has pushed any transition off coal well and truly into the realm of non-viability.

In my view, not only does this change the equation for covered crop growers, but is likely to affect other growers also. Some other growers have been affected and mentioned this to me, and those that haven't are more than likely going to see increases in the near future. Specifically for our non-ETS qualifying growers (both North and South) this is another financial kick in the guts.

Treaty of Waitangi

VNZI see governance arrangements as an important means of providing better recognition of the Treaty of Waitangi, by providing structures that enable consistent and efficient resource management decisions. There are a range of governance arrangements in place at present that provide models, including Maori boards and co-governance, where Maori have greater role in setting the direction for natural resource management for all people.

VNZI strongly support clarification of consultation procedures to avoid the delay, expense and frustration for all parties, particularly at a consenting level. In all parts of the country significant delays, cost and uncertainty have been experienced due to unsatisfactory consultation processes.

There are opportunities for streamlining the consenting process, including: a more streamlined Cultural Impact Assessment approach (to take into account both fair expectations of iwi and hapu and certainty regarding process for the applicant).

We are mindful that as many iwi receive their treaty settlements they may wish to invest in vegetable production and would hope iwi are able to have the flexibility to utilize land in the best way they see fit.

An efficient, risk-based and less complex regulatory system

It is important that the new resource management legislation enables the sector to remain economically viable and manage the environmental effects in a manner that is consistent with achieving environmental outcomes. This is a common theme throughout this document for vegetable growers.

Part of achieving this is to ensure that there are processes which are not unduly complex. While growing operations are unique, there are some constants in place that can demonstrate growers are great custodians of their land.

NZ GAP is a long-standing industry accreditation programme that is independently audited already recognized in legislation (FOOD ACT), and has modules supporting best practice in Farm Environment Plans and Social Practice for staff employment rights.

Under the current system – there is significant differences in approach between regions. This is particularly a frustration for the number of growers who have growing operations located across multiple regions.

[Case study example of inefficient/ long RMA experiences]

Ideas we have for greater efficiency:

- Freshwater Farm Plan aligned to GAP, and without onerous and expensive certification and reporting requirements
- NES for Vegetable production to create national consistency and reflect the national importance of the food produced
- Incentives such transferable development rights to incentivize environmental protection and promoting the productive capacity of HPL.

Grower impact statement complex regulatory system - Waikato

To reduce punitive time costs in Consents, it is proposed to have all commentators to the Consent to become financial contributors to the outcome. An Objector to the consents would pay a fee which could be refunded if the objection is upheld. Consultations to Consents can delay the process by weeks at considerable cost to the application.