

Hon Nicola Grigg

Minister of State for Trade
Minister for Women
Associate Minister of Agriculture



7 August 2024

Kate Truffitt
CEO
Potatoes New Zealand

By email: Kate.Truffitt@potatoesnz.co.nz

Dear Kate,

I write to you as the Associate Minister of Agriculture with the delegation of Horticulture to inform you of the Government's work programme as it relates to this important sector.

Firstly, I want to acknowledge the hard work and ongoing resilience of all our growers across the country. It has been a difficult year of soft commodity prices, high input costs, high inflation, high interest rates, and recovery from extreme weather events. Despite this, our horticulture export revenue is forecast to continue increasing; this is an achievement to be celebrated.

It is a privilege to hold this portfolio in a country such as New Zealand with a horticulture sector that contributes so much to the success of our nation. This is not a role I take lightly. Now that I am back on board from maternity leave, I am keen to continue to meet with as many of you as I can, and understand what is important to you. Keeping in regular touch is a key part of my role, along with championing your sector to achieve its goals.

Our government is focused on backing our farmers and growers to see more value returned to the farm gate, and a greater return for our growers so the sector can continue to adapt, evolve, and innovate for the long term.

While there are many issues that the horticulture sector is impacted by, I have heard from you that access to land, water, and a skilled workforce are a priority. As mentioned, I'm writing to let you know of the work the Government has been doing in these areas and what is on the work programme going forward, including with some other areas around innovation, market access and rural communities that I thought would be of interest to you. It's my intention to keep you updated on the work in these areas, and I would like to hear from you about other areas that are important to you.

The latest updates on these priority areas are outlined in this letter. In some areas the Government will be seeking views on specifics through consultation, and I encourage you to get involved in these processes as they progress.

Thank you for continuing to be proactive and involved in voicing your needs and concerns as a sector. Your feedback is imperative to ensuring the future success of the sector is well considered in the Government's policy development – I would be grateful if you could share this letter with your membership.

The Resource Management Act 1991 (RMA) reform

The Government has committed to making a range of reforms to the resource management system to unlock development capacity for housing growth, enable the delivery of infrastructure, allow farmers to farm, and enhance the primary sector. We are currently undertaking 'Phase Two' of the work programme, which includes:

- The Fast-Track Approvals Bill. The Environment Committee is due to report back on the Bill by 6 September 2024.
- Two RMA amendment bills.
 - The first amendment Bill Resource Management (Freshwater and Other Matters) Amendment Bill is currently being considered at Select Committee.
 - The second amendment bill will focus on urgent changes to enable housing growth, infrastructure, reduce regulation and help unlock development and investment in the food and fibre sector while achieving good environmental outcomes.
- A national direction amendment package. The national direction package is aimed at amending, reviewing, and developing current and new national direction instruments to unlock development and investment in infrastructure, housing capacity, horticulture, aquaculture, forestry, and mining while achieving good environmental outcomes.

Phase Three of the work programme will be to introduce resource management legislation to replace the current RMA. This work will look at the principles, functions, and structure of the system, and what changes will make the biggest difference to outcomes in the long-term.

The Government will make announcements on the second RMA amendment Bill and the national direction package by the end of this year. There will be an opportunity for public input in this process.

National Policy Statement for Highly Productive Land (NPS-HPL)

As you will understand, the NPS-HPL is an important piece of regulation for the horticulture sector. The NPS-HPL protects highly productive land for use by land-based primary production from inappropriate subdivision, use, and development.

Amendments are being progressed to provide a clear consent pathway for intensive indoor primary production, greenhouses, and specified infrastructure to develop on highly productive land. It is likely that the amendments will take effect in the third quarter of 2024, subject to Cabinet consideration. To facilitate these amendments coming into effect, officials will be updating guidance material to support implementation.

The Government has also committed to amending the NPS-HPL to better enable housing development whilst appropriately managing highly productive land. These amendments will be delivered through Phase Two of the RMA reform programme (national direction package). Public consultation on NPS-HPL amendments is planned for early 2025.

Freshwater regulation changes

The Government is committed to reducing the regulatory burden on farmers, while working towards improving environmental outcomes for our waterways. We have heard from growers and farmers that the existing policies have become extremely complex and expensive to implement.

The Government has announced it will review and replace the National Policy Statement for Freshwater Management 2020 (NPS-FM) to better reflect the interests of all water users. Ministers are currently determining the scope of the review. This includes asking officials to explore options to enable vegetable growing and on farm water storage to support economic and environment goals.

Officials are also reviewing ways to improve the freshwater farm plan (FWFP) system based on stakeholders' concerns about the cost and complexity of the current system. The review aims to reduce regulatory burden and duplication by creating integration pathways for existing farm environment plan initiatives and industry assurance programmes, enable catchment level solutions and empower local communities, and review FWFP certification and audit requirements to reduce unnecessary cost. It is important that farmers and growers are supported to develop robust plans. The sector will be engaged throughout the review.

Recognised Seasonal Employer (RSE) Scheme Review

As I'm sure many of you will have experienced, the RSE scheme is an essential input for horticulture and viticulture businesses; providing workers during seasonal peaks to maximise productivity. The RSE scheme has been a significant contributor in the growth of our industries.

The RSE scheme has a number of built-in safeguards to protect workers from exploitation, ensure New Zealand workers are not displaced from work, and ensure there is minimal impact on local infrastructure and services, particularly housing. However, many of you who employ through the RSE scheme have raised concerns recently about the costs in addition to the minimum wage you are obliged to pay, restrictions on accommodation costs, and having to guarantee 30 hours of work each week. I understand that these, and other scheme settings have resulted in increasing costs and uncertainty for employers during a time of high inflation.

While I think it is important that the integrity of the system is maintained, changes are necessary to make the scheme more efficient, provide greater certainty for employers and workers, and to support the sector to grow and increase productivity. The Government's plan to increase the RSE cap will increase the flexibility of the allocation system which will help address seasonal labour pressures. We will have more to announce about the scheme shortly.

Vocational education and training

In 2023 the Government committed to disestablish Te Pūkenga and restore regional decision-making for vocational education. Work is already underway to disestablish Te Pūkenga and consult on a proposed replacement model.

A key goal is improving regional autonomy and responsiveness, supporting stronger connections between the vocational education and training system and local communities, industries, and labour markets. The Government is focused on ensuring the vocational education and training system includes pathways for New Zealanders to obtain the skills that are in demand in the primary sector, including the horticulture industry.

Pending Cabinet approval, consultation is expected to take place in the near future. Final proposals will reflect consultation and are expected to be provided back to Cabinet in late November.

Agricultural and Horticultural Products Regulatory Review

I have heard from you that access to agricultural and horticultural products is important to support primary sector productivity and provide protection against pests and diseases. Farmers and growers have regularly talked of how long, difficult, and complex it is to get new products for use in New Zealand, and the impacts that this has on your ability to operate and sell to the domestic and export markets.

While I understand the industry's concerns, these need to be balanced against making sure New Zealand has a system to manage risks of such products to human health, trade, food safety, the environment, and animal welfare. If these settings become out of balance this could lead to significant negative impacts such as trade issues for our exported primary produce.

The Government has recognised this is an issue for the sector and has initiated a regulatory review on the approval process for new agricultural and horticultural products, under the Agricultural Compounds and Veterinary Medicines Act 1997 and the Hazardous Substances and New Organisms Act 1996, led by the Ministry for Regulation (MfR). The approval path will be considered as starting from information collection for applications through to receiving approval for domestic use. The review will also consider any conditions attached to approval of products, reassessment processes, and both regulatory design, and regulatory practice.

MfR has developed the Terms of Reference and timeframes for the review which you can find on the Ministry's website: <https://www.regulation.govt.nz/assets/Ministry-for-Regulation-files/Terms-of-Reference-for-Agricultural-and-Horticultural-Products-Regulatory-Review.pdf>. Horticulture New Zealand (HortNZ), A Lighter Touch, Zespri, Foundation for Arable Research, and New Zealand WineGrowers, among others, were consulted on these. HortNZ will also be part of the review's Sector Reference Group.

The review is expected to be completed in six months, but as this is a complex and important area of regulation, flexibility may be required. A report and recommendations will be delivered to Ministers in early 2025.

Once MfR has begun the review, there will be a chance to publicly submit your thoughts on what the key issues are and potential ways these can be addressed. Your feedback will be very welcomed and necessary during this process.

Genetic Technologies

New Zealand's regulation has not kept pace with developments in genetic technologies. I believe there is an opportunity for New Zealand to benefit from new technologies while maintaining the integrity of our industry operators that opt to remain genetic editing free. This could be achieved through implementing assurance and supply chain separation programmes, which prevent unintentional crossover and help manage trade risks.

The Government is currently developing the new policy settings at pace to support New Zealand's adoption of genetic engineering technologies including the definitions of Genetically Modified Organisms. We are reforming genetic technology regulation to enable the use of these tools to deliver benefits for New Zealand. This may include producing sustainable, climate-friendly food, reducing the sectors' environmental impact and providing new opportunities, and reducing climate impacts from food production. I want to understand the industry's needs and opportunities with genetic technologies, including how you might use the technologies.

Rural banking inquiry

In June this year, the Government announced an inquiry into rural banking. We recognise that growing the rural economy is critical to rebuilding New Zealand's economy, and that understanding the role of bank competition in the sector is important.

The Primary Production Committee has been asked to work with the Finance and Expenditure Committee to jointly develop terms of reference, join meetings on submissions relevant to rural banking, and prepare a report on rural banking to feed into the overall inquiry. We are working on the details of the Inquiry and will release the Terms of Reference in due course.

Enhancing market access

I know that market access is of critical interest to the horticulture sector as one of the vehicles for export growth. The Government is prioritising protecting and enhancing the market access we have and addressing non-tariff measures across the primary sectors.

Governments across the world put in place legitimate non-tariff measures to ensure the safety and suitability of food and other primary products imported into their jurisdiction. We will be working with international counterparts to ensure New Zealand's export interests are prioritised, and that New Zealand's regulatory and administrative systems are recognised. We will leverage this to protect and enhance existing market access, and to support access for new products to new markets.

We will also support you through removing unjustified non-tariff measures, which are a significant cost and impediment to growth for the sector. The Government will challenge non-tariff measures and find innovative and costs effective means of maintaining and gaining access to these markets by investing in closer relations with trading partners, leveraging our Free Trade Agreements and other arrangements, and through a closer working relationship with the sector.

I am aware that the horticulture sector is diverse, with a number of industry bodies, each with unique market access opportunities. Industry groups and forums such as the Plants Market Access Council (PMAC) play a crucial role in helping the Ministry for Primary Industries (MPI) work with the sector to prioritise its interests, so that we best support your sector and New Zealand's interests.

Recently I was encouraged to hear that MPI, with support from Onions New Zealand, successfully negotiated a new protocol for onion export to Indonesia, without requiring additional fumigation treatment. The recent signing of the kiwiberry export plan with China further demonstrates our ongoing commitment to enhance market access. I look forward to supporting you in maintaining and enhancing market access.

I encourage the industry to continue using forums such as PMAC to identify risks and make the most of opportunities, and I look forward to supporting this good work with my Ministerial colleagues, both here in New Zealand and on the international stage.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Nicola Grigg', written in a cursive style.

Hon Nicola Grigg
Associate Minister of Agriculture