

SUBMISSION ON

Recovery Settings

14 March 2025

To: Department of Prime Minister and Cabinet

Name of Submitter: Horticulture New Zealand

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OVERVIEW

Feedback structure

- 1 Part 1: HortNZ's Role
- 2 Part 2: Feedback on Recovery Settings

Our feedback

Horticulture New Zealand (HortNZ) thanks the Department of Prime Minister and Cabinet (DPMC) for the opportunity to provide feedback on Recovery Settings and welcomes any opportunity to continue to work with DPMC and to discuss our submission.

The details of HortNZ's feedback are set out in the document below.

HortNZ's Role

Background to HortNZ

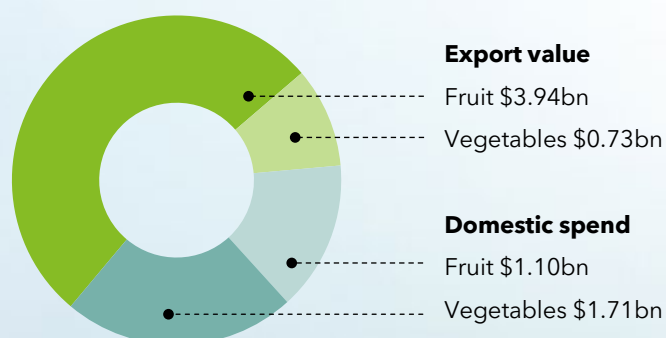
HortNZ represents the interests of approximately 4,500 commercial fruit and vegetable growers in New Zealand who grow around 100 different fruits and vegetables. The horticultural sector provides over 40,000 jobs.

There are approximately 80,000 hectares of land in New Zealand producing fruit and vegetables for domestic consumers and supplying our global trading partners with high quality food.

It is not just the direct economic benefits associated with horticultural production that are important. Horticulture production provides a platform for long term prosperity for communities, supports the growth of knowledge-intensive agri-tech and suppliers along the supply chain, and plays a key role in helping to achieve New Zealand's climate change objectives.

The horticulture sector plays an important role in food security for New Zealanders. Over 80% of vegetables grown are for the domestic market and many varieties of fruits are grown to serve the domestic market.

HortNZ's purpose is to create an enduring environment where growers prosper. This is done through enabling, promoting and advocating for growers in New Zealand.



Industry value \$7.48bn

Total exports \$4.67bn

Total domestic \$2.81bn

Source: Stats NZ and MPI

Feedback

1. Background Information

This feedback responds to the consultation document from DPMC titled, “Recovery Settings: Consultation on draft criteria”. This consultation seeks feedback on how Central Government should decide whether and to what extent its actions should deviate from standard policy to support recovery from a natural hazard event.

2. Natural Hazards and Horticulture

Natural hazards, where they affect the production, processing, transportation and retail of fruits and vegetables, will be a continued risk to New Zealand’s domestic food supply and high-value exports into the future. Adverse weather events, such as the cyclones, heavy rainfall, and flooding witnessed in recent years, can devastate crops and significantly disrupt supply chains. Increasing biosecurity risk with climate change and future pandemics which prevent workers from entering the country will affect our ability to grow.

2.1. Domestic Food Supply

Over 70% of the fruits and vegetables bought by New Zealanders (by value) were produced in New Zealand.¹ It is not possible to import enough fruits and vegetables to feed our population due to the country’s geographic isolation and the perishable nature of fresh produce. Extreme weather may cause global shocks to supply chains that leave imported food, including the remaining 30% of fruits and vegetables consumed by New Zealanders but not produced here, unavailable or unaffordable.

Should natural hazards disrupt the domestic fruit and vegetable supply chain, our population’s access to food will be significantly affected. While horticulture is the third most valuable primary sector export in New Zealand², over 80% of vegetables, and many fruits including citrus, summerfruit and feijoas, are primarily produced for the domestic market. The country needs to be prepared for potential shocks to New Zealand horticultural production and global supply chains which could impact domestic food security and availability.

2.2. Resilient Exports

The viability of high-value export crops after natural hazard events also needs to be considered for New Zealand to meet the Government’s goal to double export value³ and transition to a low emissions economy. For instance, the apple and pear industry

¹ United Fresh, Plant & Food Research. “Fresh Facts 2024”. (p. 33)

² New Zealand Government. “Situation and Outlook for Primary Industries (SOPI)”. December 2024.

³ National. “National sets bold target for export growth”. 10 October 2023.

contributes almost \$2 billion of total revenue impact to the New Zealand economy.⁴ However, fruit and vegetable growing faced a massive disruption from Cyclone Gabrielle in 2023. Boston Consulting Group (BCG) found that the cyclone caused \$1.2 billion losses to the horticulture sector in just the Hawke's Bay region⁵, which is home to about 60% of New Zealand's pipfruit production, 70% of squash, 20% of summerfruit, and 25% of beans and peas.⁶ While production has bounced back beyond initial expectations, the industry's future resilience will be supported by advance planning for the next shock.

Developing New Zealand's export products may also provide a resource for international food security, should hazards limit food supply in other countries. Future biosecurity incursions, pandemics, climate change events or gradual degradation of conditions for food production could make New Zealand's relative isolation from global shocks our greatest strength. Government policies should consider New Zealand's role in global food security.

Case Study: The Apple and Pear Industry's Recovery from Cyclone Gabrielle^{7,8}

At the time of the cyclone, the Hawke's Bay horticulture industry directly employed 6,700 people, 8% of the total regional workforce. Many of the losses caused by the cyclone – to crop yields and growing infrastructure – were not covered by insurance. Consultants estimated that over \$550 million would be required for replanting and reinstatement costs for growers to reestablish their operations, after over \$370 million for critical response efforts like removing debris from farms.

The Government provided \$240 million in grants and concessionary loans to the Hawke's Bay apple and pear industry between May 2023 and April 2024. A report by Boston Consulting Group found that, "Immediate damage was reduced thanks to government, industry and community efforts but the sector needs continued support to replant and reinstate."

Why did the apple and pear industry – or the Hawke's Bay horticulture industry as a whole – warrant targeted Government recovery support after Cyclone Gabrielle? HortNZ would argue it's because Hawke's Bay horticulture is a regionally significant industry that met a scale requiring the Government to prop up the local economy and prevent the degradation of the national apple and pear industry. Even beyond the risk to human life and social wellbeing after the Cyclone, the industry's contribution to regional GDP and the number of jobs directly in Hawke's Bay horticulture and in supporting industries added to the scale of significance.

⁴ New Zealand Apples and Pears Inc. "Economic contribution of the New Zealand Apple and Pear Industry 2024". 29 August 2024.

⁵ Boston Consulting Group. "Hawke's Bay Horticultural Sector: Economic Recovery Update: A Year after Cyclone Gabrielle". 10 July 2024

⁶ United Fresh, Plant & Food Research. "Fresh Facts 2024".

⁷ Boston Consulting Group. "Hawke's Bay Horticultural Sector: Economic Recovery following Cyclone Gabrielle." May 2023.

⁸ Boston Consulting Group. "Hawke's Bay Horticultural Sector: Economic Recovery Update: A Year after Cyclone Gabrielle". 10 July 2024

As 60% of New Zealand's pip fruit production is based in Hawke's Bay⁹, the cyclone was of national significance for the industry. The recovery of Hawke's Bay pip fruit production was essential to underpin the ongoing viability of the industry nationally. Without it, other regions would not have been able to reach the scale required to access export markets. The sector's ability to attract investment and its capacity for innovation and growth would be reduced.

In addition, the land in Hawke's Bay needed rehabilitation for the future of the economy. If the land was abandoned without clearing the silt and woody debris, let alone repairing the soil, some of the best growing land in the country would have been sterilised for future generations.

In summary, the Hawke's Bay apple and pear industry warranted targeted support from Government after Cyclone Gabrielle due to:

- Significance to the regional economy (direct jobs and jobs in supporting services),
- Significance to the national economy (possible flow-on effects for apples and pears grown elsewhere), and
- The need to rehabilitate the land for the future of the economy.

3. Criteria for Government involvement

This section responds to the consultation question, "Will the criteria in Table 1 help the Government decide whether to get involved? What other criteria would help?" (p. 2)

3.1. Severe or lasting impacts

HortNZ supports the inclusion of the food supply chain. The food distribution network is part of national lifelines. Some food hubs are not close to population centres, like Gisborne. Even where food hubs are currently close to population centres, like Pukekohe, there is a risk that food production will be displaced due to competition with housing. If the food production is moved further away, it will be all the more important that roads and other infrastructure can facilitate the delivery of food to people after a natural hazard event.

3.2. Exceeds capacity and/or capability

HortNZ supports this consideration. In smaller districts or regions, there are fewer staff on ground available to respond or drive recovery after a natural hazard event, so Council capacity to respond should be considered.

3.3. Compounding place-based factors

HortNZ supports this consideration. This criterion should also explicitly consider the importance of the place and local industry to the diversity and resilience of the national economy.

⁹ United Fresh, Plant & Food Research. "Fresh Facts 2024".

3.4. Other

Natural hazards generally lead to increased social costs and decreased long term wellbeing. After the 2010 floods in Queensland, Australia, "the estimated lifetime cost of mental health issues, alcohol consumption and domestic violence" was over \$6 billion, equal to the cost of direct damages.¹⁰

In addition, consideration should be given to the threat of lawlessness or social disorder if rules are not changed. For example, after Cyclone Gabrielle, the volume of woody debris and destroyed orchard structures was too high to transport and dispose of it all in landfill. The most practicable solution was to burn the debris, but that activity was prohibited under the Hawke's Bay regional plan. People were going to burn the debris regardless, even people who would normally follow the rules.

Central Government put together an Order in Council (OIC) to address the matter, but it took several months. The reason this OIC was needed to override regional provisions was because the values being balanced were different in the wake of a natural hazard event than during a normal RMA process.

Under normal conditions, the consequences of not being able to burn are a small degree of inconvenience. After a disaster, the consequences are social outrage. That is the type of circumstance in which Central Government should step in and take action.

This type of circumstance - waste management after a cyclone or earthquake - is predictable and should be planned for in advance. Preparing for this type of situation in advance recognises that the likelihood a disaster that requires burning, clean fill or contaminated waste disposal is very small because natural hazard events are rare. Thus, the likely environmental effects from allowing this activity only in the circumstances of a rare disaster are small.

4. Criteria to determine which categories to focus on

This section responds to the consultation question, "Will the criteria in Table 2 help to determine which categories the Government should get involved in? What other criteria would help?"

4.1. Recovery priorities

This is the criterion that comes up under Question 3 of each category further down the decision tree, including infrastructure remediation, support for property owners and support to stabilise national and regional economies.

HortNZ considers that recovery priorities could include larger goals like the transition to a low emissions economy in order to "build back better" after a disaster. If that is part of the recovery priorities, horticulture will be an essential industry to maintain a profitable low emissions economy.

¹⁰ Boston Consulting Group. "Hawke's Bay Horticultural Sector: Economic Recovery following Cyclone Gabrielle." May 2023.

Horticulture often occupies flood plains because that is where the most fertile soils and water access are located. Those flood plains may then need a degree of protection, even away from the population centres. For instance, workers accommodation has a need to be located close to farms and orchards. To protect the wellbeing of those workers, that accommodation may need particular flood protection.

If flood protection is fully removed from the flood plains, perennial horticulture will effectively have to retreat from these highly productive soils because the risk to the industry's expensive assets (trees which take years to mature, associated structures and packhouses) would be too high. That would lead to a much less economically efficient use of flood-prone land, such as converting it all to process vegetables or arable growing, which would constrain the local economy.

While land may be too hazardous for population centres, primary production may still be a productive use of the land. Some level of infrastructure support (roads, electricity, etc.) and some level of protection from natural hazards will still be required to use the land in this productive manner.

Deciding where to rebuild or construct new hazard protection will require spatial planning and a full-catchment approach. A full-catchment approach would manage upstream activities such that they do not increase the natural hazard risk on downstream activities, often low-emissions food production, through sediment and debris flows. Natural hazard protection infrastructure should also be designed not to diminish the productivity of versatile soils.

Case Study: One Road, Many Vegetables

Road infrastructure in Gisborne was not prepared for a disaster like Cyclone Gabrielle. Cyclone or not, State Highway 2 - the only direct route north - is plagued by slips and flooding which disrupt the flow of people and fresh food out of Gisborne toward the Bay of Plenty and Auckland.¹¹

Following the cyclone, flooding, silt and slips in the portion between Te Karaka and Matawai created the greatest disruption. This disruption created a barrier for support efforts to get into the region and for people to get out. It also disrupted the movement of fresh vegetables to market, contributing to increases in vegetable prices.

Gisborne needs improved connectivity to other regions in the face of disaster, and that requires massive investment in new road infrastructure and maintaining the existing roads.

Gisborne's roads are at risk from the pastoral and forestry uses on steep hills. Impact on road connectivity must be kept front of mind while evaluating the erosion and water retention issues associated with upstream land uses. A thriving horticulture sector in the region requires strong infrastructure to move large volumes of produce.

¹¹ <https://www.nzta.govt.nz/media-releases/sh2-closed-between-whatatutu-intersection-north-of-te-karaka-and-matawai/>, <https://livenews.co.nz/2023/01/28/slips-state-highway-2-te-karaka/>, <https://nzta.govt.nz/media-releases/temporary-sh2-closures-to-clear-slip/>

4.2. Availability of resources

This might include local or national access to fresh fruits and vegetables or other food items in the event of a supply-chain breakdown.

5. Steps to deliver support

This section responds to the consultation question, “If the Government is considering getting involved in a category, are these the right steps and questions to determine to what extent and how to deliver support?”

5.1. Infrastructure remediation

This framework is supported.

5.2. Support for property owners

This framework is supported.

5.3. Support to stabilise national or local economies

This framework is supported, particularly Question 2 about the risk of regional recession or national/structural impacts. Disruption to major food supply chains should meet this criterion.

Softening immigration settings may be required after a major hazard event, to allow workers under the Recognised Seasonal Employer (RSE) scheme to be redeployed to the businesses that need the most support.

6. Leadership settings

This framework is supported.

7. Enabling mechanisms

HortNZ supports the proposal that the Government should introduce enduring recovery legislation to trigger powers when required. Our experience after Cyclone Gabrielle was that Orders in Council took too long to come into place to allow people to start recovery work – like burning debris – on their properties.