

# SUBMISSION ON

## Managed Retreat

10 June 2022

**To:** Ministry for the Environment

**Name of Submitter:** Horticulture New Zealand

### Contact for Service:

Sarah Cameron

Senior Policy Advisor

Horticulture New Zealand

Ph: 021446281

Email: [sarah.cameron@hortnz.co.nz](mailto:sarah.cameron@hortnz.co.nz)

# OVERVIEW

## Submission structure

- 1 Part 1: HortNZ's Role
- 2 Part 2: Submission

## Our submission

Horticulture New Zealand (HortNZ) thanks the Ministry for the Environment (MfE) for the opportunity to submit on the Managed Retreat consultation and welcomes any opportunity to continue to work with MfE and to discuss our submission.

HortNZ wishes to be heard in support of our submission and would be prepared to consider presenting our submission in a joint case with others making a similar submission at any hearing.

The details of HortNZ's submission and decisions we are seeking are set out in our submission below.

# HortNZ's Role

## Background to HortNZ

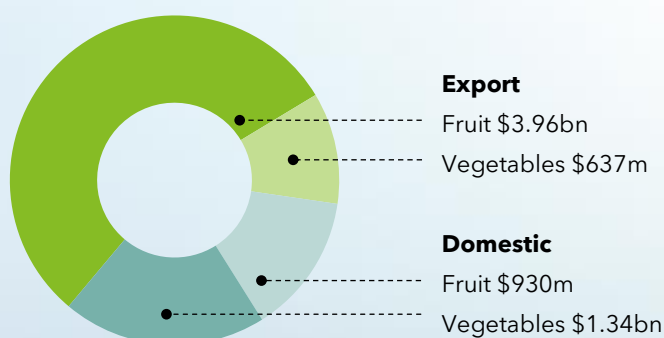
HortNZ represents the interests of approximately 5,500 commercial fruit and vegetable growers in New Zealand who grow around 100 different fruit, and vegetables. The horticultural sector provides over 40,000 jobs.

There is 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 \$6.87bn**

**Total exports \$4.6bn**

**Total domestic \$2.27bn**

## HortNZ's Resource Management Act 1991 Involvement

On behalf of its grower members HortNZ takes a detailed involvement in resource management planning processes around New Zealand. HortNZ works to raise growers' awareness of the Resource Management Act 1991 (RMA) to ensure effective grower involvement under the Act.

# Executive Summary

Horticulture is reliant on highly productive land (HPL) and infrastructure which in coastal and flood prone areas are vulnerable to impacts of climate change. Horticulture crops are generally grown on flat land which can be vulnerable to flooding. Protecting crops will require innovative thinking and a reliance on global successes e.g; Netherlands retreat mitigation and increased undercover growing solutions for some crops.

New Zealand's existing food production systems are coming under increased pressure from population growth (and competing land use demands reducing availability of highly productive land climate change, water concerns, emissions trading costs (ETS), the cost of energy, and the need to improve environmental outcomes. Food security is a nationally important issue which needs to be addressed at a strategic level. While New Zealand is a net food exporter, many of the vegetables and some of the fruit that we grow are only for domestic food supply.

*"Observed climate change is already affecting food security through increasing temperatures, changing precipitation patterns, and greater frequency of some extreme events ... Food security will be increasingly affected by projected future climate change."<sup>1</sup>*

Over 80 percent of vegetables grown in New Zealand are for domestic consumption. For most vegetable crops, the domestic market is the primary market, but many growers produce export crops within their rotations for practical (soil health) and economic reasons. Most of the vegetables that New Zealand imports are processed. In 2019, the most imported vegetables were preserved tomatoes and frozen potatoes.<sup>2</sup>

New Zealand also has an important role in exporting fresh vegetables to the Pacific Islands<sup>3</sup> New Zealand and our Pacific Island neighbours are too remote to import many fresh vegetables from elsewhere in the world.

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<sup>1</sup> IPCC Special Report on Climate Change and Land. Chapter 05 Food Security (Executive Summary). <https://www.ipcc.ch/srccl/chapter/chapter-5>

<sup>2</sup> Plant and Food, Fresh Facts 2019

<sup>3</sup> For example, in 2016 76% of total exported potatoes went to Fiji, 87% of exported Kumara and 82% of exported cauliflower, 75% of exported cabbage went to the Pacific Islands. (KPMG, 2017. New Zealand domestic vegetable production: the growing story)

# Horticulture in New Zealand

Horticulture is a diverse industry - from fruit orchards to outdoor vegetable cropping rotations (including production for fresh and processed vegetables), through to covered crop greenhouses.

## Fruit

Collectively, fruit exports make up approximately 80% of the (fruit) industry value; the remainder is domestic. New Zealand exported 962,500 tonnes of fresh fruit in 2019. Fresh fruit exports from New Zealand have been experiencing growth; for example, exports grew in value by \$54 million from 2018 to 2019. The most predominant export crops (by value) are kiwifruit, apples, avocados and cherries. Some fruit crops are predominately grown for the domestic market, e.g., citrus, feijoa, nectarines, peaches and plums.

## Vegetables

The majority (80%) of fresh vegetables are grown for the domestic market. New Zealand's vegetable-growing regions supply markets at different times of the year to provide a sustainable, year-round supply of produce for New Zealand. Growing of vegetables for domestic supply is also integrated with vegetables grown for export in crop rotations, for practical (soil health) and economic resilience reasons. New Zealand exported 569,800 tonnes of vegetables in 2020. The most predominant fresh vegetable export crops (by value) were onion, squash and potatoes. The most predominant process vegetable export crops (by value) are potatoes, peas, sweetcorn and beans.

## Greenhouse growing systems

Greenhouses are a highly efficient food production system, optimising the use of land, water, and nutrients. In New Zealand there is estimated to be 310 hectares of greenhouse vegetable growing, dispersed throughout New Zealand (although predominantly in the upper North Island). Most vegetables grown in greenhouses in New Zealand are for domestic consumption; the main export crops are capsicums (~35% of the crop) and tomatoes (~10% of crop). This growing system is an integral part of New Zealand's food system, enabling New Zealanders to access freshly grown vegetables from a local supplier throughout the year; provides resilience within the domestic food system; and is important for risk management at a national level.

# Submission

While Hort NZ supports the intent of improving legislation to provide certainty to land and property owners for instances where managed retreat is the last viable option, we are concerned that the consultation material is too light on detail to provide a comprehensive response. Our submission focuses on land and building risk, how we see the legislative framework working, funding and insurance mechanisms.

## 1. National Framework

Hort NZ supports a national framework for managed retreat, with clearly defined roles and responsibilities for individuals, central and local government, that provides national direction and funding scenarios and compensation models.

In October 2021, MfE published a guide to Local Climate Change Risk assessments<sup>4</sup> to assist councils to undertake climate change adaptation planning. While some council risk assessments have been completed, the risks identified are high level e.g; productive land is susceptible to flooding. A nationwide timeline risk assessment of land, infrastructure and buildings that are vulnerable to managed retreat at a land/property/asset owner level is crucial to provide certainty and provide data into funding models.

### Outcome sought

Provide funding to local authorities to provide individual risk assessments

### 1.1. Legislation

Hort NZ understands that managed retreat legislation will be supported by the three replacement Acts to the Resource Management Act (RMA):

1. Natural and Built Environments Act (NBA)
2. Strategic Planning Act (SPA)
3. Climate Change Adaptation Act (CCA)

<sup>4</sup> <https://environment.govt.nz/assets/publications/climate-risk-assessment-guide.pdf>



The RMA amendment package is complicated and while we understand the main purpose is to address complex issues associated with managed retreat and funding and financing adaptation, there is limited information on the Acts content for submitters to provide commentary. It is crucial that all three Acts work together to provide a seamless response to adaptation and managed retreat.

The relationship between the CAA and NBA is unclear and if the primary purpose of the CAA is implementation planning of managed retreat (as suggested in the consultation document) then the CAA should drive managed retreat outcomes and should provide visions/values for district/regional councils to produce their own managed retreat plans, however we are unclear on how this would feed into the NBA planning space.

Hort NZ views the managed retreat legislative pathway as:

- Under the SPA, spatial plans would provide for a policy framework that would address managed retreat at a regional level and be guided by a national framework
- Under the NBA, district and regional plans give effect to managed retreat by aligning with regional/district spatial plans, visions and values, with regional and district spatial plans, also reflecting national values
- Under the CAA, set out funding and compensation requirements and more complex issues (property transfer).

It is difficult to see how the three frameworks will operate and interact without the detail.

Further legislation to consider is the Building Act. Existing buildings may be at risk due to a changing climate affecting the durability of building materials. This will mean that people will be displaced, homes will need to be fixed, rebuilt or destroyed which will further impact on the housing shortage facing New Zealand.

Hort NZ supports the objectives and actions proposed under the Homes, Buildings and Places section of the Adaptation Plan:

- Research to understand the impacts of climate hazards on various housing typologies and the costs and benefits of adaptation strategies at the property level and to inform any future changes to building regulations and standards
- Property-level guidance to inform homeowners and renters about climate impacts and their options to manage and respond to risks

- An assessment framework to help building owners, developers and new home builders to identify climate hazards relevant to their property and understand their building's adaptation requirement.

### **Outcome sought**

Government to provide a more detailed, clearer picture of how the NBA, CAA and SPA will interact

## **2. Objectives and Principles**

Objective: Protection of the natural environment and the use of nature-based solutions are prioritised

While Hort NZ supports the protection of the natural environment, it is important to understand that in some circumstances managed retreat is not full retreat and there should be equal priority given to the protection of land/buildings/assets when this is the case. For example, a building maybe categorised as high risk (situated in a flood path) however the land that it sits on may not. A grower may be able to continue growing operations but no longer have use of the building.

The managed retreat process in Matata took over 15 years to conclude causing stress, anxiety and financial stress to land and property owners. To provide certainty, Hort NZ would like to see statutory time restraints for managed retreat and the addition of a new principle which reflects this.

## **3. Intolerable Risk**

Managed retreat is a finite solution and councils must explore options to mitigate the risk. Intolerable risk to buildings and residential properties is not the same as risk to land. There is no intolerable loss of life associated with land - in this scenario productive land for horticulture growing.

While retreating from at risk areas is one way of managing the risks of climate change and natural hazards, for productive land, risk mitigation and retreat alternatives should be a priority.

Innovative thinking will be crucial to protect New Zealand's productive land which is decreasing in New Zealand because of residential developments:

- 15 percent of land in New Zealand is optimal for food production
- Between 2002-2019, the area of highly productive land that was unavailable (because it had a house on it) increased by 54 percent.



Hort NZ supports alternative pathways for identifying intolerable risk for productive land and for seeking options for managed retreat and flood protection to work together to protect the productive capacity of highly productive land and settlements

## **1.2. Alternative pathways**

The risks associated with managed retreat will be different depending on the event. Land at risk because of sea level incursion will not carry the same risk as a residential property at risk of a natural hazard.

Where there is risk to land (but not imminent), councils could provide a 5 - 20 year period to conclude the managed retreat process. Sea level incursion is unlikely to affect coastal production land in the short-medium term. Councils should look at mitigating risk to productive land (as well as residential buildings) by evaluating the economic loss of productive land to their region.

Global managed retreat mitigation policy needs to be explored. The Netherlands is constantly innovating, building new infrastructure and investing in new technologies as a response to not only disasters they had to face in the past but present-day impacts of climate change. The extensive system of dykes and engineering works seeks to protect from routine and infrequent events.

The Netherlands is the hub for international production and trade of horticultural products and plant source materials. The sector is the largest exporter of fresh vegetables in the world. Crops are grown in open fields as well as in greenhouses and with an increasing global demand for sustainable growing methods, the Dutch greenhouse industry sets an example for how to adapt and mitigate climate change effects for some crops.

## **4. Funding, Compensation and Land Acquisition**

Councils are generally funded by rate payers and rates in many regions have increased substantially over recent years. Requiring councils to fund managed retreat processes will put further strain on already financially stressed rate payers.

The Hawkes Bay Regional Council has proposed an approach which involves charging ratepayers \$30 a year for a coastal defence or a managed retreat fund. While still to be concluded, the payment provides equity across house and landowners and provides certainty to councils for adaptation planning. While Hort NZ supports this approach, the establishment of a central fund to assist councils will provide a consistent approach particularly for those regions that have additional vulnerabilities posed by diverse landscapes, populations and economies.

It needs to be clear what the fund will cover, how it will be administered and prioritisation of funding. Will a compensation model be built into the fund and how will compensation be determined?

### 1.3. Compensation

It is not clear if a compensation model will be built into funding planning and HortNZ sees compensation different to the acquisition of land and buildings.

There are a range of scenarios where Hort NZ would support compensation:

- Where councils have allowed consents and development to happen in high-risk areas
- Where statutory timeframes for managed retreat haven't been met
- Where flood protection mitigations have an adverse impact on productive land

Land and property owners should not be financially disadvantaged due to inadequate council process and failure to meet legislative requirements.

### 1.4. Land Acquisition

Where local and central government require the transfer of land and property under legislation, Hort NZ recommends that the market value for productive land should be offered because of the improvements to the land as noted under the Rating Valuations Act<sup>5</sup>. Another option to consider is land swap – the government releases land that is equal in size and productive capability to the effected landowner or a buy and lease scheme (if the risk is not imminent).

While acquired land is being used as a buffer zone to protect land and populations from floods and storms, it is recommended that Councils have a duty to turn this land into environmentally sound spaces.

#### Outcome sought

- Time based risk assessment of land/infrastructure/buildings vulnerable to managed retreat at a land/property/asset owner level
- Land acquisition at market value
- Consideration for land swap and buy and lease schemes
- A central fund to provide equity to councils

## 5. Insurance

General insurance is provided on an annual basis and covers the value and loss of damage to a building and is unlikely to cover the full costs of managed retreat.

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<sup>5</sup> <https://www.legislation.govt.nz/act/public/1998/0069/latest/whole.html>

While horticulture buildings e.g: processing centres and post-harvest facilities are covered by insurance, growers do not generally have insurance for protection of crops (because of affordability) from weather related events with the exception of kiwifruit growers:

- The 2022 Zespri Group Limited Pool Hail Insurance Policy pays for the loss of individual Class 1 kiwifruit which is damaged by having been directly struck by hail, on the vine, and is unable to then meet export standards as a result of that damage

Growers tend to rely on the Rural Support Trust and tax relief from Inland Revenue to supplement essential living needs where production has been impacted.

Providing insurance for managed retreat is likely to consider a number of scenarios.

#### Council has issued consents for buildings and activities in high-risk areas

This will mean higher premiums for landowners and/or no insurance cover in extreme cases. Where this is the case, councils should be required to provide insurance for effected properties

*Local councils are continuing to grant consent for development in exposed places. The Christchurch City Council - already with one of the highest exposures to coastal hazards - last year announced a 65-home development in New Brighton, an area current modelling suggests is prone to coastal flooding.*

#### A council rating and/or risk assessment has changed

Where councils change a risk rating and enact the managed retreat process, buildings are covered under general insurance however it is recommended that insurance cover is extended to cover loss of income due to impacts to the land (that is productive)

What is clear is that horticulture will be severely impacted by managed retreat and the lack of insurance and therefore alternative solutions should be explored.

#### **Outcome sought**

Alternative insurance solutions for productive land

Council insurance cover when consents have been issued for high-risk areas