TO: Ministry for the Environment


FROM: T&G Global Limited ("T&G")

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1. EXECUTIVE SUMMARY

1.1 T&G welcomes the opportunity to provide this submission on the Government's freshwater reform package.

1.2 We support the intention of the reform package to prevent further degradation of New Zealand's freshwater resources and put in place a framework to improve the quality of those resources over time. Our key concern is to achieve this in a way that also promotes horticultural production as a sustainable means of providing for New Zealand's economic and social wellbeing.

1.3 We believe the reforms as currently proposed have the potential to discourage the future development of sustainable horticultural production such as protected cropping and precision-irrigated fruit growing. These are exactly the type of developments the reform package should be encouraging. Glasshouses and other protected cropping systems such as tunnels enable growers to tightly control water and fertiliser application and enable the recycling of run-off (and other waste products). Similarly, precision-irrigated fruit growing uses water and fertiliser in a controlled and targeted manner.

1.4 In our detailed submission below, we have identified the potential for amendments to the reform package to provide a resource management policy and rule framework that better
enables new sustainable horticulture, without compromising the overall intent of the reform package. T&G would welcome the opportunity to discuss these potential amendments further with the Ministry.

2. T&G

2.1 T&G has been in business in New Zealand for more than 120 years, beginning in 1897 as a fruit auction business before amalgamating with a grower co-operative in 1921 to form Turners & Growers Ltd. We now trade as T&G Global Ltd.

2.2 Today, T&G is a grower, marketer and exporter of fresh fruit and vegetables with operations across the globe. Our business divisions include:

(a) NZ Produce – which is responsible for domestic produce activities within New Zealand, including twelve New Zealand wholesale produce market sites and T&G’s tomato, berry and citrus growing operations. It also manages T&G’s transport, imports, exports (excluding apples) and Pacific Islands export operations.

(b) Global division – this incorporates T&G’s international produce trading, and domestic apple growing operations and exports.

2.3 We also own a number of consumer brands, including JAZZ™, Envy™ and Pacific Rose™ apples and Beekist tomatoes. Our brands are sold in over 70 countries around the world.

2.4 The scale of T&G’s overall assets and operations is significant. Total revenue for the 2018 financial year was $1.2 billion (an increase of $120 million from 2017). Our strategic focus is on strengthening our core business, with significant further investment earmarked for enhancing domestic growing operations.

2.5 T&G continues to be a major contributor to New Zealand’s economy in other ways. We support a large number of independent growers throughout the country, with hundreds of growers supplying produce to the business. T&G also has over 1,500 permanent New Zealand employees and employs thousands of additional seasonal staff during harvest.

Sustainability

2.6 Sustainability is at the heart of T&G’s operations. The principle “kaitiakitanga” guides how we do business at T&G and is an integral part of our strategy. For T&G, it means we treat our land, people, produce, resources and communities with the greatest respect and care, as guardians of their future. Kaitiakitanga captures how T&G takes responsibility for our
environmental impact, while protecting, sustaining and enhancing our human and natural resources for the future. The 2019 Colmar Brunton “Better Futures” report identified T&G as a brand that is a leader in sustainability.

2.7 Our business relies heavily on healthy soils and waterways. We therefore seek to develop all our operations in a sustainable manner and invest in a number of sustainability initiatives, particularly around land management to enhance and protect waterways. For example, in recent years we have teamed up with Sustainable Coastlines to plant native trees along streams that run through our orchards right across the country.

2.8 We continue to invest in ultra-violet equipment upgrades to improve the water recycling abilities of our protected cropping operations. These improvements at our Reporoa tomato glasshouses have seen water use rates reduced to less than 15 litres per kilogram of tomatoes produced. We understand this represents one of the highest value-per-litre rates for water use in the country (with only bottled water exporters able to generate a higher return).

3. PROTECTED CROPPING SYSTEMS

3.1 Protected cropping systems such as glasshouses and tunnels enable high-quality produce to be grown in commercial quantities all year round. These systems also allow growers to efficiently use freshwater resources, including by enabling the recycling of run-off water and nutrients.

3.2 We currently operate glasshouses in five locations at Ohaupo, Reporoa, Tuakau, and Mangere, totalling an area just short of 30 hectares under glass. These glasshouses produce nearly 12,000 tons of tomatoes per annum, primarily for the New Zealand domestic market. We also operate tunnel systems for our berryfruit production.

3.3 Consistent with our focus on enhancing domestic growing operations, we intend to invest in significant new glasshouse developments in the short-to-medium term. This includes at Reporoa, where we are planning additional facilities to complement our existing glasshouses and increase tomato production from this key location. We also intend to invest in new tunnel systems for our berryfruit growing operations.
3.4 T&G has invested significantly in our protected cropping operations across all locations to improve their environmental sustainability and performance. In particular:

(a) We operate water recycling systems that allow us to capture the water and fertiliser that drains from the bottom of each crop. This is then pasteurised or UV treated to enable it to be recycled and used again within the glasshouse.

(b) We apply water and fertiliser to our protected crops with significant precision. For example, our glasshouses have sensors to track water and nutrient uptake, which gives us the ability to apply water and fertiliser at rates that match crop demand. The end-result is significantly less leaching of nutrients into our soils, streams and rivers.

(c) We also tightly control the humidity within our glasshouses. This helps us ensure we give our crops only as much water and fertiliser that they need for optimum growth.

3.5 T&G has also invested in other initiatives to make our protected cropping production more sustainable, including in ways other than in relation to water and fertiliser use. For example, T&G has recently partnered with Eco Gas (a joint venture between Ecostock and Pioneer Energy) in the development of New Zealand's first large-scale, waste-to-energy plant. This will be located on land owned by T&G that is adjacent to our Reporoa tomato glasshouses.

3.6 We have committed to supplying the plant with 1,000 tonnes per annum of organic waste (the plant will also take organic waste from a variety of other sources), and in return we will buy the renewable energy produced by the plant to provide a source of heat and CO₂ to our glasshouses. This is just one example of how our glasshouses utilise renewable energy and demonstrate the circular use of New Zealand's natural resources, whilst also enabling high-value economic activities.

3.7 Not every grower has made the same significant investments as T&G to improve the sustainability of their protected cropping operations. The freshwater reform package should encourage and enable growers like T&G who are committed to making investments that allow water and fertiliser use to be as efficient as possible. This will contribute to the overall goal of improving New Zealand's water quality, while enabling social and economic wellbeing.

Barriers to sustainable glasshouse development

3.8 The development of new glasshouses is expensive. The minimum capital investment is around $4 million per hectare to develop a new facility that can produce a quality yield that satisfies today's consumer expectations, while incorporating the significant sustainability
investments outlined above. Costs to enable internal recycling of water and nutrients are in the order of $200-$300 per square metre of glasshouse.

3.9 In our experience, obtaining the necessary resource consents for new glasshouses under the Resource Management Act 1991 ("RMA") can be an expensive part of the development process. It also usually comes with no guarantee of an outcome that is both environmentally and commercially acceptable, particularly where the relevant regional planning framework tightly controls new glasshouse activities.

3.10 An example of this is the Waikato region. Proposed Plan Change 1 to the Waikato Regional Plan (known as "Healthy Rivers: Wai Ora") makes any new "commercial vegetable production" (greater than 4.1 hectares) a non-complying activity. Commercial vegetable production is defined as the growing of specified vegetables (including tomatoes) for commercial purposes. New glasshouses for commercial vegetable production greater than 4.1 hectares are caught by this definition and are therefore subject to the non-complying activity status.

3.11 A non-complying activity status is the most restrictive for which resource consent can be sought. It represents a significant consenting risk for new glasshouse developments in the Waikato region. For T&G, it has added considerable difficulties, delays and costs to our plans to develop a significant new glasshouse at our Reporoa site, with no regard for the fact that our proposed new operations will result in significantly lower nutrient losses than the current irrigated pastoral use of the land.

4. IRRIGATED FRUIT

4.1 In addition to protected cropping operations, a core element of our business is our orchards.

4.2 T&G operates orchards in the Northland, Waikato, Hawke’s Bay, Nelson, Marlborough and Otago regions. We grow a variety of fruit across those regions including:

(a) Apples – which are primarily grown by T&G in Hawke’s Bay (over 700 ha of apple orchards) and Nelson (over 144 ha of apple orchards). These include our well-known brands Jazz™, Envy™, and Pacific Rose™ as well as other apple varieties such as Royal Gala, Pink Lady, Fuji, Pacific Queen and Braeburn;

(b) Berries – blueberries and strawberries; and

(c) Citrus – mandarins and lemons (grown on 110 ha of land in Kerikeri).
4.3 Our fruit is grown for both the domestic and international markets. Our Global Division in particular exports significant amounts of New Zealand-grown apples to markets across the world including the United States, United Kingdom, Europe, Thailand, Vietnam and Japan.

4.4 Our orchards have relatively low rates of nitrogen leaching and minimal sediment, phosphorus and E. Coli losses. In our orchards, we also employ sophisticated and targeted irrigation methods such as drip irrigation and technology to ensure optimal water use. This further minimises our water use and associated nutrient losses.

4.5 As with our protected cropping operations, the RMA and regional planning frameworks can often result in significant barriers to new orchard developments. In most cases, if T&G was to develop a new precision-irrigated orchard, it would result in improved water quality outcomes compared to the previous land use. However, often the consent requirements imposed under the relevant regional planning framework do not provide for this, in that the same activity status is applied to our proposals as other rural production activities that generate much more significant water quality effects.

5. PROPOSED NES – VEGETABLE PRODUCTION – RULE 36

5.1 T&G is concerned that the proposed NES adopts a similar approach to the Waikato Healthy Rivers plan change as it relates to new commercial vegetable production.

5.2 The proposed NES defines commercial vegetable production as "the commercial production on a horticultural farm of vegetable crops for human consumption". All protected cropping systems for vegetable production (including glasshouses and tunnels) are caught by this broad definition.

5.3 Under NES Rule 36(2), any grower seeking to increase the area of land they use for commercial vegetable production in a freshwater management unit, beyond their greatest total amount of land used for commercial vegetable production in that freshwater management unit in any one year between 2013 and 2018, will require resource consent as a discretionary activity.

5.4 As such, the NES as currently proposed will require new protected cropping developments for vegetable production to obtain resource consent as a discretionary activity. The only exception is where (like in the Waikato) the regional planning framework applies a more restrictive non-complying activity status, in which case the regional plan rule will prevail. There is no scope under the proposed NES for regional authorities to provide a more enabling or nuanced rule framework for commercial vegetable production within their regions, which
distinguishes between the different modes of production and prioritises or enables those like protected cropping systems that have lesser effects on water quality.

5.5 We are particularly concerned that the NES applies in a blanket manner to all new protected cropping developments, and does not attempt to distinguish between developments where water and fertiliser recycling (and other sustainability initiatives) are proposed and those where they are not. In our view, this will discourage future investment in protected cropping developments like the glasshouses operated by T&G that incorporate these elements within their growing systems.

5.6 This issue can be addressed by amendments to the NES definition of commercial vegetable production to exclude protected cropping developments that incorporate water and fertiliser recycling. These developments can then be separately defined, and provided with a more enabling controlled or restricted discretionary activity status with appropriate minimum condition requirements. This would mean future protected cropping developments that incorporate water and fertiliser recycling are enabled by the NES, while ensuring the overall intent of the reform package to improve the quality of New Zealand’s freshwater resources is maintained.

6. PROPOSED NES – IRRIGATED FRUIT PRODUCTION – RULE 34

6.1 Rule 34(2) provides that an increase in the amount of land used on a farm for irrigated production is a discretionary activity where the increase is more than 10 hectares. Increases in land for irrigated production of less than 10 hectares is a permitted activity (Rule 34(1)).

6.2 T&G supports the permitted activity status for increases in irrigated production of less than 10 hectares. However, the discretionary activity status for increases over 10 hectares is not appropriate.

6.3 As with the rules applying to commercial vegetable production, this blanket discretionary activity status is too blunt. New, large-scale proposals for precision-irrigation orchards, or tunnelling systems for berryfruit production, which often result in improved outcomes relative to the existing land use, should be given a more enabling consenting pathway.

6.4 We therefore recommend that Rule 34(2) excludes precision-irrigated horticulture, and protected cropping systems for fruit growing. These activities should be subject to a permitted or (at worst) controlled activity status, subject to appropriate minimum standards or conditions (in the case of a controlled status). This would both reflect the low level of effects and often
overall positive outcomes (depending on the existing land use) of such developments, whilst encouraging investment in this sustainable means of production.

7. **PROPOSED NPS – POLICY FRAMEWORK**

7.1 The proposed NPS has one objective and 13 policies.

7.2 The proposed objective is to manage freshwater resources in a way that firstly prioritises the health and wellbeing of freshwater bodies; secondly prioritises the essential health needs of people; and thirdly prioritises the ability of people and communities to provide for their social, economic, and cultural wellbeing.

7.3 T&G is concerned that there is only one policy (Policy 13) that seeks to enable economic wellbeing (and thereby give effect to this element of the third priority of the objective). Proposed Policy 13 simply provides:

   Communities are enabled to provide for their economic wellbeing while managing freshwater in a manner consistent with Te Mana o te Wai and as required by the national objectives framework and other requirements of this National Policy Statement.

7.4 Our concern is that the proposed NPS policy framework therefore does not provide enough specific direction to regional authorities to actively enable more sustainable means of production (such as protected cropping operations or precision-irrigated orchards) in their regional plans.

7.5 In particular, without more specific direction, there is the potential that other regional councils will adopt a similar approach to the Waikato region so as to make new sustainable protected cropping operations and precision-irrigated orchards subject to onerous consenting requirements. This would have the effect of disenabling economic wellbeing, by placing unnecessary barriers to consenting and thereby discouraging investment in these sustainable means of production.

7.6 This issue can be remedied by providing a more nuanced policy framework in the NPS. This would provide some additional forms of specific direction for regional authorities to actively enable those economic activities that are more sustainable in terms of effects on freshwater quality.
7.7 T&G acknowledges there may be other horticultural, agricultural or commercial activities, beyond its sustainable protected cropping operations and precision-irrigated orchards, that can sustainably provide for economic wellbeing in a similar fashion. As such, a broad amended policy framework (rather than one specific to the matters raised by T&G in our submission) would be more appropriate in this regard. If provided in the final NPS, this amended policy framework would mean that regional authorities will be required to provide an enabling consenting path for sustainable new activities in their amended regional plans, by the proposed 2025 deadline.

8. NEXT STEPS

8.1 T&G would welcome the opportunity to discuss our submission on the Government’s freshwater reform package with the Ministry. This is particularly in terms of the amendments that may be made to the proposed NES and NPS to address our concerns set out above regarding enabling future sustainable protected cropping operations and precision-irrigated fruit growing developments.