



SUBMISSION ON

A New Zealand Income Insurance Scheme

26 April 2022

To: Ministry Business Innovation and Employment (MBIE)
: <https://www.mbie.govt.nz/have-your-say/income-insurance/>

FROM: Vegetables New Zealand Inc (VNZI)
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Privacy of natural persons



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.

Vegetable New Zealand growers have an industry value of \$420m. Vegetable growing covers all regions of New Zealand, from the far north with kumara, to the deep south with carrots and parsnip. VNZI is the only industry group to sustain communities throughout New Zealand with a range of diverse vegetables for a healthy and 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.

Executive summary:

- 1. Domestic food supply requires harvest labour from holiday working visas or specialist visas**
- 2. It is estimated that 28% (16,000 pax) of seasonal labour is used in horticulture via visa schemes**
- 3. Seasonal labour is hired on short fixed-term contracts**
- 4. The proposed income insurance scheme is an unfair tax on short term contracts**
- 5. Holiday visa holders need to be able to claim this tax back via a rebate when leaving the country**
- 6. A deleterious effect of applying another tax on short fixed-term contracts will reduce the labour pool to other more equitable tax regimes like Australia**

Submission

Vegetables New Zealand supports the submission by Horticulture New Zealand.

Vegetable New Zealand (VNZI) thanks MIBIE for the opportunity to submit on the New Zealand Income Insurance Scheme Discussion Document and welcomes any opportunity to continue to work with MIBIE Council and to discuss our submission.

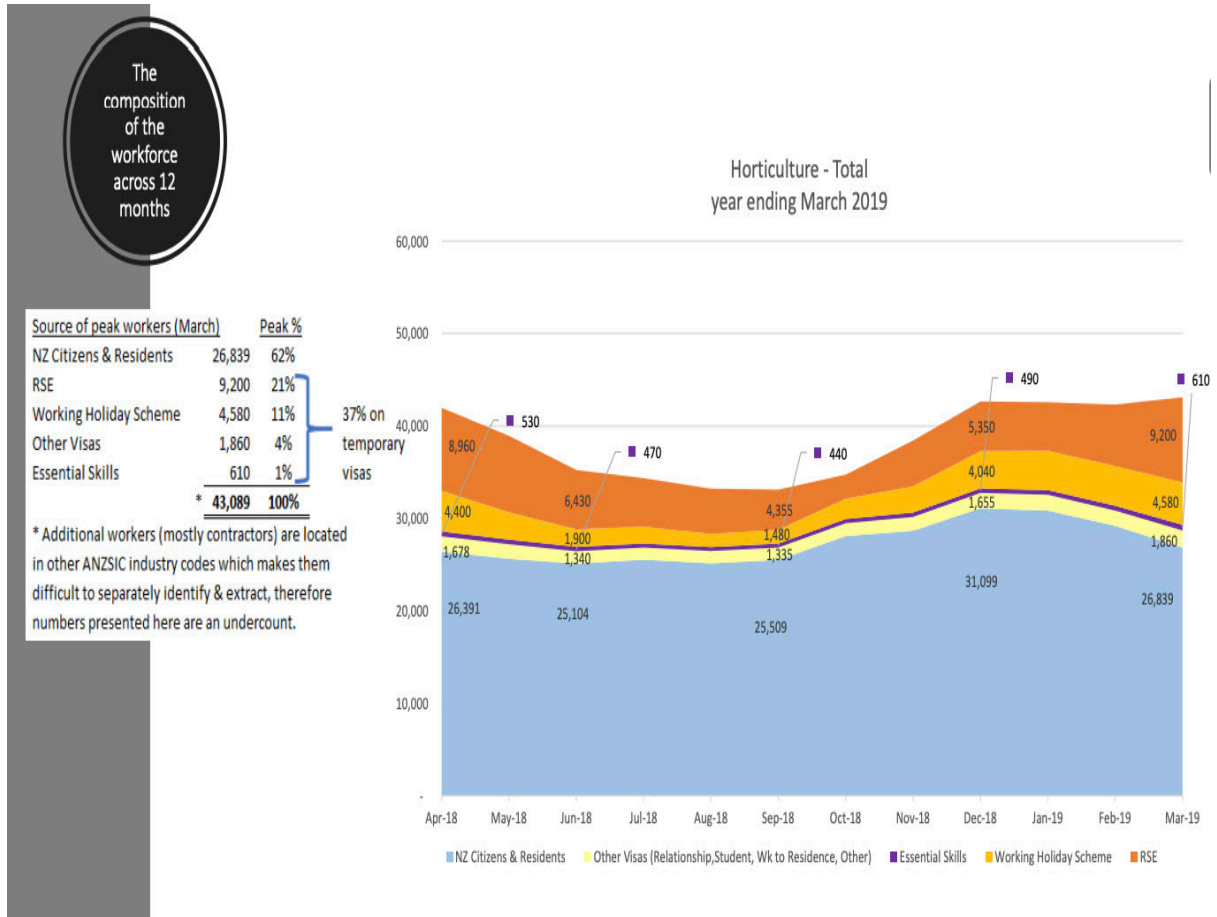
VNZI wishes to be heard in support of our submission and would be prepared to consider presenting our submission in a joint case with others making a similar submission at any hearing.

The details of VNZI submission and decisions we are seeking from MBIE are set out in later sections of our submission.

Seasonal labour supply:

1. Vegetable growers utilise holiday visa labour to harvest crops over a 12 month cycle.
2. Seasonal labour is hired on fixed term contracts.
3. Vegetable growers are not alone in accessing this labour pool
4. Horticulture competes with other productive sectors in New Zealand (hospitality) in attracting staff
5. The Income Insurance Scheme will be viewed by fixed term contract staff as an unfair tax, as they receive no benefit
6. Unfair tax will diminish the size of the pool, as holiday visa opportunities move to other markets like Australia.
7. Tax rebates could address the tax equity from short term holiday visa periods
8. Table 1. shows that the horticulture seasonal labour market is 43,000, 62% are New Zealand citizens and residence
9. Table 1. shows that 16,000 visa holders are needed to harvest our crops
10. Limited harvest labour will limit the volume of crop on the market, and increase the price

Table 1. Horticulture seasonal labour market

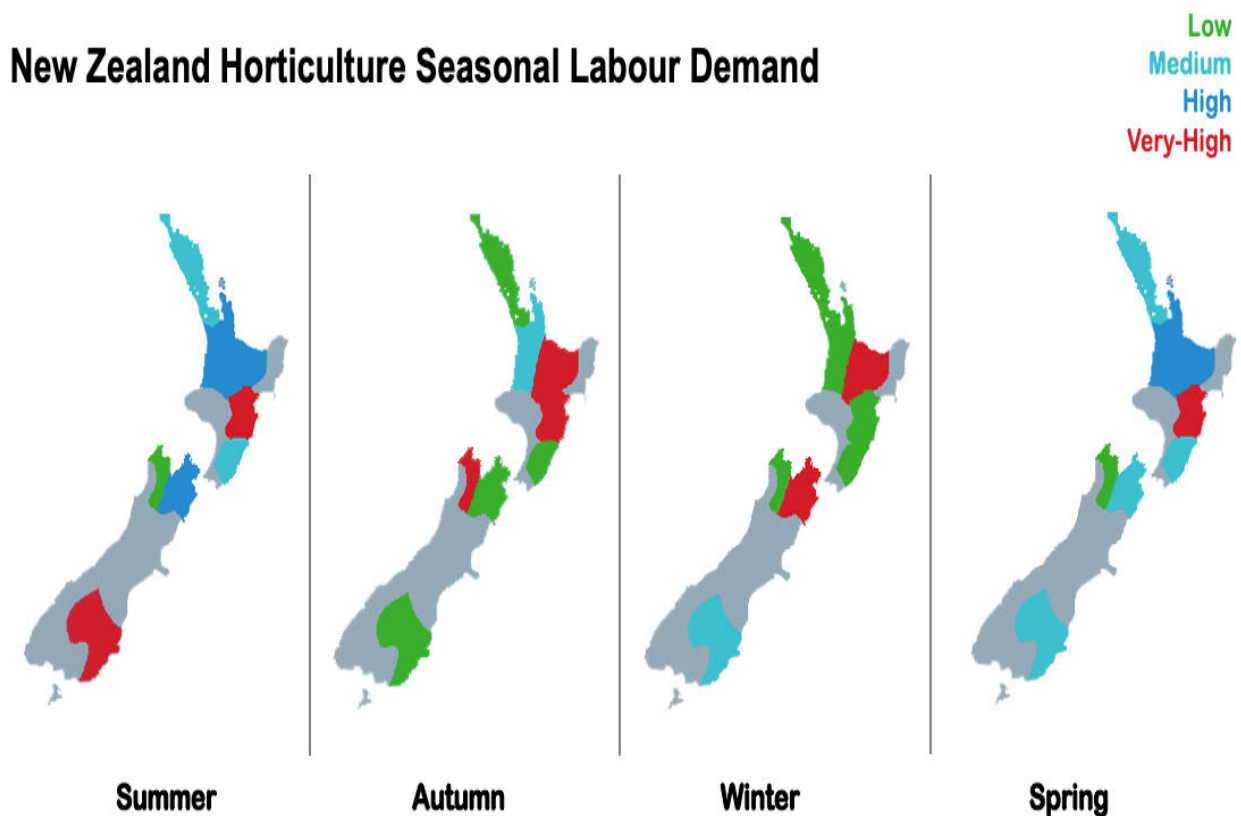


Above: The Current Workforce (source MPI, 2021). The majority of the Horticulture Workforce are New Zealanders with seasonal peaks (that are geographically dispersed) being supported by the Recognised Seasonal Employment Scheme (RSE) and Working Holiday Scheme Visa Holders (Backpackers).

Domestic food supply/ food security / seasonal labour supply

11. Table 2. shows that New Zealand harvest periods span 12 months of the year
12. Table 2. shows that seasonal labour flows follow the seasonal harvest from Northland to Southland

Table 2. Horticulture seasonal labour demand throughout New Zealand, over 12 months.

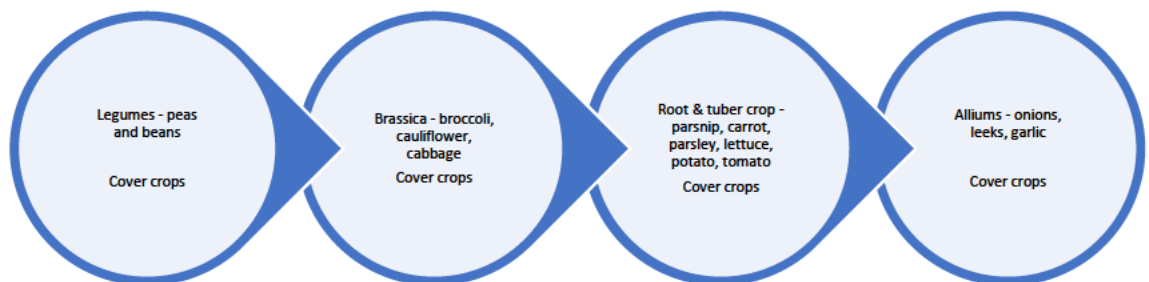


Above: Seasonal peaks and troughs of labour demand in the New Zealand horticulture industry are driven by climate. Tasks that have not yet been automated for example cherry, apple, and kiwifruit harvests and grapevine pruning are geographically dispersed. Despite these roles being seen as ‘unskilled’ due to their low barriers of entry to be ‘productive’ in these roles requires a high level of skill.

13. Vegetable production covers all regions of New Zealand
14. Vegetable production is grown under a crop rotation system
15. Most vegetables grown in New Zealand are only grown for the domestic market – for example:
 - a. Garlic 100% domestic
 - b. Kumara 100% domestic

- c. Brassica – Broccoli / Cauliflower / Cabbage 95-100% domestic
- d. Lettuce 100% domestic
- e. Leaf greens – herbs / spinach 97-100% domestic

16. Food security is vital for consumers to access healthy produce all year round
17. Crop rotations are considered best practice and the ideal way to care for the soil and deliver optimal growing results
18. Most vegetable crops cannot be grown continuously in the same soil season after season, making crop rotation critical to minimize pest, disease and weed pressure.
19. 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
20. Table 3. shows an example of a crop rotation:



21. 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

End