

PRIMARY SECTOR

Building a Stronger Economy



Building a stronger Primary Sector

The primary sector is the backbone of our economy. Its success is a key part of our plan to build a stronger economy, create more real jobs, and raise incomes.

National is proud to champion our farmers and growers. We're delivering the solutions needed for an innovative, prosperous, and competitive rural sector, and we're working hard to improve the performance of the sector across the board.

Growing the primary sector

National has focused on improving the economic performance of our primary producers.

We've cut red tape. We've simplified and streamlined the Resource Management Act to achieve a better balance between our environment and our economic opportunities.

We've made the tax system fairer and provided incentives for hard work.

We're providing more support for rural health and education. We're creating the conditions for ongoing innovation in agricultural techniques, and investing more than ever before in new technologies and irrigation infrastructure.

National will continue to deliver the solutions needed for our primary sector because we know how important it is to build a stronger economy and create more jobs.

“National will establish the Crown Water Investment Company, and provide up to \$400 million from the Future Investment Fund to make equity investments in irrigation projects that help increase productivity, grow our rural economy, and create jobs.”

Key facts

- Reduced personal taxes across the board and cut company tax to 28 per cent.
- Almost half a billion dollars of government and industry investment in the Primary Growth Partnership – promoting innovation on and off the farm.
- Cleaning up New Zealand's lakes, rivers, and aquifers with a \$265 million investment.
- Tackling greenhouse gas emissions while increasing food production through the Global Research Alliance, and \$50 million over 10 years for the Agricultural Greenhouse Gas Research Centre.
- Reducing ACC levies for rural businesses.
- Providing \$30 million to control Bovine TB.
- Rolling out our rural broadband initiative.

Related policies

- Future Investment Fund
- Environment and Climate Change

National has...

Supported primary production



Supported innovation on and off the farm

- ✓ Established the joint government-industry Primary Growth Partnership (PGP), with close to half a billion dollars of industry and government investment so far in innovation on and off the farm.
- ✓ Boosted spending on science and innovation to \$773 million.
- ✓ Refocused Crown Research Institutes towards areas of long-term growth, required them to work more closely with their sectors, and provided \$215 million annually.
- ✓ Driven unity and cooperation in the wool sector through the formation of the Wool Taskforce and the Wool Unity Group.



Improved livestock

- ✓ Introduced a graduate voluntary bonding scheme for rural vets.
- ✓ Progressed the National Animal Identification and Tracing (NAIT) system – New Zealand's first electronic livestock traceability scheme.
- ✓ Delivered the biggest boost in funding for animal welfare activities in over a decade.
- ✓ Toughened penalties for animal welfare offences, and banned the use of sow stalls from 2015.
- ✓ Provided \$30 million over five years to control Bovine TB.



Supported horticulture and viticulture

- ✓ Enhanced the Recognised Seasonal Employer (RSE) scheme for workers in horticulture and viticulture, allowing employers to meet their labour market requirements.
- ✓ Overseen the entry of our apples into Australia, after the World Trade Organisation reversed a 90-year ban.



Encouraged forestry

- ✓ Made the most of the Primary Growth Partnership to help forestry meet future demand. Forestry was the first sector to benefit from PGP investment.
- ✓ Worked towards an investment-friendly climate, which will encourage small, modern, and specialised log mills in New Zealand.
- ✓ Reduced regulation through a voluntary industry initiative to address illegal logging, helping ensure sustainable forestry.



Protected biosecurity

- ✓ Provided \$25 million to help the kiwifruit industry manage Psa disease.
- ✓ Committed \$75 million for a 'Joint Border Management System' between MAF and Customs.

Supported rural growth



Built better roads

- ✓ Boosted investment by over \$1 billion over three years in state highway projects that promote productivity and growth.
- ✓ Progressed work on seven Roads of National Significance, improving links between our regional economies, ports, and cities.
- ✓ Released a state highway classification that categorises state highways by volumes of traffic, freight, and tourism. This has identified roads suitable as future Roads of National Significance.
- ✓ Changed the rules around the weight of trucks allowed on our state highways to enable heavier loads and increased log lengths to be carried and increase productivity.



Cut red tape and made business easier

- ✓ Simplified and streamlined the Resource Management Act.
- ✓ Put in place the small business reform package to soften the edges of the recession.
- ✓ Streamlined trans-Tasman travel, introduced new express arrival lanes, SmartGate.
- ✓ Committed \$75 million for Customs and the Ministry of Agriculture and Forestry to develop a single trade window for importers and exporters.



Rolled out faster rural broadband

- ✓ Committed \$300 million to our rural broadband initiative.
- ✓ Started laying fibre to vastly improve broadband speeds in rural areas.
- ✓ Rolled out fibre broadband to the first rural schools.



Improved employment law

- ✓ Introduced the voluntary 90-day trial period for new employees.
- ✓ Increased flexibility in the Holidays Act.
- ✓ Reformed the personal grievance system.



Improved trade access

- ✓ Identified growth markets, such as India and China, where we are increasing support for exporters as well as looking to build on existing free trade agreements or establish new free trade agreements.
- ✓ China is the world's third-largest dairy producer and on track to become the world's largest dairy consumer in the next 10 years. We're well placed to make the most of this growth.

Supported rural communities



Improved rural health

- ✓ Set up graduate bonding for doctors, nurses, and midwives working in hard-to-staff areas.
- ✓ Put in place a rural training immersion programme to encourage nurses, physios, and other health trainees to consider on-the-job training in rural areas, where they are more likely to stay when fully qualified.
- ✓ Promoted remote consultations via internet for patients in rural areas so that patients can better manage their health at home.
- ✓ Invested \$100 million more per year in GPs and primary care than in 2008 and increased subsidies for doctors' visits.
- ✓ Fully-funded Plunketline 24 hours a day, seven days a week, giving new parents access to vital support any time of the day or night.
- ✓ Provided \$9.4 million this year to improve drinking water in remote communities.



Improved rural education

- ✓ Rolled out National Standards in literacy and numeracy in primary and intermediate schools.
- ✓ Established two primary industries trades academies, in conjunction with rural schools.
- ✓ Introduced a graduate voluntary bonding scheme for teachers in hard-to-staff areas.

Improved the environment



Improved fresh water management

- ✓ Provided \$265 million to clean up lakes and waterways in communities with historic water-pollution problems.
- ✓ Set up the Land and Water Forum to provide cross-sectoral advice across a full range of water interests.
- ✓ Allocated \$35 million to the Irrigation Acceleration Fund to develop irrigation infrastructure.



Doing our share on climate change

- ✓ Repealed Labour's Emissions Trading Scheme (ETS) and replaced it with a scheme that halved the cost on families and businesses.
- ✓ Committed to regular reviews of the ETS to ensure we don't get ahead of our trading partners.
- ✓ Established the Global Research Alliance on Agricultural Greenhouse Gases and committed \$45 million.
- ✓ Established the NZ Agricultural Greenhouse Gas Centre and committed \$50 million.



Balanced tenure review

- ✓ Progressed a more balanced approach to tenure review and high country policy.

Our results so far

Supported rural growth

- Refocused our tax system to reward hard work and encourage savings, productive investment, and exports, and discourage borrowing, consumption, and property investment.
 - Cut business tax to 28 per cent.
 - Reduced income taxes across the board.

Income tax rates	Before Budget 2010	After Budget 2010
\$0 - \$14,000	12.5%	10.5%
\$14,001 - \$48,000	21%	17.5%
\$48,001 - \$70,000	33%	30%
Over \$70,000	38%	33%

- New Zealand's terms of trade are the highest they've been for 40 years.
- The Primary Growth Partnership has invested:
 - \$321 million to support innovation in the red meat and dairy sectors.
 - \$19.5 million to support the transformation of traditional fertiliser use.
 - \$105 million to support the growth of the aquaculture and wild fish industries.
- 75 graduates signed up so far to our rural veterinary Voluntary Bonding Scheme.

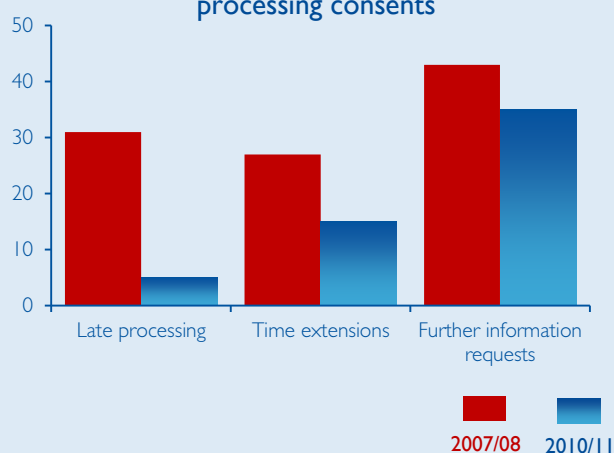
Better rural education

- Invested \$7600 for each child enrolled in early childhood education.
- 1900 Years 11 to 13 students given the opportunity to build the foundations for a career in the primary sector through the primary industries trades academies.

Better consent processing

- In the year to June 2011, 95 per cent of resource consents were processed on time, compared to just 69 per cent in the year to June 2008.

Council performance processing consents



Better rural health

- 1800 health professionals signed up to the graduate voluntary bonding scheme so far.
- 87 per cent of all children under six have free doctors' visits during the day.
- Ensured that around 22,000 people have access to clean safe drinking water.
- 106,000 more patients have had a medical or surgical specialist appointment over the past three years.
- 92 per cent of patients have been treated, admitted, or discharged within six hours from emergency departments.
- A record 91 per cent of two-year-olds are fully immunised, up from only 73 per cent a few years ago.

What we will do next...



Invest in irrigation – the Crown Water Investment Company

- Provide \$35 million from the Irrigation Acceleration Fund (IAF) to support the development of irrigation proposals.

The National-led Government committed \$35 million in Budget 2011 over five years to support the development of irrigation infrastructure proposals to the 'investment-ready' prospectus stage.

The New Zealand Institute of Economic Research suggests the fund could support the development of 340,000ha of new irrigation. This could boost exports \$1.4 billion a year by 2018, and \$4 billion a year by 2026.

- Establish the Crown Water Investment Company to fund the construction of water storage and irrigation infrastructure.

The Crown Water Investment Company will be government-owned. It will invest in new water storage and distribution infrastructure.

- Provide up to \$400 million from the Future Investment Fund for the Crown Water Investment Company.

Funding will be available from Budget 2013 and over the following four Budgets.

The Crown will be a minority partner in water storage and distribution projects, investing on commercial terms, and will expect a commercial return on its investment.

The intention is that the Crown's equity stake in a project will be sold off over time. The Crown will be able to invest, hold, sell down, or exit at specified times in a scheme's development. Where appropriate, the model will be open to iwi co-investment.

This commitment will not add new spending to government accounts.

We will not need to take on new debt to fund the Crown Water Investment Company, and it will not affect the Government's ability to get back into surplus.

Why we need more irrigation

Water is New Zealand's most plentiful resource. It gives us a competitive advantage over other countries, particularly in our primary sector.

But often, our water is not in the right place when it is most needed. Around 96 per cent of the water that falls on our land flows out to sea.

Well-designed water storage and irrigation can make water more available.

It increases the amount of productive land, protects against droughts, and takes uncertainty out of water flows for farmers and recreational users.

Water storage allows water capture at times of plenty, for use at times of need.

It also helps our environment. More reliable access to water will encourage efficient water use, help replenish aquifers, and restore stream and river flows.

Why the Government should invest

Irrigation projects are complex. A large number of stakeholders – farmers, banks, investors, recreational and environmental groups, local authorities, landowners, and iwi – need to agree before projects can get off the ground.

The Crown can speed up progress. Crown investment can give confidence to capital markets to invest in large-scale irrigation schemes.

Crown investment can also act as a catalyst for interested regional and local parties to take part in projects so they can achieve critical mass.

There are a number of irrigation schemes under development around the country that could be suitable for investment through the Crown Water Investment Company.

Developing and finalising criteria for eligibility will be a priority.

Boosting irrigation – while protecting the environment

The National-led Government's 'Fresh Start for Fresh Water' is an integral and vital part of being able to make irrigation schemes work to benefit the environment and the economy.

High standards of consultation, investigation, and design will be a pre-requisite of funding.

Under the right circumstances, these new schemes will provide opportunities to deal with – and reduce – environmental degradation, particularly in situations where existing and previous water use has resulted in low flows.



Advance our *Fresh Start for Fresh Water* programme

- Clean up nationally significant lakes, rivers, and aquifers, working with stakeholders and local authorities.

This is part of our Budget 2011 programme to help councils with historic pollution problems.

We've reprioritised funding of \$15 million over two years and already allocated \$6.1 million to Te Waihora/Lake Ellesmere. Total funding for water clean-ups will be \$265 million.

- Advance the Land and Water Forum work to set limits on water quality and minimum flows.

The National-led Government has asked the Land and Water Forum to report back to Government by May 2012 on methods, tools, and governance arrangements for setting limits for water quality and quantity.

- Strengthen monitoring and compliance of resource consents by regional councils to ensure greater consistency in performance.

Regional councils are doing better with their consent performance. But there needs to be greater consistency to ensure breaches in consent conditions are dealt with properly and fairly.

What we will do next...(continued)

Support rural growth



Support rural innovation

- Continue investment in the Primary Growth Partnership.
- Continue to lead the Global Research Alliance on Greenhouse Gases.
- Continue our investment in the New Zealand Agricultural Greenhouse Gas Research Centre.



Reduce ACC costs

- Cut ACC levies for small business on 1 April 2012. This includes:
 - A 21.3 per cent reduction in levies for dairy farming.
 - A 13.8 per cent reduction in levies for sheep and beef farming.



Further improve resource management

- Introduce a six-month statutory time limit for the processing of medium-sized consents.
- Repeal and replace the Soil Conservation and Rivers Control Act, and the Land Drainage Act.
- Provide incentives for parties in RMA proceedings to collaborate and agree on solutions to environmental problems.



Build better transport links

- Invest \$12 billion over 10 years in state highway construction.
- Support Kivirail's \$4.6 billion Turnaround Plan.



Build faster broadband

- Roll out our rural broadband initiative and deliver much faster broadband to rural New Zealand, with fixed wireless, ADSL, and fibre.
- Connect 97.7 per cent of schools and 99.9 per cent of students to ultra-fast broadband by 2015.
- Connect 60 remaining remote schools to wireless or satellite broadband by 2015.



Create job opportunities for young people

- Introduce a 'starting-out' wage set at 80 per cent of the minimum wage to lower barriers to work for our youngest workers.



Improve animal health

- Continue progressing the National Animal Identification and Tracing (NAIT) system.
- Implementing government/industry agreements to achieve better biosecurity protection.
- Continue a review of the Animal Welfare Act and work on new codes of animal welfare.

Strengthen rural communities



Support rural education

- Continue to bed in National Standards.

2012 is the third year of a three-year implementation period for National Standards.

We've seen great progress so far, but National is determined to ensure all schools are implementing National Standards and providing parents with plain-language school reports on their child's progress.

- Open more trades academies with an agricultural component from 2012, for 16- and 17-year-olds.

Trades Academies are partnerships with schools and local training providers, allowing students to earn qualifications while learning practical skills.

- Encourage rural schools to work together to make better use of resources for better results. We will promote the shared governance model, and use student achievement practitioners.

Small schools can sometimes struggle to access the expertise and experience readily available in larger centres.



Boost rural health

- Put in place rural training initiatives to boost our rural workforce and improve rural general practice support.

We will build on successful rural initiatives already in place – such as the Rural Immersion Scheme – where health students train in rural communities. We will roll this scheme out to Whakatane and Gisborne.

We will also build on the Rural Origin Medical Preference Entry scheme, and the successful Rural Midwifery Recruitment and Retention programme.

- Advance regional clinical networks where key health services are led by the clinicians themselves.

Clinical networks allow doctors, nurses, and other health professionals to take the lead in designing and managing health services.

We will engage even more clinicians in developing such networks.

- Invest in more opportunities for self-care, including home improvements and self-care networks and better IT tools, to enable people to take care into their own hands.

People living in remote areas are now able to better manage their health conditions through information technology.

National will encourage more of this kind of innovation around the country. This will be funded from within existing health budgets.

Do our fair share on climate change



Tackle carbon emissions

- Review the 1 January 2015 legislated entry of agricultural emissions into the ETS in 2014.

The agriculture sector is liable to surrender units for agricultural greenhouse gas emissions from 1 January 2015.

National will review this in 2014. We will not impose a liability unless there are practical technologies to reduce emissions, and our trading partners have made further progress with their climate change policies to reduce emissions.

- Schedule regular reviews of the ETS to meet the broad objective of New Zealand doing its fair share on climate change, relative to other countries.

Labour would take New Zealand backwards

Labour:

- ✗ Has an approach that attacks agriculture.
- ✗ Says farmers don't pay enough tax and have committed to introducing a 15 per cent capital gains tax on all farm sales.
- ✗ Opposed the roll out of fast broadband to rural communities.
- ✗ Implied farmers should be taxed on turnover rather than profit.
- ✗ Would introduce an irrigation tax.
- ✗ Would put agricultural emissions into the ETS in 2013. This would add \$200 million to farm costs, undermining the competitiveness of agriculture.
- ✗ Would increase ACC levies by undoing National's ACC changes.
- ✗ Would return New Zealand to a rigid 1970s industrial relations framework.
- ✗ Is on a witch-hunt to find examples of those working in the agricultural sector getting special privileges.

We can't afford to let Labour slash the sector and send us backwards.