

AGRICULTURE POLICY

INTRODUCTION

The prosperity that we enjoy today and will enjoy into the future is underwritten by a productive agriculture sector.

Agriculture is the backbone of New Zealand's economy. It is responsible for 50% of our export earnings and approximately 17% of our GDP¹. We are the world's biggest dairy and sheepmeat exporter, and a major player in wool, horticulture, and other primary sector industries.

The notion of the 1980s that agriculture was a 'sunset industry' has now been firmly dispelled, and our agriculture sector is rightly recognised as one of the best in the world.

Nonetheless, the sector faces significant challenges from continued high interest rates, rocketing on-farm costs, an increasing cost burden from central and local government, emerging international competition, and its climate change obligations.

There is also a real and growing divide between urban and rural New Zealand that needs to be urgently addressed. National will investigate a number of steps to increase urban New Zealand's appreciation and understanding of our rural sector.

If these challenges can be overcome then the outlook for agriculture is undeniably bright. It is clear that our primary sector will be at the heart of the economic step change that New Zealand so badly needs.

The government must play its part in this by keeping our domestic cost structures as low as possible and creating the conditions for continual innovation in agricultural techniques.

National recognises the hugely important role that vibrant rural communities and families play in New Zealand. The government must support, not hinder, rural communities in their activities, and National is committed to policies that do just this.

Our MPs have unrivalled knowledge and expertise of the primary sector and are expertly positioned to deal with both the challenges and opportunities that confront agriculture today and into the future. Because many of us are or have been farmers, we know and understand the realities of rural life and business in New Zealand. Our policies and approach to agriculture reflects this intimate understanding.

National will deliver the solutions for an innovative, competitive, and prosperous rural sector with the initiatives included in this policy.

¹ Meat & Wool New Zealand Economic Service, May 2008

RESOURCE MANAGEMENT ACT

The Resource Management Act is a major source of cost, confusion, and delay to the primary sector. It is a significant impediment to the expansion of agriculture in New Zealand and places unreasonable demands on the sector.

National will not alter the core principals of the RMA but will focus on reforming its regulatory processes. We strongly believe that environmental enhancement is essential in the development of agriculture, but that this can be done in a way that leads to more, rather than less, production and prosperity.

National will:

- Introduce an RMA reform bill in our first 100 days in office to reduce the costs, delays, and uncertainties in the Act, and we will pass this into law within six months.

Our RMA reform bill will include provision for simplifying the Act, Priority Consenting (consents for certain large infrastructure projects must be completed within nine months), improving the consent process, removing the ministerial veto on coastal consents, preventing vexatious objections, and simplifying resource management plans.

We will also establish an Environmental Protection Authority, expanding the existing Environmental Risk Management Authority (Erma) into an Environmental Protection Authority (EPA) with increased responsibilities, including:

- The national regulatory functions of the Resource Management Act, including Priority Consenting.
- Developing National Policy Statements and National Environmental Standards.

CLIMATE CHANGE & EMISSIONS TRADING SCHEME

National is committed to implementing a well-designed, carefully balanced emissions trading scheme (ETS) that includes agriculture. We however, will not support a scheme that compromises New Zealand agriculture's international competitiveness.

National will only support an ETS that meets six key principals. These are:

1. Striking a balance between environmental and economic interest.
2. The scheme must be fiscally neutral.
3. It should be as closely aligned as possible with Australia's planned ETS.
4. It should encourage the use of technologies that improve efficiency and reduce emissions intensity.
5. It should not discriminate against small and medium enterprises in allocating emission permits.
6. It should have the flexibility to respond to progress in international negotiations.

National has major concerns about the measuring of agricultural emissions and viable abatement options for the sector. We believe the solutions to these concerns lie in research and development, and as such we will devote significant efforts to encouraging R & D in this area.

The ETS in its current form fails to provide incentives for farmers to lower emissions and simply crudely imposes costs on farmers regardless of their farm management decisions. This will achieve nothing apart from a reduction in stock numbers, and as such National will not support it.

PROPERTY RIGHTS AND LAND ACCESS

National strongly recognises the sanctity of private property rights and does not believe that access across private land should be a public right.

We believe that the emphasis should be on enabling public access through public land where possible. When access over private land is the only option available, this should be achieved through a process of voluntary negotiation not compulsion.

Farmers have been granting sensible public access to their properties for generations. To try to force unrestricted public access across all land would have been highly invasive and confiscatory of private property rights.

TENURE REVIEW

National supports the principal of Tenure Review but believes a new approach is needed to restore confidence in the process and ensure that the intent of the Crown Pastoral Land Act is fulfilled.

The Tenure Review process has become largely discredited, with the Labour Government's agenda leaving many run-holders angry and disillusioned.

National will:

- Implement voluntary, good faith negotiations between run-holders and the Government.
- Ensure that the setting of high country rentals is tied into the earning capacity of the farm property and is such that run-holders can continue to maintain the property at an acceptable level.
- Recognise that high country run-holders can be as effective in their stewardship of the land as the Crown

PRIMARY SECTOR RESEARCH & DEVELOPMENT

The strong and sustained growth of our primary sector has always rested on a world-class scientific base. That is why National is committed to supporting and developing publicly funded R&D.

National believes that government funding of R&D must ensure that:

- High-quality quality science is performed in high-quality institutions.
- Publicly funded research is responsive to the needs of the economy, in both a long-term as well as a short-term way.
- Resources are directed to areas where they will have the most impact.
- Bureaucracy and compliance costs are minimised, while still maintaining appropriate accountability for public resources.

In accordance with these goals, our policies for primary sector R&D are as follows:

National will wind up the Fast Forward Fund and:

- Establish an international centre for research into greenhouse gas emissions from livestock, at the cost of \$20 million a year.
- Increase funding within Vote RS&T for primary sector and food research of \$25 million a year.
- Increase funding for research consortia in the primary and food sectors of \$25 million a year.

The table overleaf shows what this will mean over the next three years and compares it with Labour's estimate of funding under the Fast Forward Fund².

² 'How Much More Transparent Can We Be?' Jim Anderton press release 18/3/08, <http://www.progressive.org.nz/modules.php?name=News&file=article&sid=3019>

	2009/10 (\$m)	2010/11 (\$m)	2011/12 (\$m)
National's policy			
International Centre for Research	20	20	20
Primary sector and food research	25	25	25
Research consortia in the primary and food sectors	25	25	25
Total increase in funding for primary sector	70	70	70
Fast Forward Fund			
Labour's estimate of funding	30	40	65

While welcoming the extra funding the Fast Forward Fund has given to primary sector R&D, we will abolish it due to a number of concerns we have with its approach, which has not been well thought out.

First, the use of an investment fund, rather than an annual operating appropriation, makes little sense. There are no similar funds across the whole of government, let alone in the R&D sector.³ A fund requires fund managers, which adds a layer of extra costs, and the amount available each year depends on international financial trends. The use of a fund is a gimmick, the purpose of which is to highlight the total amount of money being spent from a stream of research funding.

Second, the scope of Fast Forward is limited to R&D which is ultimately food-related. Therefore, a research field such as pasture improvement would be eligible for funding from Fast Forward, because it

³ Government funds are those of the Crown Financial Institutions such as the NZ Superannuation Fund, ACC, and the Earthquake Commission, which operate according to proper actuarial principles. The VIF Fund, which is in the R&D sector, has as its purpose to invest in innovative young New Zealand companies.

is in the chain from farm to fork. On the other hand, anything to do with wool or hides or wood, for example, would not be, even those these are important primary industries.

Third, Fast Forward risks simply replacing funding that the private sector would have undertaken on its own account anyway. One of the principles of the fund is that investments will be additional to, and not displace, current private spending on R&D, but this is impossible to ensure. And what is "current spending" 10 or 15 years down the track?

Finally, the fund will not use any of the existing processes used in the sector for setting priorities, funding, and monitoring – it will operate quite separately from the rest of the government's R&D infrastructure. This risks creating separate layers of bureaucracy and a lack of co-ordination between different parts of the R&D system. Currently, a not-insignificant percentage of all public spending on R&D is related to primary production, including R&D done in conjunction with the private sector, so it is not as if the Government needed to start from scratch.

The initial Cabinet paper for Fast Forward recognised this risk and specified one of the fund's principles as being "to minimise transaction costs by using existing investment management and institutional structures as far as possible (such as Research Consortia)" and recognises that "using existing mechanisms as much as possible should help to maintain efficiency, cost-effectiveness and coordination of the system".

However, this principle is not being adhered to at all. As described above, Fast Forward is creating an entirely parallel process, and the only link to existing mechanisms is the presence of people from government agencies on the programme steering groups.

LANDCORP

Landcorp is New Zealand's biggest farmer, currently farming more than 100 properties with more than 1.6 million stock units⁴.

National will not sell Landcorp in full or in part in our first term.

Landcorp is a company that develops, operates, and trades farms. There will always be a need for a business like this to adjust its portfolio. Decisions on sales or purchases of farms will be an operational matter for the board and management of Landcorp and the shareholding Minister.

When a cash dividend is received from Landcorp, National will reinvest it back into the primary sector, to help fund areas such as R&D, industry training, and rural infrastructure.

We will also review Landcorp's governance and accountability processes to improve performance and operational efficiency.

National will:

- Not sell Landcorp in full or in part.
- Reinvest cash dividends back into the primary sector.
- Review Landcorp's governance and accountability processes.

HORTICULTURE

Horticulture is a \$5 billion industry and an essential part of New Zealand's primary sector. One of the major challenges facing horticulture is an ongoing shortage of seasonal labour. This shortage means the industry cannot effectively and efficiently manage, harvest, and pack valuable crops.

The Recognised Seasonal Employer (RSE) Scheme was a step towards

addressing this problem, but better-balanced policy could make the scheme more effective.

National will:

- Retain the RSE Scheme for Pacific Nations and streamline approval procedures.
- Reduce the barriers to hiring seasonal workers from countries outside the existing RSE Scheme, in cases where the scheme is unable to meet employers' needs.
- Introduce a temporary work visa for up to six months for any legal visitor to New Zealand who obtains a guaranteed seasonal job offer.
- Monitor the RSE Scheme to ensure employees and work opportunities for New Zealanders are protected.

EMPLOYMENT & WORKPLACE RELATIONS

The rural sector is dependent on a flexible and open labour market. The vast majority of farming businesses are small-to-medium enterprises. Complex and rigid employment laws can have a crippling effect.

National is committed to expanding job opportunities and letting businesses grow.

We will:

- Introduce a 90-day trial period for new employees in businesses with fewer than 20 staff.
- Keep four weeks annual leave, but allow employees to request trade of the fourth week for cash.
- Restore workers' rights to bargain collectively without having to belong to a union.
- Appoint a working party to review the Holidays Act, especially the issue of relevant daily pay.

⁴ Landcorp Farming Ltd, Half Year Report For The Six Months Ended 31 December 2007, p.1

RURAL VETS

Rural vets in New Zealand are at crisis point, with the 'thin green line' stretched to breaking point and many rural areas having no veterinary services whatsoever⁵.

A variety of factors such as working hours, remuneration, lack of social interaction, demographic changes, and the generalised nature of rural vet work have contributed to the shortage of vets in rural New Zealand⁶.

Rural veterinarians play an essential role in maintaining high standards of animal welfare, biosecurity, and food safety. Their severe shortage poses a critical threat to our pastoral farming model and is a major concern of the New Zealand Veterinarian Association (NZVA) and Massey University⁷.

Consultation with these groups, along with recent graduates, has made it very clear that a well-designed, well thought-out 'bonding' programme would be of significant assistance in retaining vets in rural areas. It is envisaged that the cost of such a scheme would be in the order of \$1.5 million in the first year, rising to \$3 million in the second and \$4.5 million in the third year. The costs of the scheme will be met by achieving savings within the existing funding for the Ministry of Agriculture & Forestry.

National is committed to working with the industry to solve the rural recruitment and retention problem.

National will:

- Introduce bonding through student loan write-offs/financial incentives for veterinary professionals prepared to work in understaffed rural areas.

⁵ Issues and Challenges for the Rural Veterinary Profession, New Zealand Veterinary Association Discussion Document, November 2007

⁶ Ibid

⁷ Meetings with Prof Grant Guilford Head of Institute of Veterinary, Animal and Biomedical Sciences Massey University and Julie Hood CEO of New Zealand Veterinary Association July 2008

- Consider the establishment of rural scholarships to encourage more students from rural backgrounds to study veterinary science.
- Work with Massey University, NZVA, veterinary professionals, and the wider rural sector to address the structural problems contributing to the rural veterinary shortage.

RURAL BROADBAND

National wants ultra-fast broadband for all New Zealanders. That's why we will invest \$1.5 billion to drive the roll-out of a 'fibre to the home' broadband network.

For rural areas where fibre is not a viable option, we will take additional steps to accelerate the implementation of fast broadband through other technology such as satellite and wireless.

National will:

- Double the size of the Broadband Challenge Fund to \$48 million and give it the primary focus of providing fast broadband solutions for remote and rural communities.

RURAL EDUCATION

National recognises the vital role that schools play in our rural communities. We are committed to implementing policies that encourage rural education and address its unique needs. We strongly believe that country schools and pupils should not be disadvantaged to any extent by distance, and our approach to rural education reflects this.

National will:

- Allow playcentres and kohanga reo, which are often the only early-childhood education options in rural areas, to qualify for 20 Hours ECE.

- Work with single teacher schools, many of which are rural schools, to ensure that teaching arrangements at these schools are viable and safe.
- Reinstate agriculture and horticulture as NCEA scholarship-level subjects.
- Maintain our commitment to rural school transport.
- Provide strong support for the Virtual Learning Network and encourage further use of it.
- Review the Targeted Funding for Isolation formula to ensure that rural students are not disadvantaged.

TRADE ACCESS

Free trade is essential to our primary sector, and therefore to New Zealand. As such, National will actively and aggressively pursue multilateral and bilateral trade agreements. We will also re-focus key government departments to assist and support New Zealand exporters.

National will:

- Boost New Zealand's export performance and aim to increase the ratio of exports to GDP from around 30% to 40% by 2020.
- Aggressively and actively pursue all multilateral and bilateral trade opportunities with a particular focus on Japan, the United States, and Korea.
- Work to rebuild the international case for multilateral trade reform.
- Make the Ministry of Foreign Affairs & Trade's No 1 priority the support and promotion of our exporters.
- Pursue a whole-sector approach to exporting with initiatives on both a domestic and an international level to increase export performance.
- Aggressively challenge and address 'soft trade' barriers such as food miles and carbon footprints that pose a serious threat to international demand for our primary produce.

DEPARTMENT OF CONSERVATION

The Department of Conservation (DOC) plays an essential role in protecting our unique natural heritage. Yet many farmers have struggled with DOC's approach and the relationship between the two groups is antagonistic at best. National is committed to changing this and removing the barriers that have caused this fractious relationship, while ensuring incentives are in place to encourage farmer-led conservation.

Ultimately, DOC and the rural community have many goals in common, and we believe that by bringing some accountability and commonsense to the equation the two can work together productively.

National will:

- Improve the accountability of DOC by introducing nature conservation performance measures in State of the Environment Reports by the independent Parliamentary Commissioner for the Environment.
- Encourage private conservation by reviewing tax laws so that private conservation work such as fencing, native planting, and pest control is tax deductible.
- Require DOC to improve consultation and engagement with landowners, and make better use of QEII covenants, Nga Whenua Rahui, and Landcare groups to advance conservation on private land.

RURAL HEALTH

National wants a high-quality patient-centred health system that cares about the wellbeing of all New Zealanders. After nine years, Labour has failed to deliver this.

We want patients to have better, sooner, more convenient healthcare. We understand that rural healthcare has its own particular set of challenges and we are committed to addressing these.

National will:

- Introduce voluntary bonding and student loan debt write-offs for health professionals working in hard-to-staff rural areas.
- Improve the performance and focus of primary care, including devolving more services to the primary-care sector.
- Increase the number of funded GP-registrar training places from 104 to 154. This will help alleviate shortages in GP practices and help provide after-hours care.
- Move to establish Integrated Family Health Centres that offer a wide range of hospital level services in the community.
- Keep the number of district health boards at current levels.