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**2008 GENERAL  
ELECTION MANIFESTO**

**NEW ZEALAND'S  
ECONOMIC BACKBONE**



## FOREWORD



Agriculture is the sustainable backbone of the New Zealand economy. Our farmers are food and fibre producers to the world. The simple fact is that the New Zealand economy is utterly dependent on its primary industries; the efforts of farmers underpin the living standards of all New Zealanders. Despite the fact primary industries account for 65% of everything we export to the world, the fundamental issue for farming is to remain competitive and profitable.

This statement might seem strangely pessimistic at a time of higher prices for some of our food commodities, but farming businesses have been under intense pressure from rapidly increasing fuel, electricity and fertiliser costs and as last summer/autumn showed farm production remains susceptible to droughts and other adverse events.

While resilient, farmers need to remain viable and we need an overall policy framework that enables family farms to continue for generations to come. The global economic climate is challenging to say the least and it will inevitably impact on small open economies that are dependent on trade, such as New Zealand. The failure of the Doha round was extremely disappointing and the world must resist protectionist impulses in response to the credit crunch, otherwise recession could become depression.

With 86% of New Zealanders now urbanised, an urban-rural divide is of major concern to

Federated Farmers. Farming is the engine room of the economy and must be at the forefront of public policy, not an afterthought.

Farming has the potential to lift New Zealand's economic performance and the well-being of all New Zealanders, but the policies made by central and local government will have a major impact on farm businesses.

At times like these decisions on important issues as diverse as the RMA, taxation, employment, water, climate change, biosecurity and local government funding, can be the difference between the current recession not descending into a depression.

Our policy makers need to understand the vital contribution agriculture makes to the economy and to our social, cultural and environmental wellbeing as a nation. The future of New Zealand is the future of farming. This is the reason why Federated Farmers has produced this Manifesto. Being apolitical we want all political parties to understand our policy positions and the role farming plays in ensuring we remain a first world nation.

**DON NICOLSON**  
**President Federated Farmers**

## ABOUT FEDERATED FARMERS

Federated Farmers is New Zealand's leading rural sector organisation, representing over 26,000 farmers and farm workers nationwide.

The Federation is New Zealand's second largest membership based trade body. It is the largest independent representative of New Zealand's farmers. Federated Farmers is democratically accountable to its farmer members. Being voluntarily funded, policy is completely member driven. Member views are canvassed by staff and elected representatives, who formulate submissions that help local and central government decision-making.

Federated Farmers is an apolitical organisation and neither supports nor opposes political parties or candidates. Its interest is in representing the views of its members to central and local government on the important policy issues facing agriculture and farming.

Federated Farmers has evolved over many years and is the product of farming families and leaders with passion, drive and commitment to campaign for and support both rural communities and the agricultural industry.

The Federation's roots go back as far as 1902, when the New Zealand Farmers' Union was constituted nationwide. The New Zealand Farmers' Union joined with the Sheepowners' Federation to form Federated Farmers of New Zealand in 1945. In 2005 Federated Farmers celebrated 60 years as the voice of New Zealand farming.

Federated Farmers comprises 24 provinces and seven industry groups.



# FACTS ABOUT FARMING

According to the Ministry of Agriculture & Forestry (MAF), statistics there were approximately 63,000 farms in New Zealand as at June 2007, of which 29,000 were grain, sheep and beef cattle farms and 18,000 were dairy farms. Other farm types include deer, pigs, goats, poultry, and horticulture.

As at June 2008, New Zealand had 34.2 million sheep, 5.6 million dairy cattle, 4.3 million beef cattle, and 1.4 million deer.

## AN ECONOMIC DRIVER

According to MAF's Situation and Outlook for New Zealand Agriculture and Forestry 2008, the New Zealand agricultural sector generated \$18,926 million in gross revenue for the year ended March 2008.

Much of this gross revenue would have been spent in cities and towns, with intermediate consumption of \$10,696 million. A further \$2,219 million was paid to employees as wages and salaries and \$3,359 million paid out as interest on loans.

Agriculture made a direct contribution to GDP of over \$8,230 million (five percent of total GDP), excluding downstream processing. Including downstream processing, agriculture is estimated to contribute over 15% of total GDP.

Over the past 10 years, agricultural sector multi-factor productivity has grown at a rate of 1.8% per year, double the rate for the economy as a whole. This is important because in the longer term productivity is what determines economic growth and competitiveness internationally.

## INTERNATIONAL COMPARISONS

Table 1 highlights key statistics about New Zealand and the countries we like to compare ourselves with. New Zealand is a small country in land area, population and size of the economy. Agriculture is however a more significant contributor to the economy.

**TABLE 1 - FACTS ABOUT FARMING**

	NZ	Aus	US	Canada	UK
Land area (000 km <sup>2</sup> )	269	7,687	9,827	9,985	245
2008 Population (000)	4,173	20,601	303,825	33,213	60,944
2007 GDP (\$US billion)	128	909	13,840	1,432	2,773
2007 GDP per capita (\$US PPP)	26,400	36,300	45,800	38,400	35,100
2007 Direct Agriculture % of GDP	4.8*	3.0	0.9	2.1	0.9

Source: CIA World Fact Book (Note: PPP refers to 'purchasing power parity')

\* Indirect contribution of agriculture to NZ GDP is much higher at around 17% (i.e., including downstream processing and services to agriculture).

## FOOD & FIBRE TO THE WORLD

New Zealand exports the vast majority of its agricultural production. 91% of lamb, 79% of beef, and 95% of dairy products are exported.

Despite a severe drought in early 2008, New Zealand's agricultural and horticultural exports earned the country \$20.6 billion for the year ended March 2008, representing 56% of total merchandise exports.

In terms of export earnings, each of the following commodities makes a massive contribution to the national economy.

Market	Agricultural exports for year end December 2007 (\$million)	% of total agricultural exports
European Union	3,871	19.6
United States	2,383	12.1
Australia	1,854	9.4
Japan	1,464	7.4
China	1,108	5.6
Indonesia	588	3.0
South Korea	582	2.9
Mexico	572	2.9
Philippines	567	2.9
Taiwan	566	2.9
Other markets	6,182	31.3

*Source: MAF, Situation and Outlook for New Zealand Agriculture and Forestry 2008*

According to a 2003 report for the Food and Beverage Taskforce, New Zealand's contribution to world foodstuff trade is significant:

- Approximately 35% of world trade in dairy products.
- Largest exporter of premium grade apples.
- Largest share of international trade in sheep meat.
- Largest exporter of venison.
- Second largest exporter of mutton.
- Fourth largest exporter of beef.

New Zealand agricultural products are consumed in a diverse range of markets. In 2007 New Zealand's top 10 markets accounted for 69% of total agricultural exports.

Agricultural commodity	Exports for year end March 2008 (\$million)
Live animals	177
Lamb and mutton	2,404
Beef and veal	1,562
Other meat	599
Dairy products	10,478
Wool products	844
Hides, leather and dressed skins	471
Fruit	1,370
Wine	764
Vegetables, grains and seeds	668
Other agricultural products and other food	1,251

*Source: Statistics NZ, New Zealand External Trade Statistics, December 2007*

## FARMERS AS EMPLOYERS

In 2007 approximately 79,000 people were employed in agriculture in New Zealand, accounting for four percent of all employees. Of this total, around 23,000 were employed on grain, sheep and beef cattle farms and 21,000 on dairy farms.

For the year ended March 2008 the agricultural sector paid out over \$2,219 million in wages and salaries, much of which will have been spent in cities and towns.

## RESEARCH

Farmers pay compulsory commodity levies to fund industry good activities, including research and development to support productivity gains and sustainability. For example, Meat & Wool NZ receives \$32 million per year in meat and wool levies, and Dairy NZ receives \$51 million per year in dairy levies.



## ENVIRONMENT

In 2007 New Zealand farms occupied 14.7 million hectares or around 55% of New Zealand's total land area. As such farmers are at the frontline in delivering environmental outcomes on behalf of all New Zealanders.

Farmers take their environmental obligations very seriously. In the dairy sector, good progress is being made on reaching the targets in Fonterra's Dairying and Clean Streams Accord and in 2006 a Dairy Industry Strategy for Sustainable Environmental Management was adopted.

Lead by Federated Farmers, the wider agricultural and forestry sectors have also established a Primary Sector Water Partnership which has set ambitious goals to improve water quality and allocation.

Farmers are paying for research into sustainability through their compulsory commodity levies. This includes funding for climate change research through the Pastoral Greenhouse Gas Research Consortium.

Farmers work hard to control plant and animal pests on their land and they fund efforts to control pests through levies to the Animal Health Board and rates to regional councils. In 2006/07 beef and dairy cattle farmers paid \$27 million in levies to the Animal Health Board for control of possums.

Many landowners have voluntarily covenanted or otherwise protected thousands of hectares of native bush, valuable wetlands and specific habitats of native birds and animals. They have also fenced and replanted thousands of kilometres of streams and rivers and created hundreds of artificial dams that provide habitat for wildlife.

## SELF RELIANT

In the mid 1980s the Fourth Labour Government removed all subsidies for farm production.

Government support for New Zealand farms now represents just one percent of farming income. By comparison, in Australia it's six percent, in Canada 23%, the European Union 32%, Japan 53%, and the United States 11%.

New Zealand farmers are the most self-sufficient in the world.

## ABOUT THIS MANIFESTO

This Manifesto is not an exhaustive exploration of all the issues Federated Farmers monitors. It is, however, the issues that will ensure farming maintains its preeminent role as New Zealand economic backbone.

### Sources

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- Animal Health Board 2006/07 Annual Report [www.ahb.org.nz](http://www.ahb.org.nz).
- CIA World Fact Book, [www.cia.gov/library/publications/the-world-factbook](http://www.cia.gov/library/publications/the-world-factbook).

## ADVERSE EVENTS

Federated Farmers has a strong background and reputation in the area of adverse events, being at the forefront of major responses and longer term recovery planning, working alongside organisations such as rural support trusts, civil defence, and local authorities.

The self help ethic is strong in the rural community both in risk mitigation and in response to adverse events. Farmers invest considerable sums of money and effort both individually and collectively into risk management initiatives such as flood protection, drainage, irrigation infrastructure,

feed and water storage. Nowhere is farming practiced with the expectation that government will be the insurer of last resort.

Federated Farmers generally supports the Government's approach to adverse events, including continuance of the Agricultural Recovery Programme and its announcement last year to provide funding to develop the capacity of rural support trusts. The Ministry of Agriculture & Forestry (MAF) has recently taken on a more active coordination role for these trusts, a move that we have supported.

### FEDERATED FARMERS WANTS:

- Continuation of the Agricultural Recovery Programme.
- Continuation of MAF's coordination role for rural support trusts in conjunction with Federated Farmers.

## ACC AND HEALTH & SAFETY

Federated Farmers recognises the significant financial and social implications that injuries and fatalities have on members and their families. The Federation undertakes an active role in injury prevention in working alongside ACC and other agencies concerned with health and safety in the rural sector. Federated Farmers is an active participant and supporter of the Agricultural Health and Safety Council and the FarmSafe programme.

Federated Farmers has been concerned about the costs of the ACC scheme on businesses, with compliance cost surveys consistently identifying ACC as one of the biggest concerns for farmers as well as all businesses. ACC levies for farmers are relatively high compared to more sedentary occupations.

The costs of the ACC scheme have increased strongly over recent years. These increases are mainly due to inflation in

health care, which has increased treatment and rehabilitation costs. Increases in administration costs, expansion of the scheme's coverage, and a proliferation of promotions and initiatives have also had an impact.

Despite these cost increases levy rates have been contained thanks to strong economic growth which stimulated a rapid growth in liable earnings and also helped boost returns on ACC's substantial investments. However, the more recent economic slow-down could put upward pressure on levies, especially if scheme costs continue to rise. ACC has been accused of over-recovering by charging higher levies than necessary, with concerns that these will fund expansions of the scheme.

### FEDERATED FARMERS WANTS:

- ACC to focus on containing costs of the scheme to help take pressure off levies.
- The reintroduction of competition back into accident compensation insurance.
- A focus on education and information to improve workplace health and safety.



## ANIMAL IDENTIFICATION AND TRACEABILITY

Federated Farmers is a strong supporter of biosecurity, incursion response, food safety and consumer confidence on farm products facilitating trade access. New Zealand currently uses a number of systems to achieve these objectives.

The Federation is not yet convinced the proposed National Animal Identification and Tracing scheme (NAIT), can enhance these objectives over existing systems.

Federated Farmers calls on NAIT to address this difference of opinion by undertaking a comprehensive and robust needs analysis and a new cost benefit analysis. This needs to compare the additional costs and benefits of the proposed NAIT bureaucracy with existing systems.

Until such analyses are undertaken it remains the Federation's view that issues around marketing should be left to exporters. If there is consumer demand for traceability then exporters should be free to put in place their own systems. The Federation does not believe at this time that NAIT is required for this objective.

As for on-farm productivity, New Zealand farmers have a long history of innovation and adopting new technology and farm practices. Individual farmers will adopt electronic identification and tracing technology if they

feel that the benefits exceed the costs. Again, the Federation does not believe that NAIT is required for this objective to be achieved and so productivity benefits can not be claimed of NAIT. New Zealand is currently recognised as having world class food safety systems.

Federated Farmers recommends that NAIT does not proceed in its current form because MAF's own cost benefit analysis states "If farmers were to receive zero benefit, the net present value would be negative".

Federated Farmers full submission is available at [www.fedfarm.org.nz](http://www.fedfarm.org.nz).



### FEDERATED FARMERS WANTS:

- A revised needs analysis for trade access, biosecurity and food safety to determine what is required to satisfy customers.
- A new cost benefit analysis of the proposed NAIT system which includes all relevant factors (such as compliance costs and the inclusion of other farm animal species) but excluding those that are irrelevant (such as on-farm benefits).
- Assurance, on economic grounds, over the future inclusion of other commercial livestock species.
- An outline of what protections will be implemented to provide complete reassurance to farmers as to how NAIT information will not be used for non-NAIT purposes.
- Industry ownership of any new system.

## ANIMAL WELFARE

The Federation promotes sound farm management and animal welfare practices. Everyone has the moral obligation to treat all animals humanely. It is not acceptable to allow animals to suffer as a result of deliberate ill treatment, neglect or poor management practices.

As a major producer and exporter of animals and animal products, New Zealand needs to keep in mind the growing domestic and international consumer consciousness and concern about animal welfare. Previously acceptable practices are now being reassessed and changed with new knowledge and changing attitudes to more readily fit the world in which we live.

Maintaining open trade access is critical to the New Zealand farming community. The Federation will insist that any trade sanction based on animal welfare is backed up by scientific analysis. The Federation promotes partnerships with other parties interested in animal welfare such as the National Animal Welfare Advisory Committee and the SPCA.

Farmers have the responsibility to adhere to animal welfare legislation and codes of practice and to train their staff how to care for animals properly. Animal welfare requirements need to be reasonable and be based on sound scientific analysis and an understanding of farm operations.



### FEDERATED FARMERS WANTS:

- Reasonable animal welfare requirements, based on sound scientific analysis and an understanding of farm practices.

## BIOSECURITY

The Reserve Bank of New Zealand has only two disaster models for the economy. One is a cataclysmic earthquake, centred on Wellington, and the other is Foot and Mouth disease. While we can do little to prevent earthquakes biosecurity is a critical component in protecting land based primary production and the entire economy. New Zealand needs strong border control systems.

Without the income generated by the efforts of the agriculture sector New Zealanders could not enjoy first-world living standards. To maintain the competitive advantage that agriculture has, biosecurity must retain a strong focus on protection of land based primary production.

Forward focused biosecurity systems that provide confidence to farmers are critical. There is a real risk of an incursion such as Foot and Mouth disease. If such an incursion

occurred there would be a massive impact on the economy which would be felt at all levels of society.

Robust, transparent and scientifically-based risk systems are necessary but these must not hinder free trade nor be at a cost where domestically imposed barriers or costs are imposed that further impact on the sector's international competitiveness.

If balance is to be achieved then biosecurity agencies must work towards development of communication and partnerships with land users. Making the best use of the people working on the land is a much more efficient way of improving systems rather than relying too much on government officials.

### FEDERATED FARMERS WANTS:

- Increased taxpayer funding for biosecurity services, both at the border and behind the border (e.g. regional pest management strategies).
- Stricter controls on the importation of risk-goods.
- Involvement of industry in planning and decision-making for surveillance, incursion response and recovery.
- Exacerbators to fund the costs of incursion responses.

# CLIMATE CHANGE AND EMISSIONS TRADING

At the time, Federated Farmers opposed the Government's 2002 ratification of the Kyoto Protocol. Among those countries that have committed to emissions reductions, New Zealand is among the smallest and is uniquely reliant on the export earnings of the primary sector; 65% of our export earnings come from the land.

Current climate change policies, as framed, will impact adversely on not just our competitiveness but the volume we can export. New Zealand produces enough food to feed at least ten times its population but this excess in production was not a factor in the accession to Kyoto. Put another way, while farm emissions represent around 0.1% of global output, New Zealand actually produces enough food to feed 0.7% of the world's population. New Zealand entered Kyoto eyes wide shut.

It is unjustifiable and inappropriate for the Government to bind New Zealand to emissions reduction commitments, and economic hardship, when the results will be negligible on a global scale. The world with 80 million new mouths each year needs more food, not less. The world needs efficient farmers. It makes no sense to push food production to less efficient countries, where the impact on global emissions will be much worse.

Federated Farmers has participated constructively in discussions with government. Farmers are seeking to make a positive contribution. Climate change policies should be based on good science, be practical, cost-effective and allow New Zealand farming to remain economically viable and internationally competitive.

Federated Farmers submitted on the Climate Change (Emissions Trading and Renewable Preference) Bill and has been involved in various advisory groups that have been working on the detail behind the policy. During this process the Federation became concerned about ongoing uncertainty about how the New Zealand Emissions Trading Scheme (NZETS) will work in practice, as well as the likely costs of the scheme; the Ministry of Agricultural & Forestry's own modelling suggested significant negative impacts on farm viability.

The Federation was dismayed by the rush to pass the Bill prior to the election; particularly as the scheme is likely to be the most significant economic policy change since the 1980s reforms. The plethora of amendments to the Bill also means that the Bill is likely to be deeply flawed with un-intentioned consequences that will only become apparent when it comes into force.

## FEDERATED FARMERS WANTS:

- Investment in climate change technologies reflecting that farmers are operating at, or near to, the limits of existing technology.
- A renegotiation of the Kyoto Protocol to exempt all farm animal emissions.
- Climate change policies aligned with those of our key trading partners.
- Inclusion of pre-1990 forests and pasture as carbon offsets.
- The non-appropriation of landowner carbon rights without fair compensation.
- A delay in the start of the NZETS to enable a full review and amendment.

## ECONOMIC POLICY

All government policy should be consistent with the goal of increasing productivity growth to lift New Zealand's sustainable rate of economic growth and thereby improve living standards.

### FISCAL POLICY

Government spending has increased 67% since 2000 and each New Zealander now pays on average over \$12,000 per year in tax (compared to \$8,000 in 2000). This rapid growth in spending has also boosted inflationary pressures, resulting in higher interest rates and pressure on the exchange rate.

Federated Farmers supports fiscal responsibility and a flatter tax system with lower tax rates, both for personal income tax and company tax. Government spending should be focused more on productive investment to grow the cake, rather than redistribution of a static cake. These policies would reduce the tax burden, make government more efficient, and will make it easier for the Reserve Bank to control inflation without having to resort to tight monetary policy.

### MONETARY POLICY

Federated Farmers supports the Reserve Bank Act, the maintenance of price stability as the Reserve Bank's key goal, and the use of the Official Cash Rate (OCR) to implement monetary policy.

Inflationary pressures have been strong in recent times. This has been in part due to higher oil and food prices 'imported' from offshore, but of greater concern has been stubbornly high non-tradable inflation in the domestic economy. Large increases in government spending and other government policies that have increased costs and reduced flexibility have helped make the economy vulnerable to inflation.

The Federation considers that the best thing any government can do to ease pressure on interest rates and the exchange rate is ensure that all its policies are aligned with the goal of improving productivity and making the Reserve Bank's job easier in controlling inflation.

### FEDERATED FARMERS WANTS:

- A bottom-up review of all existing government spending to ensure it is productive and provides good value for money.
- Restrict future increases in government spending to population growth plus Consumer Price Index.
- A graduated reduction in the top rates of personal income tax to 30%; aligning it with the company tax rate.
- Adjustments of personal income tax thresholds to take account of inflation.
- No change to the Reserve Bank Act.

## EDUCATION AND SKILLS

Federated Farmers wants more New Zealanders to consider working in the primary sector, especially at the 'farm-face'.

Agriculture is New Zealand's biggest export industry providing a rewarding career to highly skilled individuals. Despite this the sector struggles to attract workers. This is in part due to a bias in the urban secondary education system due to a fundamental lack of understanding about farming. The long legacy of agriculture being a 'sunset industry' also haunts farming two decades after it was erroneously uttered.

New Zealand agriculture has been a world leader in innovation and research and this is a key reason why agriculture consistently outperforms the rest of the economy. This leadership must continue and anything that undermines the training and education of those working in agriculture is a threat to New Zealand's long term economic future.

An investment in training and educating employees and future industry leaders is an investment in New Zealand's sustainable economic future.

The Federation is interested in funding to promote agriculture as a viable career, especially to the 86% of New Zealanders living in urban areas. Federated Farmers is very keen to see the profession promoted to urban Maori as a viable career option. This recognises the major role Maori agriculture plays in New Zealand's economic future.

Agricultural education and training is another area of concentration. The Federation is concerned recent changes to tertiary education funding will put at risk specialist providers such as Taratahi and Telford polytechnics. The creation of a new university in South Auckland sends the unfortunate signal that university education is the only way ahead and polytechnics are a poor second. Taratahi and Telford's suffering will only weaken agricultural education and training at a time when the sector is desperate for skilled people.

It is also valid that our rural communities are served with an appropriate school network and transport for rural children.

### FEDERATED FARMERS WANTS:

- Young people, urban and rural alike, be encouraged to consider careers in the primary sector, including farming.
- Adequate funding for providers of agricultural education and training.
- Recognition farming is a skilled occupation by the Ministry of Education.
- Financial support for leadership development in the rural sector.



## ELECTRICITY

Electricity is a significant input for farm production as well as being important for the well-being of farming families. The farming community has a vital interest in ensuring reliable supplies of energy and other utility services at prices that protect their competitiveness.

### **ELECTRICITY MARKET**

Since 2002 electricity prices faced by farmers have increased 73%, with further increases signalled under the New Zealand Emissions Trading Scheme (NZETS).

Federated Farmers is concerned that the electricity market is not working as well as it should be. It is timely there is to be a review of the market and its regulation. The Federation is further concerned the New Zealand Energy Strategy has effectively prohibited new thermal generation, placing an over reliance on renewables. The most cost effective generation options are not being exploited, putting pressure on electricity prices.

### **TRANSMISSION UPGRADES**

In response to the push for more renewable energy, Transpower the operator of the national grid, is planning considerable investments over the coming years to

upgrade its existing transmission lines and put in place new lines in order to cope with heavier loads. Transpower's plans impact on the property rights of landowners. Federated Farmers is concerned about Transpower's views on potential farmer liability for power outages and indemnity to farmers for losses brought about by lines. Federated Farmers has been attempting to negotiate an agreement with Transpower to ensure that affected landowners are adequately compensated and that matters relating to liability and indemnity are adequately addressed.

### **ELECTRICITY SUPPLY OBLIGATIONS**

Electricity lines companies must currently maintain line services to connections established as prior to 1993. This legislative requirement will expire in 2013, which is causing uncertainty for many people in remote rural areas. Federated Farmers therefore supports a proposal to extend this obligation indefinitely.

### **FEDERATED FARMERS WANTS:**

- A review of the electricity market to ensure that it is working effectively and efficiently and factors in the impact of the Emission Trading Scheme.
- Removal of barriers to the use of cost effective electricity generation options
- New electricity generation to be located closer to the demand for electricity, so reducing the need to upgrade the national grid.
- Transpower be required to negotiate an agreement with landowners to adequately compensate them for power lines crossing their land.
- Transpower to be encouraged to adequately address matters to do with potential farmer liability for power outages and indemnity to farmers for losses brought about by Transpower's assets.
- Amendment of section 62 of Electricity Act 1992 to indefinitely extend the obligation of lines companies to maintain line services beyond 2013.

# EMPLOYMENT POLICY

Almost all farms employ staff, either permanently or on a casual basis, making employment policy an important issue for members of Federated Farmers. Of calls to the Federation's 0800 advice service 29% relate to employment matters.

Over recent years there have been a number of changes to employment legislation that have gradually, but inexorably, reduced labour market flexibility and increased costs for employers. This is a particular concern when farmers are confronted with labour shortages.

## EMPLOYMENT RELATIONS ACT

Since the passage of the Employment Relations Act in 2000 there have been a series of further incremental amendments which has steadily tipped the balance and seen an increase in compliance costs and an erosion of labour market flexibility – a key driver of productivity and economic growth. Recent examples include: legislation on vulnerable workers, flexible working hours and breaks and infant feeding. Further changes are also mooted on contractors and redundancy.

## MINIMUM WAGE

Federated Farmers supports a statutory minimum wage rate to protect the most vulnerable workers but the minimum wage should not be used as a tool to increase overall wage levels. Sustainable increases in wage levels are only possible if there is an increase in productivity. Government should therefore refrain from further large increases in the minimum wage and instead focus on other policies that would improve skills, improve incentives for work, and improve the business environment. This approach would be more likely to enhance competitiveness and productivity and therefore the capacity of businesses to pay higher wages.

## HOLIDAYS ACT

The 2003 changes to the Holidays Act have imposed significant compliance costs and increases in wage costs. Its provisions are complex and inflexible and they have caused confusion both for employers and employees. The 2003 changes have also had significant implications in the meat processing industry where issues of daily pay and absenteeism have combined to add significant processing costs. This has reduced farm-gate returns.

## FEDERATED FARMERS WANTS:

- Employment legislation, particularly the Employment Relations Act and the Holidays Act, be reviewed with a view to reducing compliance costs and encouraging labour market flexibility and productivity.
- The minimum wage retained at its existing real level (i.e. adjusted only for inflation).
- Paid parental leave to remain unchanged.

## EMPLOYMENT POLICY

### PAID PARENTAL LEAVE

Federated Farmers supports the current scheme for paid parental leave which is funded by the taxpayer and available to the self employed as well as employees. There have been suggestions that the period for paid parental leave should be increased from the current 13 weeks. If there is a large increase in the period it could become costly for the taxpayer and could cause difficulties for small businesses in filling vacancies.



## FOOD SAFETY

Ensuring a safe and suitable food supply is a public health priority for any country. In New Zealand nearly 80% of the food we produce is exported, providing just over half the country's merchandise trade underpinning our economy. Protecting consumers and our reputation as a supplier of safe and suitable food is essential.

New Zealand consumers expect food supply, including imported foods, to be safe. Exporters and our trading partners need assurance that the food we produce meets the requirements of importing countries.

The NZ Food Safety Authority has designed a new food regulatory system following four years of consultation and policy development

through a Domestic Food Review. Although the enabling legislation is not expected to come before Parliament before 2009, some parts of the new system are being implemented under the existing Food Act on a voluntary basis. The Federation generally supports the outcomes of the Domestic Food Review, subject to ensuring that rules and regulations do not impose an unreasonable compliance burden.

Federated Farmers supports a voluntary approach to country of origin labelling based on commercial responses to market demand.

### FEDERATED FARMERS WANTS:

- A robust, efficient regulatory regime that provides assurances to consumers, both in New Zealand and overseas, of food safety.
- A continuation of voluntary country of origin labelling.

## GENETIC MODIFICATION

Humans have been practising genetic modification for centuries. Mendel's pea experiment from 1866 is a staple of school biology so humans have always sought ways to improve the characteristics and yields of plants and animals by selection and breeding.

Modern advances in gene technology have taken this further by providing new ways of improving plants and animals. Many of these results could be achieved by traditional breeding methods, but gene technology is a faster and more specific method of achieving a desired modification.

Gene technology has the potential to benefit New Zealand producers, providing appropriate controls exist to ensure the safety of human health and the environment. Indeed gene modification may in fact become one of the solutions to animal emissions.

Federated Farmers will comment on any individual case of gene technology when considered appropriate.

### FEDERATED FARMERS WANTS:

- Acceptance of the principle and application of gene technology within agriculture, providing appropriate controls exist.
- Support of the regulatory frameworks established to scientifically assess and manage any risks to the health and safety of people and the environment from the application of gene technology.
- Recognition by the state that gene technology can provide benefits to New Zealand producers.
- Endorsement of individual farmers' right to determine what technologies are used in their production systems.
- Enshrining consumers right to information relating the products they are purchasing by way of active risk communication by regulatory bodies and the supply of information to underpin consumer confidence.
- Recognition gene technology involves significant issues of intellectual property and the need to ensure this property is protected globally.

## HIGH COUNTRY ISSUES

Federated Farmers High Country expects any Government of the day to provide a fair political environment that allows landowners and leaseholders in the high country to operate their businesses within the spirit and intent of the law, free from threats or coercion driven by whim or political expediency.

Many generations of high country families have, through weed and pest control, ensured the high country remains the iconic landscape it is recognised worldwide for. Farmers provide access and other assistance to visitors to enable them to share in this special landscape.

To continue making this contribution to New Zealand, high country families must be provided with a working environment that allows their businesses the flexibility to remain viable during changing times. The Crown Pastoral Land Act 1998 (CPLA) was introduced to provide some of this flexibility, including the tenure review process.

Federated Farmers supports the CPLA principle that owners of perpetually renewable Crown Pastoral Leases should be allowed to buy the freehold title to all or most of their land, provided there is ongoing legal protection of areas with Significant

Inherent Values (SIV). SIVs should be evaluated objectively, on the basis of regional significance, rather than what is present on an individual property.

On properties where large areas of land have both productive and environmental values, protection could be provided by ‘sustainable management covenants’ under freehold title, as provided for under the CPLA. This would also help to promote community custodianship of covenants; ‘sustainable management covenants’ under freehold title can be used for land which has both productive and environmental values

It is also in everyone’s interest to respect the preference of those who do not wish to enter into the tenure review process.

People should not be forced into entering tenure review because valuations for pastoral lease rental purposes are based on non pastoral considerations. “Amenity values” (including the view) are irrelevant in the valuation of the Crown’s interest in pastoral leases. They add no value to a property used for pastoral purposes (a fact endorsed in the findings of the Government-appointed Armstrong valuation committee).

### FEDERATED FARMERS WANTS:

- Recognition of the property rights of affected land owners and lease holders.
- Continuation of the Tenure Review process with objective evaluations of Significant Inherent Values (SIV).
- More recognition given to the use of protective mechanisms for SIVs as provided for in the Crown Pastoral Land Act 1998 (CPLA).
- Where large areas of land have both productive and environmental values, greater use of ‘sustainable management covenants’ under freehold title as provided for in the CPLA.
- Amenity values be excluded from pastoral lease rent reviews.

## IMMIGRATION AND LABOUR

New Zealand is experiencing a large number of dairy conversions, including many in non-traditional dairy areas. Over recent years the labour market has been tight resulting in labour shortages, high wage inflation and an impact on farm management.

With a shortage of New Zealanders willing or able to work on farms, Federated Farmers has pushed for increased immigration by farm workers. Current policy is to allow only certain 'skilled' workers onto the skills shortage list. Most agricultural work does not fall into the 'skilled' category, so members are having difficulty bringing workers in. This again sends the wrong signals about the industry that drives the economy.

Federated Farmers has long tried to persuade immigration officials to include dairy farm workers on the immediate skills shortage list. There has been reluctance to do so to date, with the lowest skilled position on the list being that of Assistant Herd Manager. The Federation wants politicians and officials to understand the extent of the problem of labour shortages and the need for more flexible immigration policies.

### FEDERATED FARMERS WANTS:

- Recognition that farming is a skilled occupation by Immigration New Zealand.
- Increased flexibility in immigration policies.
- Inclusion of more farming occupations on the occupational skills shortages list.

# LOCAL GOVERNMENT

Local government is a very important issue for farmers. Councils are responsible for the regulation of natural resources (including land, water and air), which are obviously very important for the business of farming. Councils also regulate other activities and provide infrastructure and services to their local communities. It is important to remember that farmers may or in many instances, may not, use these facilities.

## ROLES AND RESPONSIBILITIES

The Local Government Act 2002 provides councils with a ‘power of general competence’ and an activist purpose statement to promote ‘community well-being.’

Federated Farmers considers community well-being can best be achieved by councils containing their spending and therefore keeping their rates down. Councils should focus on doing their core functions well – the provision of local ‘public goods’ (e.g. local regulation and the provision and

maintenance of local infrastructure such as roading, water and waste). Most councils engage to a greater or lesser degree in the provision of local ‘private goods’ (e.g. recreation and cultural facilities and activities).

Federated Farmers considers the best way to get councils to focus on their core functions is to ensure council activities are funded and accurately reported back to ratepayers.

## RURAL REPRESENTATION

The Local Electoral Act 2001 has diminished rural representation, a particular concern when councils depend so heavily on rates based on property value. The Act requires strict adherence to a +/-10% quota for the number of people each councillor should represent. The resulting council representation reviews has seen a reduction in rural wards and the number of councillors from rural parts of districts.

## FEDERATED FARMERS WANTS:

- Review of the Local Government Act 2002 and local government funding to define council core functions.
- Councils to be given the flexibility to decide representation arrangements.
- More consistency in the processes for setting user charges (e.g. dog registration).
- Any changes to dog control not to impose unreasonable impositions and costs on the responsible owners of farm working dogs.

## LOCAL GOVERNMENT

### DOG CONTROL

Councils are responsible for the control of dogs in their districts. Farms can have a large number of working dogs on their properties and dog registration costs can be a significant impost on farmers, especially when their 'working' dogs usually never leave the property so are generally of low risk to others.

In 2006 the Federation undertook a vigorous public campaign against proposals to micro-chip all dogs. Parliament accepted Federated Farmer's submission, albeit at the eleventh hour, to exempt working dogs from micro-chipping. More recently there has been work on further initiatives to improve dog safety.



## LOCAL GOVERNMENT FUNDING

Modern local government is broadly empowered in terms of its roles and responsibilities yet is restricted to a narrow, archaic funding base made up of property value rates and property charges. Property value rates bear no relationship to either 'ability to pay' or use of a service. Rates therefore prevent communities from truly assessing the costs and benefits of council activities. For farmers this means a heavy tax on their key asset (land) to pay for all manner of community services many of which they rarely, if ever, use.

Rating policy is vital to the achievement of community outcomes and the community's ability to assess the value of council activities and ensure that councils are focused on their needs. Therefore at a local level Federated Farmers is a regular submitter to most council draft annual and long-term

plans, focusing on improving council rating systems and reducing the rates burden on farms. This local experience has given Federated Farmers a unique perspective on local government funding issues which was invaluable to its interaction with the 2007 Independent Inquiry into Local Government Rates.

The Federation made a comprehensive submission to the Rates Inquiry and had a very constructive engagement with the Inquiry Panel. Although Federated Farmers does not agree with all the Inquiry's 96 recommendations it agreed with the Inquiry's goal of significantly reducing property value rates as proportion of local government revenue. The Inquiry made recommendations directed at both local government and central government.

### FEDERATED FARMERS WANTS COUNCILS TO:

- Take better account of inter-generational equity through prudent use of debt as allowed for under the Securities (Local Authority Exemption) Amendment Act 2008.
- Make greater use of uniform annual charges.
- Make greater use of targeted rates to ensure that there is a better link between the funding of services and a resident's access to and benefit from such services.
- Provide ratepayers with itemised rates assessments.
- Report financial information consistently to enable comparisons.
- Participate in performance benchmarking.

### CENTRAL GOVT SHOULD:

- Enable councils to move away from having to fully-fund depreciation.
- Provide more revenue from petrol taxes and road user charges to ensure that local roads (like state highways) are funded according to road use rather than property value.
- Commit funds to councils if it is imposing increased roles, responsibilities and costs on councils.
- Commit one cent of the 12.5 cents of GST as a general revenue share for local government to recognise new legislation obligations.
- Remove all rating exemptions on land, including Department of Conservation land.
- Issue a clear policy direction that central government retains all responsibility for income redistribution and that this is not a role for councils.

## PEST MANAGEMENT

Federated Farmers strongly supports efforts to control and if possible, eliminate plant and animal pests that adversely impact on agricultural production. Recently, a number of issues around pest control have emerged that has resonance to this important issue.

### **VARROA AND BEE DISEASES**

The parasite Varroa has spread and is now here to stay after the Ministry of Agriculture and Forestry removed Varroa movement controls in late September 2008. Pollination provided by honeybees contributes at least \$2 billion annually to New Zealand's economy and directly underpins \$12.5 billion of export revenue from the horticulture, arable, pastoral and beekeeping sectors. Federated Farmers considers that ongoing financial support should be made available to this sector for the continuation of surveillance, education and bee research. Federated Farmers concern is given the failure to defeat varroa, or to vigorously keep the South Island parasite free (with the Cook Strait acting as a moat), bee pests are not being accorded the biosecurity urgency they deserve. Significant threats to New Zealand's bee population and horticulture, arable, and pastoral industries come in the

form of, Colony Collapse Disorder (CCD), P.alvei (European Foulbrood (EFB)), any of which would be economically devastating.

### **POSSUMS AND RABBITS**

Not only do these pests destroy native flora and threaten New Zealand's native fauna, but possums are carriers of bovine tuberculosis. Possums are a huge problem for beef and dairy cattle and farmers are committed to efforts to eradicate the possum threat. After some years of respite after the 1997 introduction of Rabbit Calicivirus (RCD), rabbits are once again becoming a problem, especially in the South Island high country. Both pests are ecologically and economically bad for New Zealand.

### **CANADA GEESE**

Canada Geese are a major agricultural pest being voracious eaters of pasture and their excrement fouls land and waterways. The Canada Geese population is out of control and numbers are far above what can be managed or sensibly harvested by game bird hunters. The direct cost of this population is falling on farmers and the Federation is keen for farmers to have available tools to manage the problem.

### **FEDERATED FARMERS WANTS:**

- Management plans to deal with bee pests not currently in New Zealand.
- The removal of restrictions on the management of Canada Geese.
- Action plans to make New Zealand Tb free and action to reduce the rabbit population.
- The continued use of 1080 poison and public information campaign spearheaded by government.
- Research into alternatives to 1080 to ensure the most effective tool is being used.
- Remove all rating exemptions on land, including Department of Conservation land, to fully fund pest management plans at a regional level.

## PEST MANAGEMENT

### 1080

Federated Farmers supports the continued use of 1080. Federated Farmers acknowledges the use of 1080 has potential risks but believes these risks can and are adequately mitigated. Any potential risks must always be considered in the context of the potential benefits for New Zealand's ecology and economy alike. The continued use of 1080 is crucial for an ongoing sustainable and profitable agricultural sector.

While the Federation supports research into viable, effective and cost efficient alternatives to 1080, it must remain available for the control of pests, particularly possums and rabbits. Government must, however, be more active in supporting a factual information campaign about 1080.

### CROWN CONTRIBUTIONS

The Federation strongly supports Crown funding to regional councils for pest management. This recognises the fact that DOC land is non-rateable yet DOC land is the source of considerable pest problems.



## REGULATION AND COMPLIANCE COSTS

Over a number of years and under successive governments there has been an across the board increase in regulation and associated compliance costs. While accepting that some regulation is necessary and useful, Federated Farmers considers in many instances the cost of regulation has exceeded any benefit accruing.

Each year members of the Federation participate in the Business NZ-KPMG Compliance Cost Survey. The results have shown compliance costs are more significant for farms than for survey respondents as a whole. The biggest compliance issues for members are in the areas of taxation, Resource Management Act, ACC, health and safety in employment, and local government. These, and other compliance cost issues, are all discussed in other sections of this manifesto.

Farmers are facing significant input cost increases that are squeezing margins and the ability to contribute to the productive side of the economy. A reduction in the regulatory burden and compliance costs

is needed but unfortunately the Ministry of Economic Development's Compliance Cost Unit and the use of Regulatory Impact and Compliance Cost Statements, has been inadequate. Some major policy changes issues, for example KiwiSaver and the New Zealand Emissions Trading Scheme, have been made without any analysis on compliance cost implications.

The Federation supports more rigorous discipline to improve the quality of legislation and regulation, which should help reduce compliance costs. This includes the passage of a Regulatory Responsibility Act in the next Parliament to force regular reviews of primary legislation and statutory instruments. The Federation also wishes to see the establishment of an independent agency, modelled on the Ontario Red Tape Commission, to check all primary legislation, statutory instruments and bylaws for compliance cost implications. The two will work in tandem.

### FEDERATED FARMERS WANTS:

- A Regulatory Responsibility Bill be introduced and passed in the next Parliament.
- An independent agency, modelled on the Ontario Red Tape Commission, to revisit all primary legislation, statutory instruments and bylaws for unnecessary compliance cost implications.

## RESEARCH, SCIENCE AND TECHNOLOGY

New Zealand has one of the lowest investments in pure science and research and development in the OECD at around 1.2% of GDP. New Zealand ought to be a leader, given the primary basis of the economy, New Zealand is in fact a follower.

Federated Farmers believes the historic under investment in this area, as opposed to superficial ‘magic bullets’ as exemplified by the over-hyped ‘knowledge wave’ and under performing New Zealand Venture Investment Fund, has been to the detriment of our economy and the ability for farming to add value to exports that underpin the economy.

A key facet of this is not necessarily quantity but quality of research. Federated Farmers supports paying our best scientists higher salaries in order to retain and attract the best brains to New Zealand. The Federation has little time for sociological studies that detract from pure research and development investment, where it is needed.

If New Zealand is to have a world-class economy it needs a world class investment in the field that will partner with farmers to develop the technologies, crops, feed and animals that will assure the country remains at the top of its game.

### FEDERATED FARMERS WANTS:

- A staged uplift in science and research from 1.2% of GDP to three percent of GDP by 2029.
- A focusing of research funds into the primary sectors that underpin the New Zealand economy.
- Flexibility for Crown Research Institutions to reward the best scientists consummate to their abilities.
- A ring fencing of investment to prevent its access by social scientists and related practitioners.

## RESOURCE MANAGEMENT ACT

Farmers support the Resource Management Act's (RMA) aim of promoting sustainable management but the Act, approaching its second decade, is in urgent need of substantive amendment.

The RMA, and the way it is implemented by councils places an overly heavy burden on the rural sector and it can be one of the most significant compliance costs for farmers. By eroding the productive capacity of farms, and compromising the long-term viability of farming, the RMA fails to achieve its goal of promoting sustainable resource management.

The rules made by councils under the RMA are constantly changing and farmers can never be certain that a legitimate decision made today will still be legitimate in a week,

next year or in five years time. Farmers need certainty to plan and invest. Farmers need to know legitimate decisions made today will remain valid into the future.

Farmers also have to invest huge amounts of time and money defending their businesses against the Department of Conservation and environmental activists who 'use the system' to stymie the legitimate expression of property rights of land owners. As a result farmers can effectively have large parts of privately owned land protected by the RMA without compensation and sometimes, without prior consultation.

### FEDERATED FARMERS WANTS:

- Full market compensation for landowners if land use is restricted under the RMA.
- Compulsory consultation with affected landowners.
- Clear policy direction for the Department of Conservation in respect of its advocacy role.
- The streamlining of resource consents and the plan processes to minimise activities that need consents and to clamp down on vexatious submitters.
- Long-term economic viability enabled by using transferable development rights, trade offs and creative subdivision policies.
- The changing nature of landscapes acknowledged by reworking the Act's emphasis on the protection of amenity.

## RIGHTS IN PROPERTY

Property rights are the formal and informal rules that govern access to and use of property. Rights in property include the rights to determine the use of property, income from property, disposal of property, and the exclusion of others from property.

Without property rights no other rights are possible and well-assigned and enforced rights in property provide the basis for many things we take for granted, including peaceful coexistence, prosperity, and conservation.

While there are cases where the taking of property or an impact on a property right might be justified in the public interest, the test should be set at a high threshold and any takings must be fully and fairly compensated.

With physical property or land being such an important part of any farm business, the protection of rights in property are of particular concern for farmers.



### FEDERATED FARMERS WANTS:

- The maintenance of private property rights to be recognised in legislation.
- An amendment to the Resource Management Act requiring full market compensation for landowners if land use is restricted under the RMA.
- Enactment of a Regulatory Responsibility Act, requiring market compensation be payable where private property rights are taken or extinguished.

## RURAL SECURITY

Federated Farmers interest in rural security issues is to ensure that members' families and staff are able to access police services essential to their needs at a level that retains community confidence.

Rural communities are further from urban centres and have poorer access to emergency and security services than those enjoyed by urban residents. Unlike urban dwellers, rural land owners have to contend with walking access meaning security is porous. They also have lower rates of access to telecommunications including notoriously poor or even non-existent cell phone reception in many areas.

Easy access to firearms, isolation from neighbours, remoteness to police and geographical factors mean rural residents face specific security and law enforcement challenges.

The fact is that emergency services cannot always assist in a timely manner. Criminals have a larger window of opportunity to commit offences. Consequently, there is a strong reliance on neighbour support in case of fire, accident, or crime. This has resulted in more incidents of individuals taking matters into their own hands and in some cases, seeing to the actual victims of crime themselves criminalised.

Stock rustling (the theft of livestock) and poaching (the unauthorised hunting of feral animals on private property) are significant problems. Police have been reluctant to apply resources to investigate because of other priorities and the lack of proof.



### FEDERATED FARMERS WANTS:

- Recognition of the specific security issues and needs faced by rural communities by way of a Rural Police Strategy.

## URBAN AND RURAL RELATIONS

Federated Farmers has detected a growing gulf of understanding between rural New Zealand, the minority of New Zealand's population, and the vast percentage of New Zealanders who are now urbanised.

This 'gulf' is being exploited by some groups to drive a wedge between both sections of the New Zealand community. Fundamentally, the Federation believes there is much more that can be done by rural New Zealand in partnership with Government, to better explain the economic, social and cultural importance of farming to all New Zealanders. In doing so the Federation hopes to make farming as natural a career choice as becoming a lawyer or a doctor.

Improving this mutual understanding is in the interest of New Zealand. The Federation sees the first step is the establishment of an inter-departmental rural task force (comprising the Ministry of Agriculture, Ministry of Culture, Heritage and Sport, Ministry of Education and the Ministry of Economic Development), led by Federated Farmers and including other related groups.

### FEDERATED FARMERS WANTS:

- The establishment of an inter-departmental rural task force with Federated Farmers and other related groups, to develop practical solutions to build closer relations between town and country.
- Financial support for Federated Farmers initiatives to improve urban and rural relations.

## SUSTAINABILITY

The World Commission on the Environment and Development defines sustainability as “meeting the needs of the present generation without compromising the ability of future generations to meet their own needs”.

This is nothing new to farmers. Maori have farmed in New Zealand for millennia and Pakeha for almost two centuries. Farmers get their hands dirty. Farmers are an integral part of New Zealand’s cultural identity and economic well being. Farming is for generations.

Farms are both a living ecosystem and a business. Unlike most other businesses, failure to farm in harmony with the environment will eventually collapse productivity and result in the failure of any farm business. We need and want to harvest the garden for ongoing generations.

Federated Farmers defines sustainability as the unity of positive environmental management with economic reality. The two are not mutually exclusive yet the concept of sustainability is increasingly skewed away from taking economic considerations

into account. No where is this better expressed than in the inclusion of farm animals in the New Zealand Emissions Trading Scheme (NZETS). To meet NZETS targets, farm output will be reduced so that food production is shifted into less efficient countries. What might help achieve New Zealand’s emissions target on one hand may actually end up increasing global emissions on the other.

Farmers care deeply about the environment, the welfare of their animals and the legacy they will leave for the next generation of farmers. Farmers have their hands in the soil. They don’t work in an office. They work out among the elements, the rain, the sunshine, on their land. They understand the challenges of our topography, our climate, and how they can best work with nature to produce food and fibre. For generations they have wanted to, and do contribute to the success of New Zealand and its economic and social wellbeing, and they do. This explains why New Zealand’s on-farm productivity has only ever increased. Farms are truly sustainable in their very operation for they have always allowed ‘future generations to meet their own needs’.

### FEDERATED FARMERS WANTS:

- A collaborative approach with the Federation to define economic and environmental considerations for New Zealand.
- Scientifically verified metrics for sustainability.
- The international effect of policies to support sustainability is assessed before adoption.
- The economic viability of farming given equal weighting to environmental factors in policy setting.
- Financial support for Federated Farmers initiatives (e.g. urban and rural relations).

## SUSTAINABILITY

Any concept of sustainability needs to take into account the practicalities of the rural environment and how farming systems works, just as it should take into account the realities of how cities work.

While this Manifesto contains the Federation's position on animal welfare, climate change, transport and water, it calls on the next government to ensure

sustainability is put into the context of farm businesses operating in a competitive global economy, and balances environmental and economic considerations..



## TELECOMMUNICATIONS

The delivery of efficient and reliable telecommunications services is of great benefit to rural communities. It is not only a fundamental health and safety requirement, but it also allows for active participation in the 'knowledge economy'.

Fast and reliable data transfer is becoming increasingly important as government, both central and local, banks and other service and supply businesses rely on electronic means to deal with farm businesses. In the modern environment, fast and reliable broadband access is a must if rural communities are to realise their opportunities in the global marketplace.

Federated Farmers wants telecommunications services supplied to rural consumers to be reliable and at reasonable cost to the consumer. The reality for rural and remote users is that the state of the network is poor. For some, even basic voice service is not available unless a high capital cost is invested.

The standard of services provided has been much lower for the rural population than for the urban population. This inequality of provision should be addressed. If it is not, the Federation believes the gulf will continue to the detriment of the rural community and its vital economic contribution.

### FEDERATED FARMERS WANTS:

- Funding the roll-out improved telecommunications services and broadband for all by way of fixed wire, satellite or wireless means.

# TRADE

The vast majority of New Zealand's farm production is exported, for example 91% of lamb, 79% of beef and 95% of dairy production. Over half of New Zealand's total exports come from the pastoral sector. With growing pressures on global food supply and food prices it is likely that demand for New Zealand food products will increase, especially in non-traditional markets which are becoming wealthier.

## TRADE LIBERALISATION

Farmers have always strongly supported efforts to promote the benefits of free trade and particularly efforts to negotiate improved market access and reduced trade barriers for our exports. Federated Farmers strongly encourages efforts to reduce tariff and non-tariff barriers and the elimination of agricultural subsidies and other policies that distort markets.

The biggest gains from trade liberalisation would arise from a multilateral agreement through the World Trade Organisation (WTO).

The Federation has strongly supported successive governments' efforts to achieve liberalisation of agricultural trade. With slow progress at the WTO, the Federation supports efforts to negotiate free trade agreements with major trading partners. The Federation also supports the elimination of all remaining tariffs on imported goods.

## TRADE AND THE ENVIRONMENT

Environmental considerations are becoming increasingly important for consumers in traditional markets such as the UK and Europe. There is a risk that these countries could use environmental grounds as non-tariff barriers to protect their own producers.

One example is the issue of 'food miles' and consumer perceptions about the 'carbon footprint' of imported food. New Zealand food has been proven to be much less energy intensive than food produced in Europe or the UK.

## FEDERATED FARMERS WANTS:

- Conclusion of a comprehensive WTO Doha round that includes liberalisation of agricultural trade.
- Negotiation of comprehensive and WTO consistent bilateral and plurilateral free trade pacts, which include liberalisation of agricultural trade.
- Elimination of New Zealand's remaining tariffs on imported goods.
- New Zealand Trade & Enterprise and the Ministry of Foreign Affairs and Trade specifically tasked to combat misinformation on issues such as 'food miles' in overseas markets.

## TRANSPORT - INFRASTRUCTURE

An efficient transport system is essential to enable the agricultural sector to shift its produce to further processing centres and on to ports for export. It is also important for sourcing competitively priced inputs of production. Transport infrastructure and services are a vital component of ensuring the international competitiveness of the agricultural sector and New Zealand as a whole.

### ROADING

After many years of underinvestment there has been a substantial increase in funding for transport infrastructure. This has been welcomed by the Federation but it has been concerned that funding is not necessarily being spent on the most efficient projects or modes of transport. Federated Farmers is concerned that the current model for allocating roading costs is resulting in significant inefficiencies.

Federated Farmers warmly welcomed the move to 'hypothesise' all revenue from petrol tax, road user charges, and motor vehicle licence fees to the National Land Transport Fund. However, the Federation has opposed the introduction of a regional fuel tax. Its application to diesel is particularly inappropriate as it is heavily used by members off-road and a new tax would

require a refund system which could be very costly and cumbersome as experience in the UK proves.

### RATES AND ROADS

Local authority rates are based on the value of land and are directly paid only by owners of the asset. As such they bear no relationship to the use of the roading network by the whole community. Federated Farmers believes that at least some of the increased revenue from hypothecation should be allocated to councils to help fund the maintenance of their local roads, reducing the burden on ratepayers and improving efficiency and equity.

### OTHER MODES

Coastal shipping and rail have important roles to play in the transport system but Federated Farmers would be opposed to measures that would attempt to push freight off roads onto other modes due to Government ownership or a genuine, but misguided desire to support these sectors. The road remains the mode which is the quickest, cheapest and most convenient for most freight tasks in rural areas where neither rail nor coastal shipping is available, cost effective or convenient.

### FEDERATED FARMERS WANTS:

- Efficiency to be the primary determinant for transport funding decisions.
- Roading costs to be allocated so road charges are efficient and equitable by way of targeting actual commercial road users.
- The Land Transport Management Amendment Act 2008 be amended to repeal provisions for regional fuel taxes.
- A significant reduction in the reliance of local authority rates to fund the maintenance of local roads by greater access to hypothecated funds.
- The Land Transport Management Amendment Act 2008 be further amended to prevent cross subsidisation of other modes from hypothecated funds.

# TRANSPORT - RULES

Transport regulation is an important issue for farmers, both as road users in general and as movers of livestock and agricultural machinery on road.

## DRIVING AGE

Federated Farmers is opposed to increasing the driving age as it would particularly disadvantage rural people and would not address the real issue, which is a lack of real-world experience for learner drivers. Instead, the Federation supports changes to the driver licensing regime that recognise the importance of experience, including increasing the learner licensing period.

## WORKTIME AND LOGBOOKS

In 2007 a rule change was introduced to address issues around driver fatigue but in capturing agricultural machinery, it has proven to be a major headache for farmers and agricultural contractors. The Federation supports an amendment to the Driver Licensing Rule to allow tractors and harvesters to be operated on a Class 1 License, therefore not subject to the work-time or log-book requirements.

## OVERDIMENSION VEHICLES

Vehicles that are over-dimension require permits to be on the road at certain dates or times. In practice almost all agricultural

vehicles can pass the permit's 'swept path test.' The Federation requests operators of such equipment be spared the cost and hassle of applying for a permit.

## STOCK MOVEMENT

Citizens have a common law right to move livestock along and across roads. However, councils also have the power to make bylaws for a wide variety of reasons, including public safety and nuisance, and most have stock movement bylaws. The Federation has been concerned that some councils have taken overly restrictive approaches that impose significant impositions and costs on members.

## STOCK TRUCK EFFLUENT

Leakage of effluent from stock trucks causes problems for road safety, public health and the environment. Farmers are under increasing pressure to 'stand their stock' for ever longer periods before transportation. The Federation supports the use of education to encourage farmers to stand their stock but more investment in stock effluent disposal facilities is also needed.

## FEDERATED FARMERS WANTS:

- The driving age to remain at 15 but with an increased learner licensing period.
- An amendment to the Driver Licensing Rule allowing tractors and harvesters to be operated on a Class 1 License.
- An amendment to the Mass and Dimension Rule to remove the requirement for permits for agricultural vehicles to be used on roads at certain times.
- Councils be required to ensure that their stock movement bylaws do not impose unreasonable restrictions, impositions or costs on farmers.
- The use of education, rather than regulation, to encourage farmers to stand their stock with more investment in stock effluent disposal facilities by councils and the NZ Transport Agency.

## WALKING ACCESS

The vast majority of landholders are happy to provide walking access across their properties but they must have control over who crosses their land at any given time. Health and safety (of both visitor and the landholder), and the fact that farms are places of business must be recognised.

Many landowners are concerned their property rights and ability to conduct their business without impediment would be compromised if they were forced to provide access incompatible with these rights. It must be remembered that landholders have significant investment in and emotional ties to their properties. People seeking access rarely have this.

A ministerial panel on walking access considered these issues and last year made recommendations that any legislation should not interfere with property rights. Public

access to private land should remain subject to negotiation with and agreement by the landowner. Parliament has now passed a Walking Access Act, which Federated Farmers supported.

Looking ahead there are a number of unformed “paper roads” on farms that are of no practical use. Despite this, the public has rights of access over these “roads,” which often run through the middle of farmers’ paddocks. The Federation considers provision should be made for the economic ‘stopping’ of such ‘roads’ on private land where these offer no foreseeable recreational value.

### FEDERATED FARMERS WANTS:

- Public access to private land to remain subject to negotiation with, and agreement by, the landowner.
- A simplified and lower cost method to ‘stop’ unformed roads not required by councils, and that such ‘stopped roads’ may only be offered to the adjacent landowner.



# WATER



Water is the lifeblood of farming and food production. Farmers take very seriously their obligation to use water efficiently and to ensure their activities do not compromise water quality.

Water allocation and quality decisions must be based on sound information. It is essential that adequate, reliable information about individual catchments be established using scientific information to determine the availability of water as a resource before water management policy is developed. Informed decisions can only be made on proven and tested information.

Water permit holders must have confidence their investment will be protected from confiscation and unreasonable restrictions. Without security of tenure for water permits, investment in both existing and new irrigation schemes will be seriously inhibited.

No single water allocation policy will be appropriate in all circumstances. Each catchment has different demands on water, different availability of water, and different values applied to water. By the same token, water policies should not undermine local strategies and efforts to manage water. Run

of river allocation systems will always be problematic with nature and demand not always being in alignment over the seasons.

Water storage has great potential to address concerns about both water allocation and water quality. Harvesting and storage of water provide long-term opportunities to expand future water use options in an environmentally sustainable manner. Policies must enable and encourage water storage. Recent announcements of a considerable investment in infrastructure, should include substantial investment in water storage projects.

Commercial drivers for efficiency should be left up to the user. Inappropriate regulations and controls on how and where water resources are used, risk producing inverse affects. Efficiency tests should not be based on land use or whether the use is deemed by bureaucrats to be 'economic'.

Flexibility is required within water allocation regimes to allow water permit holders to voluntarily transfer or exchange permits. Such transfers support the optimal use of water resources to meet the needs of both parties.

## FEDERATED FARMERS WANTS:

- Water policies based on sound scientific information.
- Simple and cost-effective policies for both the regulator and the user.
- Security of tenure and clear specifications for water use.
- Flexibility to suit local needs and circumstances.
- Water harvesting and storage to be prioritised.
- Recognition that efficient use of water is best determined by water users.
- Accommodation for the voluntary transfer or exchange of water permits.



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