

# Agriculture

**"Ma te turangawaewae ka kitea te mana o te rangatira."**

**"The stability of the land upon which you stand will determine your security."**

**Sir Eruera Tirikatene**

Values agricultural policy is based on the principle of optimum sustainable production from our land resource.

We believe that this country's greatest economic assets are its land, climate and accumulated farming skills.

We believe New Zealand's future depends on the rational use of these assets.

We believe that fundamental to the fulfilment of our objectives in agriculture are long term policies aimed at ensuring a flourishing and vital rural community.

The rural land of New Zealand is the nation's most important economic, recreational, and ecological resource. Managed wisely it will support and provide for future generations of New Zealanders. But rational management must be more than a pious hope if it is to remedy the mistakes of our forefathers. Four generations of European settlement have seen vast ecological changes - changes which have amply demonstrated the vulnerability of both our native forests which protect the watersheds and the farmlands which feed the nation. Primary industry, farming and forestry, is the mainstay of the New Zealand economy. Agriculture alone, being only partially dependent on scarce non-renewable resources, endows New Zealand with a significant comparative advantage in trade, so that the primary sector must be seen as the basis of the economy for many years to come.

New Zealand's economy is unique. No other country in the world has managed to maintain a similar standard of living on a basis of primary industry. Today we are at a crisis-point.

In recent years there have been calls from farmers and others, including economists, for taxpayer support of farmers' incomes. When these demands first became vocal in the late 1960s the common reaction was one of surprise. How can the taxpayer support the industry that supports the national economy? Nevertheless, input subsidies were introduced, then cash grants such as the sheep retention scheme - all ad hoc measures just to keep farms producing. Today there are few informed observers who doubt that New Zealand's much vaunted farming industry is going to be a continuing drain on the taxpayer. Why?

Farmer dependence on government assistance has coincided with high rates of world inflation, which boosted our internal cost structure to the point where land-based industries which compete on world markets

can no longer afford to maintain production.

New Zealand now has to decide whether primary industry must live a welfare existence or whether it wants to restructure the economy so that agriculture can maintain efficient production and cater for the wider needs of the New Zealand people. The problem is not that New Zealand agriculture is inefficient, rather the reverse. The point is that agriculture can no longer carry the cost of New Zealand's industrialisation policies alone. Declining farming communities provide a barometer for rural prospects. Farm incomes have been squeezed between rapidly rising domestic production costs and relatively static overseas prices. Farms have necessarily been amalgamated to ensure an increased income for farmers. Farming districts have become socially desolate as labour has departed to urban environments, home of protected industry.

While the New Zealand farm population has been declining both in absolute terms and as a proportion of the total population the rural industries have been required to expand production at a rate sufficient to meet the increasing consumption needs of a growing population and the increasing export income requirements of an expanding economy.

The Values Party believes that the well-being of those who manage rural land is vital to the economic future of the country and to the well-being of the land itself. We also believe that many of New Zealand's urban social problems arise from the stresses of forced urbanisation - a drift to the larger cities which could be reversed by the introduction of an enlightened farm incomes policy.

## **The Values Party would**

- Introduce guaranteed incomes for the average efficient farmer.

Equity alone would be a sufficient reason for this action. However, economic necessity makes it imperative. Until New Zealand achieves a stable population the growth of her agricultural production must match further increases in the nation's population if living standards are to be maintained. The reasons for this are two-fold; first, the Values Party believes that New Zealand has a moral responsibility to increase food production in a malnourished world; and secondly, we depend on agriculture for our very survival as a nation. We now consume more than one-third of our static food production. The neglect of agriculture at the expense of industrial growth has been a recurring folly which has hampered the economic and social development of Third World countries. The continued neglect of agriculture in New Zealand is a formula for economic suicide.

The regional development or assistance plans of the National and Labour parties are an acknowledgment of the slow death by depopulation of rural New Zealand. Encouraging industry into provincial areas with

"incentives" does little to solve the basic problem. The answer lies in our economic base - on our farms. The Values Party believes that given stable but adequate farm incomes, the multitude of rural servicing and processing industries will thrive in the smaller urban centres. The stop-go policies of the past, with their inflationary side effects (in times of high prices) and recession and redundancy (in times of low prices) will be effectively countered.

Recent economic events have made it apparent to many farmers and to the Values Party that New Zealand agriculture is desperately in need of an equitable rural, social and economic policy which will guarantee technically efficient farms, a reasonable standard of living for our farmers, and will help make rural districts better places to live.

### The Land

#### Utilisation and Ecology

The Values Party's ultimate aim is to discontinue all land-use practices which are inconsistent with the objective of a stable land surface and sound ecological principles. Where producers are significantly affected full and adequate compensation would be instituted.

Values believes that in general, land should be reserved for those purposes for which it is best suited - and therefore definite standards and guidelines of land use capability would be established. A detailed water and soil survey would be initiated by the DSIR to determine the precise nature and extent of our water and soil resources. This more precise clarification is regarded as an urgent priority to provide much-needed accurate information on which sound town and country planning land use decisions can be made. Arable land requires survey at a more intense scale than non-arable hill country. In the long term this information would be used as the accurate base of land classification for the assessment of an annual land rating.

Because so little of New Zealand's farm land is naturally fertile those soils which have a high arable or intensive farming potential would be carefully protected from housing, industrial or other encroachment.

Land is not only an economic resource. It is also the nation's most important recreational asset and as such belongs to the people of New Zealand. With this principle in mind a system of walk-ways and natural reserves giving access to areas of natural beauty would be encouraged by a Values Government. Regional communities would be empowered to declare residual areas of native bush, forest or vegetation in farming districts as natural reserves.

#### The Values Party would

- Expand agricultural research in two major directions. Firstly, develop new technologies to increase agricultural production where

appropriate. Secondly, develop new technologies which are more in keeping with sound ecological principles than those currently in use.

Values believes that while most New Zealand soils are naturally deficient in phosphate the current means of remedying this deficiency through application of superphosphate may not necessarily be the best, from the point of view of either achieving maximum sustainable production or following sound ecological principles.

Research would be aimed at:

- developing plants and production systems which minimise the need for artificial fertiliser;
- establishing the precise nutrient and trace element status of farm land so that farmers can apply fertiliser in scientifically measured amounts rather than by rule of thumb (Values policies would immediately change the present system where large quantities of fertiliser are sometimes applied purely to avoid tax).

One of the strengths of New Zealand agriculture is the development of legume-based systems which biologically fix nitrogen, thus eliminating the need for artificial nitrogen fertilisers whose production uses up non-renewable energy resources. Further research will be aimed at the continued development and improvement of biological nitrogen-fixing systems.

Development of two-tier farming, mixing grazing and forestry, will be given priority under Values.



Photo. Ian Bilson



Differential tax rebates would be implemented to ensure a wide variety of trees, including natives, are planted and research would be aimed at selecting the most suitable species for different areas and end-uses. A major aspect of this policy would be the encouragement of tree-crops such as nuts which so far have been largely neglected as a valuable source of protein production which complements rather than competes with the traditional production of animal protein.

Various trials in New Zealand (almost exclusively using *pinus radiata*) have demonstrated that two-tier farming can increase pasture production, stabilise land, decrease nutrient run-off and make better use of available nutrients in the soil.

The Values Party believes that the Agricultural Chemicals Board must be composed of suitably qualified objective members without vested interests in the industry, and given sufficient powers to ensure that natural ecosystems and the farming industry are protected from the indiscriminate use of expensive, potentially dangerous and frequently unsuitable pesticides and herbicides.

Research would be aimed at the development of plants and animals which are naturally resistant to parasites and diseases; and the development of specific chemical control, and biological controls for insect pests and diseases.

#### **The Values Party would**

- Seek to restore stability to the basic renewable sources of soil, water and air. This would be part of an overall strategy toward eliminating pollution and instituting conservation of New Zealand's basic non-renewable resources. Such a policy would follow common principles throughout New Zealand and would be applied equitably but with due regard to social priorities.

The Values Party recognises that the precarious instability of many of our human-controlled enterprises, involving loss of soil structure and fertility in many areas, susceptibility to plagues of insects and bacterial and virus diseases, is due largely to the artificial simplicity which we have imposed on nature. Values would seek to maintain the stability of natural communities in order to achieve permanent high production at optimum sustainable yields and minimum energy expenditures.

#### **A Rural Economic Policy**

The New Zealand farming industry works on the economic principle that world price, less costs of production, equals farm profit. The rest of the economy works according to the formula - cost of production, plus profit margin, equals local selling price.

Because New Zealand's comparative advantage lies in our primary industries New Zealand agriculture in the short-term must be placed on an equivalent basis.

This would necessitate an intermediary council to co-ordinate the marketing of agricultural produce. Working through existing market channels the council would buy-in at prices which would give the average efficient farmer a reasonable return on his investment and wage for his labour. It would sell the produce to the best of its ability on the local and overseas market. If the Government wished to hold consumer prices it could implement consumer subsidies. It is essential that the co-ordinating council represent all national interests because the produce would in effect be owned by the whole country.

If the selling price were less than that paid out to the farmers the council would seek government export credit assistance. (The nation determines the cost of production which determines the price paid to farmers. It therefore must accept responsibility if that price is higher than the overseas market can realise.)

A number of points arise:

- market demand and consumer preference would have to be taken into account in setting the prices paid to farmers;
- farmers would no longer receive subsidies, they would receive a just price;
- production would be maintained at a high and increasing level while this was necessary;
- since the public would in effect own the produce, it would take a greater interest in its fate and pay far more attention to anything that had a detrimental effect on its acceptability overseas.

The system outlined would imply a change to trading with countries which have a greater need for our produce. The principle of mutually beneficial trade should be allowed to operate freely. Bilateral trade agreements with Third World countries would be undertaken.

The Values Party calls for a more responsible New Zealand attitude towards the world wheat production shortfall, in the form of a government guaranteed minimum price to farmers equal to, or more than, the imported price of grain.

#### **Rural Land Policy**

The general consequences of the structural adjustments that have been taking place in New Zealand agriculture are fewer farmers, larger farms, and an increase in the size and complexity of the farm business.

The Values Party's longer-term policy aim is to secure nearly all revenues at the point of basic resource use rather than on earnings and it is Party policy to introduce resource taxes proportionate to the availability of resources. With these policies in mind, a Values Government would

#### **The Values Party would**

- Gradually reduce the emphasis on income taxes for farmers and would increase per-acre land rates on farm land. The value of farm

production in excess of an assessed rating level would be free of income tax. The land rate would be adjusted over time to provide rural people with incomes comparable to those in urban areas.

The Values Party believes that rural depopulation is not in the national interest because amalgamation of farms in the long-run, despite technological advances, leads to declining per-acre production.

Values believes that production per unit of area and not per man should be the yardstick of economic performance within the agricultural sector.

High capital values of farm land are a barrier to young people of modest means who wish to go farming, encourage land speculation, and tend to hinder the most productive use of our farming resources by those best able to utilise farm land productively.

Traditionally, the capital gain made from the sale of a farm has been viewed as a farmer's superannuation. In the face of fluctuating and generally inadequate farm incomes and a high rate of income "plough back" the sale of a farm on retirement provided security for a farmer that he otherwise would not have been able to enjoy.

However with the adoption of a guaranteed farm incomes policy it would be inequitable for farmers to continue to draw untaxed income from the sale of farm land - especially when developed from pre-tax farm income. Also, in a period of high inflation, the influence of land speculation on farm land values will continue to exact a high economic and social toll.

Fifty per cent of New Zealand farmers are over the age of 45. Many - if not most of them - would like to be able to sell their farms to their heirs if it was possible for the heirs to be able to accrue enough capital to pay the deposit. With the capital value of most farms now well in excess of \$100,000, where does an aspiring farm owner start?

The only effective solution is to increase the turnover of farm land ownership:-

#### **The Values Party would:**

- In the short term, to facilitate this, a Values Government would remove farm land from the free market. All sales of land excepting sales at valuation from one generation to the next within families, would be through a district land commission. The capital value of rural farm land would be frozen at market worth at the time the scheme was introduced, with increases in value allowed for only on increases in productive worth.

- sales would be conducted by ballot. All ballotees would have to demonstrate their ability to manage land wisely and productively before being eligible for pastoral or arable farms.

- the scheme would be supported by mortgages up to 95 per cent through the Rural Bank. As land sales values would move on to the basis of productive value any average efficient owner would be assured of meeting his mortgage commitments. These mortgages would also be available for father-heir sales. Where in the initial stages, the pegged value of the land exceeded its productive worth, the state would pay the difference to the vendor as an annuity.

This, combined with Values Policy of reducing values of farm land to real productive worth, would open the land market up to people best able to utilise farm land productively. The private ownership of farm land would not be affected. Values recognises that the ownership of farm land by a family gives that family a place of belonging - a "turangawaewae" - and puts an obligation on the owners to care for the land. The ambition of most farmers is that their children should farm the land after them - an attitude which ensures the land is not wantonly exploited.

In order to meet changes in land use, the commission would be empowered to subdivide or aggregate land into larger or smaller ownership units. The criteria for determining the size of a holding would generally be that required to provide one family with a reasonable living. Larger holdings would be allocated according to demand from co-operative farming groups.

Because land is a scarce resource which is easily destroyed or damaged,

#### **The Values Party believes**

- Land ownership should generally only be open to New Zealand citizens.
- Land should only be occupied by the people who own it. The generous mortgage provisions outlined above would generally eliminate the need for trust or company ownership of land by families.
- Co-operative or group owners would have to be permanently domiciled on the land. A family or individual would be able to have shares in only one such rural land owning group. Each group would have to be registered as a legal entity - company, trust or society - before being eligible for ballot. In general, the same rules applying to individuals would apply to groups owning farm land.
- That encouragement should be given to the development of hamlets and villages with full servicing facilities whereby a farmer or a farm worker can retire to a rural environment. This will encourage the rural retention of population.

#### **The Co-operative Enterprise in Agriculture**

The Values Party believes that the family, extended family, or co-operative farm is likely to be at least as efficient as corporate farm enterprises in the long term.

#### **The Values Party supports**

- Communal farming [ohu] and research into alternative forms of co-operative ownership and assistance to groups wishing to establish a co-operative group.
- The establishment and development of co-operatives in the supply of agricultural inputs and the processing and marketing of agricultural products. This would be a means of improving producer bargaining power.
- The provision of a framework for facilitating continued improvements in marketing efficiency, based on both on both a central producer board, and regional co-operative marketing.
- The establishment of farm machinery pools and the associated obtaining of farm capital equipment.