

NZ Insight: New Government agriculture policy announcements

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New Government agriculture policy announcements

Summary

Several key announcements were made today by the incoming Government that were relevant to the agriculture sector:

- National's Todd McClay is the new Agriculture Minister.
- Strong representation across all coalition partners in Agricultural portfolios.
- Significant changes to environmental regulations.
- Review of the Emissions Trading Scheme (ETS) to be stopped.
- Increase size of Recognised Seasonal Worker (RSE) scheme.
- Incentivise the uptake of methane reduction technologies.
- Reintroduce live animal shipments.

The agricultural sector is well represented in the new Government with all the coalition parties being represented in formal agricultural roles. The range of policies agreed between coalition parties will appear attractive to the primary sector, as there are plans afoot to repeal some of the controversial policies that have been introduced in recent years. Exactly how long it will take to come up with alternative policies and exactly what these will look like are unknown at this stage, but on the surface the proposed policy mix looks a lot more favourable to farmers than the status quo.

National's Todd McClay is the new Minister of Agriculture and also Minister of Forestry. Each of the coalition partners also hold Associate Minister of Agriculture roles, but these are held by Ministers who are outside of Cabinet. Andrew Hoggard (ACT) is the Associate Minister of Agriculture (Animal Welfare, Skills) where his practical experience will be valued. Mark Patterson (NZ First) also picks up an Associate Minister of Agriculture role, as does Nicola Grigg (National).

Today it was announced the current review of the **Emissions Trading Scheme** (ETS) would be stopped in order to restore confidence and certainty to the carbon trading market. This review has been in process for over 12 months with details around potential changes initially made public earlier this year. Since that time there has been a lot of uncertainty regarding the future value of carbon credits, particularly those derived from sequestration. More sequestration actually increases the supply of units, which could be a negative for the carbon price in the long run, but in the short term it is probably a positive insofar as it reduces uncertainty.

The problem with the scheme as it stands is that it has encouraged offsetting of emissions (via sequestration, ie tree planting) rather than actually reducing emissions. Simply abolishing the review will not fix this problem, and at this stage it is not clear if any other supporting measures will be introduced to stem the flow of quality farmland into carbon forests. National campaigned on limiting the conversion of productive farmland to

forestry to protect local communities and food production. Given Todd McClay holds both the agriculture and forestry portfolios he should be in a good position to co-ordinate policy across these two sectors.

It was also advised that freshwater policies would be localised. This is in effect what we have today, with each regional council having its own set of rules regarding nutrient emissions. In 2020 the National Policy Statement on Freshwater (NPS_FM) was introduced which effectively meant all regional councils had to introduce regulation to meet minimum national standards and put the interest of Te Mana o te Wai (water) at the forefront of decision making. There are now agreements between parties to replace the National Policy Statement for Freshwater Management 2020 and the National Environmental Standards for Freshwater to better reflect the interests of all water users.

National and ACT have agreed to **reduce farming regulation** and undertake comprehensive regulatory review across Government, but have dropped National's manifesto commitment to remove two farming regulations for every new one introduced. While National's remove two regulations for everyone added may have been good for headlines it would have been challenging to implement.

The parties have also agreed to **increase the size of the Recognised Seasonal Employer (RSE) scheme** and provide more flexibility in quota allocations. They have also removed the median wage requirement from the Skilled Migrant Category (which many dairy farm managers fit into) and make it easier for family members of visa holders to work in NZ. National and NZ First have agreed to investigate the establishment of an "Essential Worker" workforce planning mechanism to better plan for skill or labour shortages in the long term.

There is also a commitment between all parties to make **significant changes to environmental regulations**. This includes amending the Resource Management Act (RMA) 1991 to "allow farmers to farm". It also includes repealing the Natural and Built Environment Act 2023 and the Spatial Planning Act 2023 by Christmas. These two Acts are part of a trio of Acts designed to replace the RMA. They now plan to replace the RMA with new resource management laws premised on the "enjoyment of property rights as a guiding principle". Changes are also afoot for 'Significant Natural Areas'.

Coalition partners are committed to reducing methane emissions but are taking a more carrot than stick approach to this compared to the previous Government. They plan to:

- Improve Farm Environment Plans so they are more cost-effective and pragmatic for farmers, and standardised.
- Enable farmers and landowners to offset sequestration against their on-farm emissions. They plan to maintain a split-gas approach to methane and carbon dioxide through to 2050 and review the methane science and targets in 2024 with no additional warming from agricultural methane emissions. They are also planning on liberalising genetic engineering (GE) laws. Using GE is expected to broaden the range of potential solutions to reduce methane emissions.

They also plan to reform the National Animal Welfare Advisory Committee and reverse the recent ban on live animal exports, which is also supported by NZ First.

NZ First's agreement with National calls for support for Farm Environment Plans and the adoption of standardised farm-level reporting. They also want to incentivise uptake emissions reduction mitigations such as low methane genetics and low methane producing feeds.

Wool producers will welcome the news that government agencies will be directed to use woollen fibres rather than synthetics in government buildings where practical and appropriate.

All up, today's announcements are likely to be warmly welcomed by the agriculture sector. The trade-offs and challenges of improving returns in the agriculture sector whilst also meeting environmental expectations remain real but this Government is expected to deliver a more workable policy mix.

Ministers:

Todd McClay: National - Minister of Agriculture, Minister of Forestry, Minister for Hunting and Fishing, Minister for Trade, Associate Minister of Foreign Affairs.

Andrew Hoggard: ACT (outside Cabinet) - Minister for Biosecurity, Minister for Food Safety, Associate Minister of Agriculture (Animal Welfare, Skills), Associate Minister for the Environment

Mark Patterson: New Zealand First (outside Cabinet) - Minister for Rural Communities, Associate Minister of Agriculture

Nicola Grigg: National (outside cabinet) - Minister of State for Trade, Minister for Women, Associate Minister of Agriculture (Horticulture)



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