

## Farming, Subsidies and Food Safety in New Zealand

New Zealand's proud history of farming can be traced back to the first European emigrants in the late 1840s. When early settlers arrived on these shores they found out the hard way that the country's climate and terrain can be harsh at the best of times. The isolation, landscapes and weather created many challenges as farmers adapted to the new environment. However, many persevered in buying land, clearing forests and establishing farms to make a living.

The farming immigrants worked hard, and had to be self-sufficient as there was no help from a wider community. Over time, farms became more productive and took on more importance.

Initially, the focus was on producing wool from sheep and milk from cattle. It wasn't until refrigerated ships were invented at the end of the nineteenth century that meat and dairy products (like butter) could be sold overseas. The creation of these new markets enabled surplus money to be made, allowing for the purchase of tractors and other machinery.

A golden period followed, with the creation of large and buoyant communities throughout the country. Farming was the backbone of the economy, with sheep numbers growing exponentially. Families were proud of their rural heritage and support from government focused on helping people establish farms. Many lived off subsidies, rather than creating wealth through their own endeavours.

During the 1970s and 1980s, new challenges arose for rural families, including large increases in the price of oil and the implications this had on world trade. The reduction of some key export markets, like Great Britain, hit farmers hard. On-farm costs rose, returns fell, yet land prices remained high.

Adding to these difficulties, farmers suddenly and unexpectedly lost their subsidies in the early to mid-1980s. Until then, nearly 40 per cent of the average sheep and beef farmer's gross income came from government payouts. They were used to the extra income and calculated the subsidy payments into their overall profit forecast.

A year later, almost all subsidies were removed. It was a shock to the whole country and farmers were left to their own devices to keep the farm viable.

This major policy change would have destroyed the make-up of farming.

Official predictions were that 8000 farms would fail and that huge numbers of farmers would walk off their

land. This did not occur. Only about 800 - one per cent - faced forced sales. During the transition, many farmers supplemented their incomes. Some diversified into other activities and altered their enterprise mix. But their main strategy was to reduce costs and produce higher-value products.

Farmers and rural communities have continued to prosper as they are left to face the market - determined to never again be dependent upon government hand-outs or subsidies.

The last 30 years has thoroughly debunked the myth that the farming sector and the environment cannot remain healthy and prosper without government subsidies. In fact, the removal of subsidies has given birth to a vibrant, diversified and growing rural economy.

Life after subsidies is more prosperous, with farmers becoming smarter in the way they operate and communities adjusting to changing market demands.

It has also proven to be a catalyst for productivity gains. Lambing percentages, lamb export slaughter weight and milk fat processed per cow have all increased. The diversification of land use has also increased the size and scope of the agricultural sector.

Farmers are conscious of making good business decisions and maintaining cost structures that reflect the real earning capacity of their farms. No longer are they pursuing maximum production at any cost. The value of farm land is based on its earning capacity in the market. Sustainable agricultural practice and managing the environment is an important means of marketing their produce.

The animal health and agrichemical products used are safe and important to the sustainability of the natural environment. Good agricultural practice for crop protection and animal health leads to increased food production. This results in high-quality, less expensive food. Producing more per hectare is a better use of our natural resources and is less disruptive to the environment.

New Zealand exports the vast majority of its agricultural production and is a significant player in world trade of food products, including meat and dairy products. Hence food safety and residue testing are extremely important.

Residue levels set by New Zealand legislation include a wide safety margin, well above any cause for concern. These are many times below levels that would be a risk to consumers.

Farmers work hard to satisfy the stringent requirements set by regulators. They also work with food chain partners to achieve the lowest possible residues in food.

The regulator, the Ministry for Primary Industries (MPI), sets very conservative limits for residues in food, including meat, seafood, honey, milk and dairy products. Fresh produce for export and domestic consumption as well as many other commonly eaten foods are also tested.

The New Zealand National Chemical Residues Programme Report, released in May 2016 by the MPI, found no food safety issues.

There were 3013 samples collected from around the country and tested for hundreds of agricultural compounds, veterinary medicines and environmental contaminants. Over 205,196 individual tests were conducted, with a compliance result of 99.98 per cent.

The residues found were at extremely low levels and risk assessments were completed for each non-compliant result.

In the success story of New Zealand's agriculture, it is often forgotten that farming offers more than just safe food. The food that farmers produce provides fuel for human activity, and delivers environmental services and social goods that facilitate community development, industrialisation and diversification.

Agriculture is the country's economic strength, with most of its income coming from commodities produced. Its infrastructure and support systems are world-leading, with innovation being a core stay of its leadership in the production of safe food.

New Zealand now boasts the lowest level of agricultural support for industrialised countries in the Organisation for Economic Co-operation and Development. The level of governmental assistance to agriculture – mainly for research – represents less than two per cent of farming income.

New Zealand has around 58,000 farms, covering approximately 54 per cent of its total land area. Of this, around 25,700 farms are sheep, beef cattle and grains farms, and around 12,000 are dairy cattle farms. Other types include deer, pigs, goats, poultry and horticultural operations.

Our agricultural sector employs approximately 79,000 people (excluding farm owners) – around four per cent of all employees. Many more are employed in downstream and upstream activities – highlighting how farms boost local communities and provide economic security.

As farming becomes more innovative and attuned to consumer demands, New Zealand will remain at the forefront of the world. The country has entered into a new

era of farming with greater use of technology, a change in what it produces, an increase in larger corporate farming, a changing climate and more scrutiny on its environmental performance.

Our proud nation relies on farming as its primary economic mainstay. It is thanks to the removal of government subsidies and the resilience of the early farming families that it can truly say that what it has achieved in agriculture production from a population of 4.5 million people is yet to be equalled by any other country.

In many other countries, farmers face radical change and are under pressure from less support for farm production. In the wake of the global economic downturn, many are now confronting the reality of fewer or even no government subsidies, alongside a fall in commodity prices. Farmers and their supporters fear for the future of those who work on the land, their families, and the communities in which they live. Fear of the destruction of the traditional farm haunts many farmers' dreams.

If the global world of farming could follow New Zealand's lead, then maybe between us all we would be able to produce enough extra food so that all can be nourished, as we work towards preserving the environment for future generations.



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Mark has an Executive MBA from Massey University and agricultural qualifications from Lincoln University and received a community award for leadership in eradicating Australian subterranean termites from the Waikato region. Mark sits on several boards, including Agrecovery and Growsafe.

When not working, Mark enjoys time with his family, sports and competing in triathlons.

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