



Agriculture Regulatory System

The 'Agriculture Regulatory system' encompasses the legislation governing key institutions and commercial activities that support the economic performance, sustainability and resilience of the broad agriculture sector (including horticulture, sheep and beef farming, dairy farming, cropping and other land based agriculture production).

The Agriculture Regulatory System can be usefully described as three regulatory subsystems:

- sector structure and resilience,
- land, water, and climate, and
- skills and education.

Sector structure and resilience

This regulatory sub-system includes Acts that:

- establish the structure of key primary sectors and set rules for operation of those structures (e.g. Dairy Industry Restructuring Act 2001),
- enable industries to organise around the provision of industry-goods with rules that ensure markets can continue to work effectively (e.g. Commodities Levies Act 1990, New Zealand Horticulture Export Authority Act 1987), and
- support primary sector resilience (Farm Debt Mediation Act 2019).

Land, water, and climate

Regulation of activities in relation to sustainable use of land, water and climate systems are fundamental to the primary sector. In some cases, MPI is not the agency with primary responsibility for the relevant legislation but has a key role in the effective design and implementation of the regulation and the regulatory system.

Skills and education

MPI has a role in regulating the provision of skills training, education, and professional services for the primary sector. MPI's primary responsibilities in this system are relatively narrow, but we play an important role to inform the design and implementation of regulations administered by other agencies.

The Acts included here sit within a wider policy and Government regulatory context. These wider policies are important for participants in the primary industries but are the responsibility of other Government agencies. MPI understands the importance of considering the combined impacts of these policies across the agricultural sector, and provides input into policy development, for example, work led by the Ministry for the Environment on fresh water and resource management reform.

Objective

- > Given the diverse function within the regulatory sub-systems for agriculture, it is not possible to identify an overarching set of objectives for an agriculture regulatory system. However, the overall objective of these regulatory function is broadly to support the sustainable development of the agriculture sector across multiple dimensions.



PORTFOLIO	Agriculture
STATUTES	<p><i>Sector Structure</i></p> <ul style="list-style-type: none"> • Agricultural and Pastoral Societies Act 1908 • Commodity Levies Act 1990 • Dairy Industry Restructuring Act 2001 • Farm Debt Mediation Act 2019 • Irrigation Schemes Act 1990 • Kiwifruit Industry Restructuring Act 1999 • Meat Board Act 2004 • New Zealand Horticulture Export Authority Act 1987 • Primary Products Marketing Act 1953 • Pork Industry Board Act 1997 <p><i>Land, Water, and Climate</i></p> <ul style="list-style-type: none"> • Public Works Act 1981 (Ministry for Primary Industries Part XIX, and Land Information New Zealand) • Walking Access Act 2008 • Climate Change Response Act (Ministry of Primary Industries has delegated responsibility for parts of the Act) • Resource Management Act (Ministry of Primary Industries has delegated responsibility for parts of the Act) <p><i>Skills and Education</i></p> <ul style="list-style-type: none"> • Taratahi Agricultural Training Centre (Wairarapa) Act 1969 • Telford Farm Training Institute Act 1963 • Veterinarians Act 2005
OTHER GOVERNMENT AGENCIES WITH SUBSTANTIAL ROLES	Commerce Commission Ministry of Business, Innovation and Employment Ministry of Foreign Affairs and Trade Ministry for the Environment Walking Access Commission



Agriculture Regulatory System Assessment Summary

KEY	
4	System performing well
3	System has some issues
2	System has significant issues
1	System at serious risk of failure
0	No Data

<u>Effectiveness</u> – The extent to which the system delivers the intended outcomes and impacts	This system has evolved over many decades in response to changing labour skills requirements and export environments. For this reason, the overarching purpose linking this set of Acts is not clearly set out. The multifaceted nature of the legislation in this system means that it is difficult to undertake a holistic assessment of its outcomes. Risk identification is generally carried out well at the level of the individual Acts in the system. This has allowed the system to respond to specific opportunities and challenges. Several of the Acts include provisions for periodic review. Such reviews have allowed legislation to accommodate emerging industry strategies such as tiered licensing of horticulture products.
<u>Efficiency</u> – The extent to which the system minimises unintended consequences and undue costs and burdens	This set of Acts has expanded in response to the needs of the industry over a period of several decades and precludes easy holistic analysis. It is not clear whether these Acts are best considered as a holistic system or broken down into more clearly related groupings. Consideration of the best way to frame this group of Acts (i.e., as a 'system', or as a collection of 'subsystems') would be beneficial. There is a good understanding of costs and benefits at the level of individual Acts, for example MPI has a good understanding of the costs associated with administering the New Zealand Horticulture Export Authority (enabled by the New Zealand Horticulture Export Authority Act 1987), and the corresponding benefits conferred to commodity groups who voluntarily agree to subject themselves to the Act. Newer legislation in the system is regularly reviewed. Regulated parties generally understand how their parts of the system function.
<u>Durability and Resilience</u> – How well the system copes with variation, change and pressure	A small number of administrative matters in old Acts (including the Primary Products Marketing Act 1953, and the Pork Industry Board Act 1997) could be covered more effectively and with greater oversight and efficiency, by other existing legislation. This group of Acts can be slow in responding to opportunities for improvement where there is no overt dysfunction. There are mandatory reviews of some of these Acts on a set legislative timetable, for example provisions within the Commodity Levy and New Zealand Horticulture Export Authority Acts stipulate periodic review of the Acts themselves. If this group of Acts is to be considered as a regulatory system, more regular reviews of the system as a whole, prioritised against the overall goals of the system, would be useful to identify required changes more regularly. MPI is currently undertaking work on a regulatory stewardship bill targeted at minor amendments to legislation which will help improve the efficiency and effectiveness of a number of MPI Acts.
<u>Fairness and Accountability</u> – How well the system respects	Where the regulator has an obligation to communicate or consult with regulated parties, those parties mostly understand and act on it. As a result, the majority of regulated parties under these Acts appear to understand their obligations. Further work is required to understand and embed Treaty of



rights and delivers good process	Waitangi obligations into policy development and implementation. In addition, further development of staff capability to identify, understand and implement Treaty obligations into our policies, programmes and services would be beneficial. Accountability of regulated institutions has improved with the more potent oversight provisions in recent legislation. Notably, industry organisations across the sector are functioning better now that producer assent via a referendum is required before a levy is enacted. However, there are a number of Acts which do not provide for adequate accountability among board members to the stakeholders served by their institutions.
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Planned regulatory amendments to legislation – 2021/2022

MATTER NAME	PURPOSE	PLANNED CONSULTATION	STATUS
Primary Industries Regulatory Systems Amendment Bill <i>Matter type: Bills</i>	To improve primary industry regulatory systems by ensuring they are effective, efficient and accord with best regulatory practice.	Not required.	Policy Development underway.
Organic Products Bill <i>Matter type: Bills</i>	To increase consumer confidence in purchasing organic products, increase certainty for businesses making organic claims, and facilitate international trade in organic products.	None.	Awaiting second reading, expected by September 2021
National Organic Regulations and Standard <i>Matter type: Regulations</i>	To set the requirements for organic food, beverages, plant and animal products under the proposed Organic Products Bill.	2022	First round of public consultation completed. Further consultation on exposure draft regulations in 2022.
Export Assurance and Control Bill	To create a comprehensive framework for export assurances and controls.	To be confirmed.	Policy development underway.



Taratahi Agricultural Training Centre (Wairarapa) Repeal Bill	To repeal the Taratahi Training Centre (Wairarapa) Act 1969		Work is continuing to resolve the liquidation.
Dairy Industry (Levy Process) Regulations 2021 <i>Matter Type: Regulations</i>	To establish the process for the levying for activities undertaken by the Commerce Commission under s134 of the amended DIRA.	Undertaken with affected stakeholders first half 2021.	Seeking cabinet approval.

Planned regulatory amendments to legislation – 2019/2020

MATTER NAME	PURPOSE	PLANNED CONSULTATION	STATUS
Dairy Industry Restructuring Amendment Bill (No. 3) <i>Matter type: Bills</i>	To ensure that New Zealand markets for dairy goods and services are contestable	Public consultation through the Primary Production Select Committee closed 9 October 2019	The Primary Production Select Committee reported the Bill back to the House on 20 March 2020. Bill is awaiting Second Reading.
Inhibitors Discussion paper¹ <i>Matter type: Bills</i>	To seek feedback on the proposed options for regulating inhibitors used in agriculture.	Consultation concluded in March, and submissions are now being considered.	Policy development underway.
Primary Industries Regulatory Systems Amendment Bill <i>Matter type: Bills</i>	An omnibus Bill to make small changes to multiple Acts to ensure that primary industries regulatory systems are effective and efficient. E.g., MPI is working on a number of proposals that would improve efficiencies in Government processes for making orders under the Commodity Levies Act 1990.	Targeted stakeholder engagement if required.	Policy development underway.

¹ Inhibitors are commonly considered to be compounds that inhibit the production of greenhouse gases or reduce nutrient leaching in some way.



Organic Products Bill Matter type: Bills	To increase consumer confidence in purchasing organic products, increase certainty for businesses making organic claims, and facilitate international trade in organic products.	Currently underway with the Primary Production Select Committee.	Primary Production Select Committee is accepting public submissions until 28 May 2020.
National Organic Standard – Regulations Matter type: Regulations	To set the requirements for organic food, beverages, plant and animal products under the proposed Organic Products Bill.	To be confirmed.	Postponed due to COVID-19. Awaiting Government direction to begin consultation.

Key service design and operational changes

Ongoing	Implementation of organics regulatory regime (subject to Bill and regulations passing) MPI will need to establish new/revised systems and processes to approve and register organic businesses and recognised verification agencies; monitor and enforce the organics system; negotiate organic products trading access; and cost-recover. MPI will also need to develop supporting material and guidance to help the organics sector transition to the new regulated regime.
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