



# Briefing from the Grain and Seed Industry

Report of the Primary Production Committee

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## Briefing from the grain and seed industry

### Recommendation

The Primary Production Committee received a briefing from the grain and seed industry, and recommends that the House take note of its report.

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### Introduction

On 7 November 2013, the committee received a briefing from representatives of the New Zealand Grain and Seed Trade Association. The association explained that they were a trade body with 75 members, 60 percent of whom were based in the Canterbury region. The industry is a substantial employer of some 3,000 employees, and currently utilises 310,000 hectares. It produces 2.4 million tons of grain and seed annually, with a farm gate value of \$500 million, including exports worth \$168 million, and it spends \$20 million annually on research and development.

We were informed that with its large-scale infrastructure investment and the advantages of production in New Zealand such as its ideal climate, and its weed-, GMO-, and pest-free environment, the grain and seed industry was well placed to work towards the Government's target of doubling primary production exports by 2025. They cautioned however that despite New Zealand's advantages, several issues needed to be resolved if they were to meet this target.

### Irrigation

While the grain and seed industry is well established in New Zealand and could be a source of increased export earnings, its expansion might be curtailed by issues regarding the supply of water. Water drives the industry, and the recent drought caused a 0.3-percent drop in GDP for the industry in the 2012/2013 year. Increased irrigation of land is all-important for industry expansion, and there is an urgent need for progress in water storage and irrigation development. The industry believes that increased irrigation could see an extra 400,000 hectares of land in production, with the potential to grow exports to about \$4 billion per year. However, the irrigation and water use policies of some regional councils were causing great uncertainty, and often appeared to be at variance with the Ministry of Primary Industries' policy.

### Research and development

Research into breeding and plant genetics is also vital to the grain and seed industry in New Zealand. The breeding and production of pest-resistant seed that requires less input from the farmer, and has less impact on the environment, has important economic advantages, in addition to improving livestock nutrition. There is evidence that this technology, which provides better seed and pasture, could boost revenue for the livestock industry by around \$1.6 billion per year. The industry requires access to the latest and best of genetic science to effect further improvement, and we appreciate the latest Ministry rule changes, especially those relating to access to imported germ-plasm. The recent Environmental Protection Authority approval of a new endophyte strain for plant breeders to explore is another welcome development. Genetic improvement is a very slow and expensive process for plant breeders and it can take up to a decade to develop new plant varieties for the

commercial market. Despite the advantages of such research, obtaining research approval for some types of biogenetics can be prohibitively expensive, but it is the only way that this industry can survive. This situation could be improved with the reinstatement of research and development tax credits, which would incentivise firms to invest in new research. Strong protection for intellectual property rights in New Zealand-developed plant varieties would also be of benefit to the industry, and the industry is awaiting ratification of the International Convention for the Protection of New Varieties of Plants signed by New Zealand in 1991.

## **Trade**

The industry welcomes Government progress in negotiating free trade deals, each of which has considerable potential for the grain and seed industry's prospects of achieving the target of doubling exports by 2025. The Asian market has huge potential for the industry, especially the Chinese market once it has re-opened to New Zealand trade in grain and seed products, and the industry is working with Ministry for Primary Industries to re-instate this trade opportunity. However, the industry perception is that the Ministry does not regard grain and seed as a priority, and it believes that this must change in view of its importance to agriculture in New Zealand.

## **The future of the industry**

We asked if the grain and seed industry saw itself as a rival to the dairy industry in terms of the development of newly irrigated land in the Canterbury region. We were told that the high-value seeds that the industry was growing would more than compete with the dairy industry in terms of return per hectare. Furthermore, the industry is in the ideal place globally to capture that high-value business.

We noted that there may be a public perception that the technology being applied to the development of new and improved seed and plant varieties could have a deleterious effect on pollinators such as bees and butterflies. We asked if this perception could have arisen because of lack of promotion and education by the grain and seed industry technologists. We heard that the perception may have arisen outside of New Zealand, where genetic modification of seeds and plants to combat pests and disease was carried out on a large scale. We were told that as these pests and diseases do not occur in New Zealand there is no advantage in replicating this technology here. However, while there is value in not operating in a totally GM-free research environment, it has been recognised that the grain and seed industry needs to do far more to explain their research to the New Zealand community.

We asked how the grain and seed industry attracted new scientists and researchers. We heard that competition with other areas of industry is a concern, and that succession planning in the industry is not as good as it should be. The industry is currently addressing this problem in an attempt to attract a higher proportion of new graduates into its ranks.

## **Conclusion**

We heard that the grain and seed industry in New Zealand is vital to New Zealand agriculture and that without it there would be no pastoral or arable industries. New Zealand has many advantages for seed and grain production which should be leveraged with the appropriate balance of regulation and growth promotion policies. Importantly, key decision makers and the Ministry for Primary Industries must recognise the grain and seed industry as a priority area.

New Zealand holds a significant advantage globally, due to its inverse seasons, and needs to capitalise on its ability to provide out of season vegetable and brassica crops to the Northern hemisphere. However, current international protocols in respect of the movement of these products need further development, if New Zealand is to fully exploit these opportunities.

## **Appendix**

### **Committee procedure**

We heard evidence from the grain and seed industry on 7 November 2013 and considered it on 5 December 2013.

### **Committee members**

Shane Ardern (Chairperson)  
Steffan Browning  
Hon Shane Jones  
Colin King  
Ian McKelvie  
Hon Damien O'Connor

Eric Roy