

The mountain we need to climb

**Designing Agricultural Policy for
a future in farming**

By Kerry Worsnop

2023 Nuffield Scholar

February/2024



I wish to thank the below Investing Partners for their support over my scholarship period and beyond.

NZRLT Partners

Strategic Partners



Programme Partners



Service Partners





This publication has been prepared in good faith on the basis of the information available at the date of publication without any independent verification. Nuffield New Zealand does not guarantee or warrant the accuracy, reliability, completeness or currency of the information in this publication nor its usefulness in achieving any purpose.

Readers are responsible for assessing the relevance and accuracy of the content of this publication. Nuffield New Zealand will not be liable for any loss, damage, cost or expense incurred or arising by reason of any person using or relying on the information in this publication.

Products may be identified by proprietary or trade names to help readers identify particular types of products but this is not, and is not intended to be, an endorsement or recommendation of any product or manufacturer referred to. Other products may perform as well or better than those specifically referred to.

This publication is copyright. However, Nuffield New Zealand encourages wide dissemination of its research, providing the organisation is clearly acknowledged. For any enquiries concerning reproduction or acknowledgement contact the Programmes Manager on Phone: 021 1396 881.

Scholar Contact Details

Name: Kerry Worsnop
Phone: 027 8639002
Email: knoble.agri@gmail.com

In submitting this report, the Scholar has agreed to Nuffield New Zealand publishing this material in its edited form.

Nuffield New Zealand

PO Box 85084
Lincoln 7647
Nuffield@ruralleaders.co.nz
+64 21 1396 881



Executive Summary

“People love innovation almost as much as they hate change.”

Jack A Bobo

This report primarily addresses those in leadership, and to a lesser extent agricultural policy makers and others with an interest in how we move forward in delivering better outcomes for those on the land and the land itself. The findings and conclusions are also relevant for the wider agricultural sector as the issues at the heart of our policy landscape are not confined to Government.

New Zealand has a legacy of leadership, pioneering and innovating in the face of challenges, and culturally we are often eager to ‘lead the way’. However, we are less accomplished at reviewing ourselves objectively and understanding what about our leadership or innovations have proven effective, or where we have gone astray. This means that our perspective regarding what we do, how, and why we do it sometimes lacks clarity.

This report hopes to bring into focus some of what we must clearly comprehend about ourselves and our operating environment if we are to navigate agricultural policy more successfully going forward.

New Zealand is a unique nation amongst food producers globally, operating almost entirely without subsidies and relying on volatile variables (weather, input costs, international markets, currency movements) to underpin the national economy. We have relied heavily on market forces to guide investment decisions since deregulation in the 1980's and this responsiveness has fostered a vigorous drive for efficiency and profitability within the primary sector, to the extent that we lead the world by many measures of primary sector success.

This leadership has not come without cost and increasingly regulators are seeking to address public concerns regarding the unintended impacts of our highly responsive primary sector, in light of the markets failure to do so. However the New Zealand approach has been to add cost via regulation, essentially undermining the on farm efficiencies which enabled the primary sector to operate in the absence of subsidies in the first place. Naturally, in the face of perceived threats to their viability, there is strong farmer resistance to such a shift.

At the heart of this issue lies the conflict between what society desires in theory and what it desires in practice. The first is advocated publicly via public narratives, media, social networks, advocacy, activism and electoral choices, while the second is advocated privately via the everyday actions of individuals making purchasing decisions on a daily basis.

Policy makers in democratic systems are bound to respond to what people say, while producers in New Zealand (more so than anywhere else) have little choice but to respond to what people pay.

This difference is currently breeding cynicism in primary producers all around the world as many grapple with how to produce food more sustainably, while facing strong resistance to higher prices and receiving immaterial incentives from corporate customers who continue to compete in the retail environment primarily on the basis of constraining price.

In Europe, subsidies are increasingly masking this discrepancy, applying farm and environmental payments for those attributes which fall into the ‘intention gap’ between what



consumers want and what they will pay for. New Zealand is largely alone in continuing to lean on regulation to deliver 'good' in the absence of market rewards, and this represents a massive challenge, and perhaps an opportunity.

The opportunity lies in designing a future where policy is created in service of those who will use it, working with, rather than against those whose hands will bring it to fruition. We need to better acknowledge that our growers, unlike others, are being asked to raise the bar under their own steam, from pre-existing resources.

This shift in narrative, and a determined effort to develop the best stable of agricultural policies in the world could deliver something that no one else in the world has done: Deliver world class food with increasingly higher environmental integrity from unsubsidised food systems.

New Zealand is small and innovative enough to achieve this, but it requires a shift in mindset and a commitment to delivering policy which prioritises people. This report highlights the potentially powerful possibilities that emerge if people are put at the heart of policy making, and if organisations, tools and values are designed to facilitate this.

Distinguishing between real insights with regards to what should change within the farmed environment and how change can happen, can only be achieved by investing heavily in the capacity of policy makers and the primary sector to understand one another again. This requires investment in drawing closer together, developing common language and deeper relationships based on trust and a shared long-term view of the future.

The New Zealand public service is not currently oriented in a way that would enable policy making which is capable of grappling with the myriad of complex issues across multiple portfolios with deeply social and cultural implications. However, the need for such capacity has been recognised by the previous Government and enabling features given legitimacy via the Public Service Act 2020.

Whether or not the promise of this new direction comes to fruition will depend on the final point in this report, that of political will, and its role in defending the space for change. For those in leadership, this is your batten to take up and carry. Create and then defend the space for a system wide shift from a public service which prioritises processes and outputs, toward one that prioritises people and outcomes.

The evidence is there, the benefits outweigh the risks.



Table of Contents

.....	1
Executive Summary	4
Foreword	7
Acknowledgements	8
Objectives.....	9
Methodology.....	9
Chapter 1: Understand the present – by looking to our past	10
1.1 What has gone before?	10
1.2 Today's global context.....	11
1.3 The winds of change	12
Chapter 2: Seeing the bull (elephants) in the room	14
2.1 Market signals matter everywhere – but they dominate everything in New Zealand	14
2.2 Risk matters everywhere but it matters more in New Zealand	17
Chapter 3: The mountain we need to climb	21
3.1 Getting it together	21
3.2 The blame game.....	22
Chapter 4: Chart the course.....	27
4.1 The current approach to complex problems is failing.....	27
4.2 The body of work advocating more effective approaches is large	28
4.2.1 Barriers preventing a different approach.....	29
4.3 We already have some clues.....	30
4.4 The pulse of change is there, but weak	31
4.5 If anyone can do this – we can.....	32
Chapter 5: Light the way.....	37
5.1 The British Case study – why weren't British Tractors on streets 3 years ago?	37
5.2 Case study 2: New Zealand – Seeing the wood for the trees.	41
Chapter 6: Conclusions	44
6.1 Recommendations	45
References.....	47
Appendix 1: Risk Choice Matrix.....	51
Plain English Compendium Summary.....	51



Foreword

This research project was born out of a desire to know what I hadn't known before. Was it even possible for better societal outcomes to emerge as a result of public policy born from a system heavily trained on reactionary, time and resource constrained processes, and narrowly (often politically) defined outputs? Where and how could such a system accommodate a focus on rural and environmental outcomes with all their messy complexity, their tendency to sprawl across agencies, budgets and to 'feedback' into emergent issues?

I came to these questions wondering, from previous experiences, how so many well-meaning people could collectively achieve so little, across institutions responsible for so much? The energy, resources and human capital expended within Government (both central and local) would yield incredible fruit wielded anywhere else, and yet somehow, we seemed to have mined these resources and constrained them in rigid structures, hierarchical and linear chains of command resulting in the perpetual need to review whatever suboptimal outcome has most recently been unleashed on the unsuspecting public.

As a farmer of twenty years, with a background in environmental work, policy advocacy and as a local body politician, I watched as unintended policy outcomes wreaked havoc in my own back yard, and how powerless anyone was to stop them. The 'process' was always implicated, accountability appeared to be absent and the political imperative for today's poll results seemed always to negate any acknowledgment of tomorrow's real-world outcomes. Trust had receded over the ten years since I first began exploring the policy environment, and in its place emerged consultation fatigue and cynicism, something with which I became well acquainted.

But cynicism doesn't foster solutions, knowledge does. And so, I am endlessly grateful to Nuffield New Zealand and the international community of minds who have enabled a journey of discovery, which became one of hope. Hope that we can inspire a generation of changemakers to overcome the legacy of our status quo, and to embrace the kind of radical evolution our public service, and those it exists to serve, so desperately need.

There is a path up the mountain, we need to start climbing it.



Acknowledgements

This scholarship was only made possible by the sacrifices of my family and friends who held things together in my absence despite multiple cyclones and the chaos that they wrought. Many thanks to Marcus for not requiring me to drop everything and fly back, and to my children for enduring months away at school with no road access home, and then working alongside us to patch up the damage.

I am endlessly grateful for the support and resources made available through the Rural Leadership Trust and Nuffield New Zealand, their sponsors and the incredible network of passionate and dedicated people working in service of a better tomorrow.

I would also like to acknowledge the grassroots change makers to whom I dedicate this report. The diversity of people who voluntarily give their time, endless hours of listening, reading, connecting and reflecting which often culminates in showing up at what often feel like pointless meetings, because they know that someone needs to. The need for these people (in any forum, including those beyond agriculture) is a symptom of a system which needs to be reset, and in doing so can hopefully release many of us back to where we belong, in the community doing what we love.

Finally, I would like to acknowledge the large number of people who hosted me, agreed to meetings, shared contacts, knowledge and advice and gave generously of their time throughout 2023. The number is too large to list in its entirety here, however the following Nuffield scholars require special mention for their extraordinary generosity and the kindness they showed me on this journey, Kaytlyn Creutzberg, Tony Evans, Dorothy Fairburn, Judith De Vor, Frank Mandersloot, Paul Hayward and Richard Heath, without all of whom, meeting the many other incredible individuals would not have been possible.



Objectives

The report intends to clarify how New Zealand has developed its prevailing policy heuristic with regard to land management and why it persists despite a troubled record in effecting positive change and a lengthening legacy of unintended outcomes. The report then seeks to understand if alternative ways of better delivering policy exist and if so, what barriers prevent these new systems from emerging.

The report aims to cement in the minds of our political and industry leadership, the specific and unique context in which New Zealand land management systems are situated, and to reinforce the importance of designing change in ways which are specific to this context. This report will also seek to discover if and how it might be possible to become deliberate in accommodating and designing for the complexity which prevails in agricultural and environmental policy interfaces, and how these possibilities can bring our people with us.

This report does not seek to recommend specific policy infrastructure or processes definitively as recommendations, instead it recognises the infinitely more capable individuals within the public policy domain to whom such a role should fall. This report instead focuses on what key issues must be acknowledged and resolved by policy makers and agricultural leadership in order to progress such an aim.

This report seeks to:

1. **Understand the present – by looking to our past:** Providing clarity with respect to why New Zealand agricultural policy has evolved the way it has, using the international context as a means of better understanding and reflecting our unique journey in establishing the current paradigm.
2. **See the elephants in the room:** Examine the main features of this paradigm and how they relate to attempts to progress agricultural policy when compared with similar efforts in other jurisdictions.
3. **The Mountain we need to climb:** Consider the evidence regarding the sustainability of the status quo and what impetus exists to move beyond it.
4. **Chart a course:** Identify the most promising indicators suggesting that such a shift within land and environmental management policy is possible, drawing on public policy expertise and literature from New Zealand and overseas.
5. **Light the way:** Present two case studies, one from New Zealand, and one from the UK.
6. **Conclusions:** Who has responsibility for the next steps and what needs to happen.

Methodology

This report draws on interviews conducted during 14 weeks of international travel and literature reviewed in preparation for this research, and subsequent to it, often as a result of references made by interviewees.

Countries visited included Australia, USA, Canada, Singapore, Netherlands, France, Poland, Argentina, Ireland and the UK. Where possible an attempt was made to understand the context in which the prevailing agricultural policy environment had emerged in each country, what system underpinned it and how participants within the system related to it, and to one another.

Interviewees were identified through literature, government websites, academic resources, farm advocacy representatives, farm field days, conferences and the Nuffield database.



Chapter 1: Understand the present – by looking to our past

1.1 What has gone before?

The New Zealand regulatory landscape has shifted considerably over the decades, only the last few of which have been characterised by low levels of direct intervention in practices aimed at increasing production and expanding the footprint of the primary sector in pursuit of national economic development.

The earliest pastoral land development of New Zealand's lowland scrub and later, inland forests, was initiated in the colonial era by governors seeking a means of expanding the income streams of government via the alienation, lease and sale of Māori land, and later, as a means of expanding the productive base of the nation and fostering popular notions of ideal settlement by 'landless' working classes (*T Brooking, 1949*).

Pastoral farming was seen by representatives of the crown to be a means of generating domestic economic activity and replacing waning exports of flax and native timber with an enterprise capable of utilising the vast areas of land which had been cleared in the wake of the axe. The era is described by H J Plunkett of the Agricultural Economics Research Unit (AERU) in his 1971 paper '*Land Development by Government*' and T Brooking (1949) 'Use it or lose it: unravelling the land debate in late nineteenth-century New Zealand'.

These authors canvas the role that Government played in land development in early New Zealand, and how land was viewed by authorities as a means of delivering some type of societal ideal. Transformations continued in the post war period facilitated by a wide range of interventions which initially paid dividends, making New Zealand the second richest country (by GDP per Capita) in the world by 1960, trailing only the USA. However over the next decade New Zealand would vanish from the rich country leaderboard entirely (World Bank) and by 1984 an array of different agricultural subsidies had emerged, and over thirty percent of the average farm income was reliant on them (Johnston & Frengley 1991).

The reforms of the fourth Labour Government in 1984 were arguably unavoidable. The unsustainable nature of interventionist Government policies risked bankrupting the nation and the ever more drastic actions required to sustain the current trajectory were no longer politically feasible. What followed was a revolution, whereby the incoming Government adopted the purest form of free-market economic theory to be found anywhere in the world. According to Whitcomb (2008) deregulation and the adoption of New Public Management (NPM) theory responded to a financial imperative '*for the public sector to concentrate on its core functions and allow commercial activities to be undertaken by the private sector.*'

The new agricultural policy era evolved to re-orient producers towards the markets they would henceforth be reliant on and this new economic geography and institutional context ensured that what emerged was one of the most exposed supply chain positions across advanced economies (Skilling, 2022).

The tools available to farmers in response to this exposure were found almost entirely behind the farm gate, encapsulated by the oft repeated farm advisory mantra 'focus on the things you can control'.

Things within a farmers control in the forty years since deregulation, have proved sufficient to enable a post subsidy agricultural era to emerge, positioning New Zealand producers as world



leaders in genetic gain, pasture management, livestock husbandry and production efficiency (Moot et al 2021). These gains were aided by industry and government investment in research and development, but market dynamics and commercial imperatives drove adoption (Barnett & Pauling, 2005), often while growing the capital base of the farm enterprise.

These market dynamics have rewarded producers primarily on the basis of product volume, within limits such as quality, hygiene and animal welfare standards and timing of availability. Within these parameters, farmers have aligned production goals and resource-based constraints to maximise farm systems and minimise risks in an effort to ensure sustained profitability.

These goals were well aligned with the post Roger-nomics need to rectify the national fiscal position, improve the balance of trade and return the national debt levels to within manageable parameters.

The implicit Government priority of growing the productivity of New Zealand's largest export earner merged seamlessly alongside the private sector's newfound imperative to innovate, adapt and grow, to the extent that productivity became the rallying call for agricultural ministers of all colours. Farmers had little trouble heeding this call, aligned as it was, with improved profitability.

This is the system we developed.

1.2 Today's global context

The aggregate impact of feeding the world requires that we do it better (Hunter et al 2017). But how better is defined, in who's context and under what circumstances is a fraught debate.

Policymakers around the world have adopted variations of the UN's Sustainable Development Goals, committed to environmental and climate pledges both unilaterally and bilaterally, in forums such as APEC, CoP and through trade agreements such as the CPTPP. The scope and ambition of environmental goals vary greatly but are most pronounced in developed countries.

Many of these countries share environmental concerns and ambitions in common with our priorities, however they do not share our history, our agricultural context or distinct cultural values. This is important because much of the change we are attempting to make is being modelled on examples emanating from developed markets in the EU and the UK. Home to some of our largest customers, the most influential corporate entities in the world, one of the largest populations of affluent consumers on earth, and the world's most subsidised farmers.

International trends administering these subsidies have developed a well-established lean towards more environmental emphasis in shaping agricultural support programs. However when comparing these approaches to the New Zealand context, it is evident that while catchment-based initiatives and project-based funding have increased in New Zealand in recent years, no mechanism exists, or is proposed, to underpin the financial viability of these environmental interventions, or farm profitability, on an ongoing basis as a part of regular farm income.

In this way, New Zealand farming remains distinct, and the underlying mechanisms of farm profitability and risk management, developed in the wake of deregulation and in response to the rallying call for 'productivity' remain unchanged (Barnett & Pauling, 2005), even as regulatory standards, environmental aims and interventions have progressed.



Unlike our peers in other developed nations, our farmers and growers must respond to changing expectations using only the resources that market responsiveness offers them.

1.3 The winds of change

Nothing about the international shift from a production oriented economic focus to an environmental (or more holistic) focus could be said to have happened overnight.

Earlier New Zealand scholars, and even a significant body of industry players and farmers themselves began recognising the need to elevate environmental stewardship as a priority well before the turn of the century (Waugh, 2011), however during this period much less was done to understand or address the enablers and limitations of better stewardship in practice.

This has meant, that while our European counterparts were wielding large scale incentive programs and leaning into the enabling mechanisms, our domestic approach has been very different. Our priorities have focussed attention on piecemeal regulation, our emerging market relationships and the meteoric rise of China as a trade partner concerned primarily with food safety and provenance, and largely unconcerned with domestic rumblings about environmental outcomes.

Environmental interventions within catchments and on farms before the turn of the century remained largely private, undocumented and unheralded, left as they were to the actions of individuals, few of whom had any reason or the means to highlight their endeavours. As a result, much of the context around on farm contributions to sustaining environmental aims remained unexplored and was often presumed not to exist at all.

Language also presented an emerging problem as evolving environmental policy adopted academic overtones and policy terms to describe what had previously been plain English descriptors of land-based features. Drains and yards became 'critical source areas capable of discharging contaminants' while those with farm dams or culverts were tasked with discovering 'annual exceedance probabilities' and farm plans morphed between Land Environment Plans (LEP's), Land Management Plans (LMP's), and Farm Environment Plans (FEP's). Early adopters, often holders of multiple generations of these plans, would later become some of the most vocal opponents of the convoluted policy processes that followed.

This period and its features laid the groundwork for the divergence between policymakers and practitioners that was to come. The primary sector, feeling little connection to the burgeoning field of environmental sciences, and isolated from it by a mountainous language barrier, heeded instead the dominant signal of strong product (particularly dairy) returns, and responded with further intensification and land-use change on some land classes and in some regions. This occurred even in the face of evident declines in water quality (particularly in at risk catchments), and the public's lowering tolerance of the now widespread narrative to this effect.

Despite an overall decrease of 13% in New Zealand farmed area between 2002 and 2019 (Statistics NZ), the failure of the RMA to deliver better protections for the natural environment (including farmed landscapes) became well acknowledged. The seeds were sown for a political response, and the delayed nature of the response, the muted and often absent nature of any counterfactual meant that when a political response emerged, it did so with something verging on moral indignation. The change would happen. Now.



Those tasked with bringing about change were about to discover the minefield that four decades of deregulation, a heavily market oriented primary sector and the prevailing ideas and values that these features had fostered combined to create. Agricultural policy, last visited with any genuine vigour in the debt riddled chaos of the 1980's when the phrase 'sunset industry' was at its zenith, was due for a shakeup, however the industry had since emerged as an independently robust economic anchor for the national economy.

This independence offered what many of the industry's European counterparts lacked, the ability to resist change without the threat of subsidy removals in reprisal. Farmers could push back on what they felt was a threat to their livelihoods, safe in the knowledge that the government didn't pay them, consumers did, and while consumers still wanted milk and meat, the market would persist, provided these products could still be produced profitably. Government policies threatened this profitability – and so, push back they did.



Chapter 2: Seeing the bull (elephants) in the room

2.1 Market signals matter everywhere – but they dominate everything in New Zealand

Few nations with which we would compare ourselves expect market signals alone to deliver the widespread environmental change increasingly expected of food producers, and while consumers consistently indicate a willingness to pay for sustainably produced products, these intentions often remain unrealised, owed to competing priorities and trade-offs (Vermeir et al., 2020).

Of the countries visited during the research period, there were no interviewees who expressed confidence in the market's ability to deliver environmental outcomes of the scale envisaged by policy makers, and even fewer who expressed confidence in regulation in isolation for delivering change. In England for example, there is widespread acceptance that environmental restoration is a 'public good' for which public funds should justifiably be deployed. In the words of Jonathan Baker (Deputy director DEFRA) "*You can regulate for bad; you can't regulate to do good.*"

While market premiums for environmental stewardship are often promoted as 'emerging', these appear to remain limited and were often thought by interviewees to be 'token', failing to cover the true cost of growing food more sustainably, acting more as a marketing ploy than a genuine means of enabling more ecological farm systems (Mandersloot, Yansen, Schimmel, interviewed 2023).

Cynicism regarding the role of corporate entities and major supermarket retailers was notable (King, interviewed 2023), especially in Europe and the UK, with many interviewees commenting on the need for these companies to improve their public image with consumers, and how driving environmental progress has emerged as a preferred means of achieving this reputational advantage, though much of this cost falls to growers for which there is little (if any) compensation.

Despite these claims, the context in which food purchase decisions are made is important and across much of the world, this context is increasingly focussed on the cost of living and the impact of inflation on basic needs such as groceries, energy and housing (World Economic Forum Global Risks Report, 2023).

The global food market is estimated to generate over ten trillion US dollars in revenue per annum and further increases of 6.5 percent are expected annually out to 2028 (Statista, 2023), with the International Food Policy Research Institute estimating that 'real food price' inflation rate will continue to outpace CPI in most countries globally, meaning incomes are losing ground relative to the cost of food.

This inflationary pressure is reflected in political narratives and media coverage, which in many spheres, came to overshadow the environmental emphasis politically, if only because voters feel this pain more acutely. Headlines such as '*How Inflation Stole Christmas* (Guardian, Dec 2023) and *Europe's politicians impose price caps to address soaring food costs* (Financial Times, May 2023) illustrate the challenge facing consumers in meeting the rising price of food in the face of an energy and grain crisis as a result of the Ukraine war. These pressures also beg the question, if consumers struggle to pay for higher food prices driven by external influences such as war, how would they meet the cost of price rises as a result of more environmentally conscious but more expensive production systems?



Some of this paradox is rationalised by consumers in 'delaying' the start-point of action on issues deemed important but not immediate. The World Economic Forum's Global Risks Report (2023) highlights the disparity between how people view risks in the short term and those areas they prioritise in the long term. Such disparities make it difficult for those marketing food products to reconcile the competing demands of consumers, who are often genuinely hopeful of 'doing the right thing' in terms of the choices they make, however when faced with trade-offs will tend to substitute purchases for cheaper products in pursuit of 'value'.

Bunte et al (2007) also found that there are bounds to the proportion of the population who fall within the 'conscious consumer' band at any given time for a given product. Bunte concluded, following 2007 experiments involving organic products sold to Dutch consumers, that even at lower prices, the purchasing behaviour of ambivalent consumers was not markedly improved when faced with the opportunity to purchase more environmentally validated products at a lower price point.

Lloyd Millar of the Harvard Business Review also emphasises the 'intention-action gap' highlighting that "a frustrating paradox remains at the heart of green business: Few consumers who report positive attitudes toward eco-friendly products and services follow through with their wallets. In one recent survey 65% said they want to buy purpose-driven brands that advocate sustainability, yet only about 26% actually do so."

Table 1

Global risks ranked by severity over the short and long term

"Please estimate the likely impact (severity) of the following risks over a 2-year and 10-year period"



Source: World Economic Forum Global Risks Report 2023



These observations raise important questions about how the true cost of producing food within environmental limits can be recovered from markets which have a high resistance to increasing prices, especially across non-differentiated (commodity) products, and where products with validated claims risk breaching market saturation limits.

Farmers interviewed across 10 countries tended to emphasise a strong understanding of this paradox. From Irish potato growers to English Dairy farmers, from Polish grain growers to Argentinian beef producers. All farmers held a very similar view, that food prices were too low and few understood the true cost to produce it.

New Zealand farmer behaviour in effect mirrors consumer behaviour, in that most are genuinely hopeful of investing in better systems, interventions or practices, yet limited resources dictate that these goals are often left unrealised, and become ten year priorities, when we would prefer they were today's. This relationship between consumer behaviour and farmer behaviour is more relevant in New Zealand than anywhere else, because the connection between what consumers value in practice (what they pay) and what farmers receive is undiluted by subsidies.

While the conflicting demands of consumers may appear perplexing, it is worth remembering that these consumers are also voters, exerting political influence via their electoral choices. This represents a challenge for all policymakers tasked with better providing for environmental stewardship, because the aims of society with regard to the environment are clear, however their expectations with regards to food prices remain steadfastly at odds with the cost of delivering this, meaning that additional resources (via product prices) are not readily available for farm businesses in New Zealand to meet shifting expectations.

BOX 1: Egg -example: Political responsiveness

The recent widespread egg shortages in New Zealand demonstrate very well the somewhat incoherent nature of public sentiment, when compared with practice. In the years preceding the ban on caged egg production, there was a high degree of public awareness and political pressure to improve the housing and animal welfare of hens, resulting in the adoption of stringent new regulations for egg producers, in line with these expectations. Yet consumer resistance to more expensive eggs, and the failure of consumer demand to illicit higher returns for free range and barn raised eggs ultimately required regulation in order to shift the production standards away from caged eggs, resulting in a large number of egg producers exiting the industry as they failed to bridge the gap between returns and the cost of production. Through 2022 egg production fell 9% and prices increased as much as 26% (Infometrics, 2023) resulting in a severe supply shortage. Supply constraints eventually forced prices to adjust sufficiently to enable increased egg production to be resumed.



In countries where regulated standards have already had a material impact on the cost of production, subsidisation or market protections are commonplace. However, these features



are absent in the New Zealand context despite our adherence to often world leading standards, and increasingly heavy investment in regulatory controls.

To be clear, there is insufficient evidence suggesting that New Zealand would benefit from a wholesale return to the subsidised agricultural interventions common in other countries, still less that the nation could afford such a shift. Yet in the absence of clear commercial imperatives, farm businesses seem destined for the worst of both worlds being crushed between higher costs of production as a result of what society desires, and potentially unsustainable market prices as a result of what society is prepared to pay for.

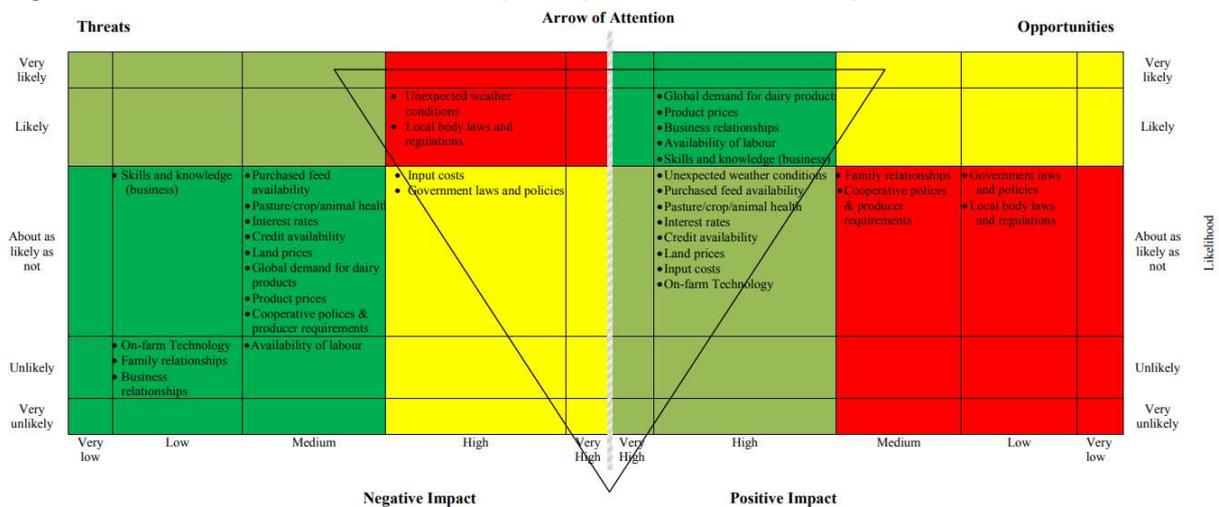
As the egg producing example above highlights, enough public scrutiny will typically illicit a political response in the form of a commitment to introduce, amend or repeal a policy instrument. Where the environment is concerned, there is no shortage of public pressure or evidence supporting the need for better outcomes. Policy, therefore, must respond, but how this response is accommodated in the absence of resources to enable it remains the question.

2.2 Risk matters everywhere but it matters more in New Zealand

The capacity to control and respond to market volatility, inflation, climatic extremes, and natural disasters has become embedded in farm business management in New Zealand as the norm (Shadbolt et al., 2010). As noted earlier, New Zealand farmers historically relied on themselves to manage resilience in the face of highly uncertain year to year returns, however the tools in this toolbox are increasingly limited as a result of regulatory barriers. Where once, as a last resort, farmers had the capacity to adapt, largely unconstrained in order to continue operating through low points in the commodity cycle or to adapt to shifting market demands by changing land use (Paronson-Ensor, 2011), some of these options are now constrained to the extent that they may offer little help at all.

While our overseas counterparts deploy many of the farm and risk management tools available to New Zealand farmers – they are often not pursued with the same degree of vigour, owed in part to a decreased level of need and lower levels of direct exposure to risk.

Figure 1: Risk Choice Matrix over 5-10 years (Shadbolt et al., 2010)



To date, the competing interests of natural resources, labour and physical inputs, personal and financial motivations have been left to land managers to reconcile for themselves, with some



limits determined by the capacity of local councils to monitor and regulate via planning provisions. In recent years, these regulations and planning provisions have moved ever closer to the negative centre of the risk/choice matrix (above and appendix 1).

These competing interests often hinge around the apex of individual farmer motivations and financial viability (Neels Botha, 2019), meaning that any or all of the above may suffer somewhat in the event of collapsing farm returns. Increasingly however, society and its political representatives are unwilling to see environmental stewardship fluctuate in response to farm incomes or management priorities and capacity, and increasingly – the trade-offs, particularly with regard to waterways, are being referred to as bottom lines.

The Randerson Panel in its report 'New Directions for Resource Management in New Zealand' advocated for increased recognition of environmental limits within the Natural and Built Environment Act, a stance which was strongly supported by the Environmental Defence Society, amongst others.

For farm businesses these expectations and their non-negotiable status irrespective of market or climatic factors, represent risks that cannot be eliminated, mitigated or deferred, and for which no avenue exists for recouping costs or increasing value to the extent required to offset losses. These shifts represent a conflict between the existing paradigm and one that is yet to fully emerge.

These circumstances have set the primary sector on a collision course with policy makers which has been almost four decades in the making. Long enough for the rationale behind deregulation to have faded somewhat, for the public service to have morphed into a hybrid of New Public Management and its more contemporary cousin, Post New Public Management (*Scott & Merton et al*), meaning that no-longer is 'cost-benefit analysis' likely to weigh in on behalf of agricultural productivity to the extent that it once did. Barring an economic shock of a magnitude comparable with the 1980's – this emerging paradigm seems likely to persist.

The challenge for the primary sector is a question of viability in the face of demands that no one appears willing (or perhaps able) to pay for, and where similar demands in other jurisdictions attract resourcing which will almost certainly emerge as a competitive advantage (for them) going forward.

To reiterate, New Zealand primary sector is distinct in its extreme reliance on the open market and increasingly, regulatory controls to shape outcomes behind the farm gate.

While regulations in all forms were commonly encountered during the research period, they were rarely standing alone and were almost always found in conjunction with a wider policy catalogue and a suite of both financial and non-financial tools made available to enable the desired shift in behaviour.

Environmental Land Management schemes (ELMs) designed to replace CAP payments in England will introduce a suite of 240 potential farm payments ranging from maintaining organic fruit orchards (NZ\$3,857 per ha) to maintaining a minimum of seventy percent pasture cover during winter or improving soil organic matter (NZ\$44.60 per ha), Irish farming attracts roughly NZ\$3.5 billion in annual payments under the CAP scheme, Canada deploys NZ\$3 billion and so on. While each of these countries articulates a vivid picture of environmental progress, all weave significant bodies of policy into a much broader suite of tools than are deployed in New Zealand.

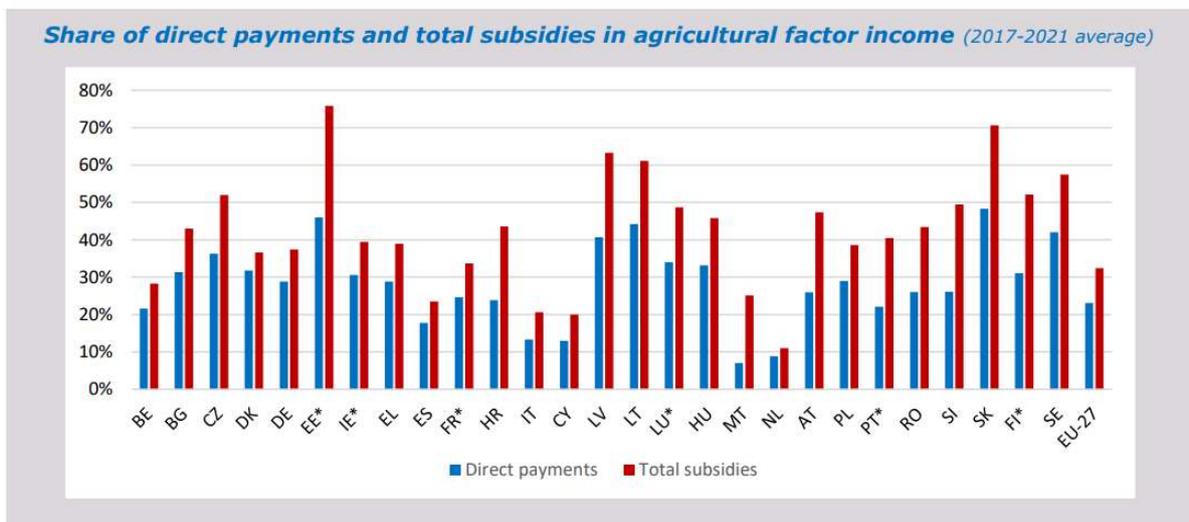
European approaches to food production and agriculture are consolidated in the European Commission, one third of whose budget is preserved for the Common Agricultural Policy (CAP),



described by the Commission as '**a partnership between agriculture and society**'. The Cap aims to support farmers, enhance productivity and preserve stable food supplies at affordable prices while enabling farmers to make a reasonable living. These aims are explicit, and directed towards maintaining rural areas, landscapes and protecting the environment while keeping the rural economy vibrant.

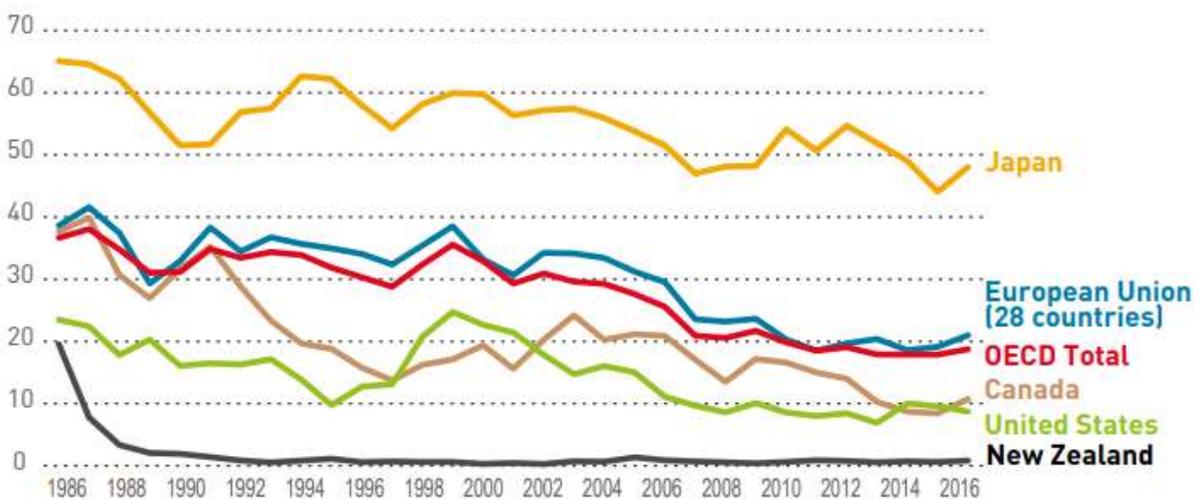
Beyond the EU, similar values are attributed to sustaining agricultural production, rural prosperity and food security by many governments, although cultural influences, demographic variables and economic nuances provide for intervention measures of extraordinary diversity

Table 2: EU Subsidies as a proportion of total farm income



Sources: CAP expenditure: European Commission, DG Agriculture and Rural Development (Financial Report).
*These Member States received Next Generation EU Payments in 2021.

Figure 2: OECD Estimate of Government Support for producers (% of farm receipts) 1986-2016



Source: OECD - July 2017



As the graph above illustrates, behind the farm gate, our competitors are often equipped with various forms of income protections in the form of crop loss or cost share insurances against production or margin declines (Canada and the US), basic payment schemes (EU), subsidised agricultural credit and tax wavers (Brazil).

No such buffer exists in the New Zealand context. The closest example being the Income Equalisation Scheme, whereby farm income might be spread between profitable and unprofitable years in an effort to smooth income. New Zealand farmers face risk on their own, and as a result, they place a high value on the tools that enable them to manage it.



Chapter 3: The mountain we need to climb

3.1 Getting it together

In light of the need for better environmental outcomes and acknowledging that regulation is the primary (in most cases the only) tool utilised in New Zealand to deliver change at the interface of land management and environmental policy, throughout the research period, the same question was posed to policymakers;

Could they (policy makers) deliver the complex and widespread change they sought with regulation alone?

In every country, with the exception of one person, those asked, replied “no”.

In the words of Martin Jenkins (Head of Transforming farming for healthier animals and better regulation (DEFRA);

“It would have made farmers angry because they felt vulnerable and then would have resulted in low compliance and required heavy and impractical enforcement over a long period of time.”

Richard King (The Anderson Centre, UK) reinforced this view;

“There would be an awful lot of enforcement required, the potential to spend the same amount of money chasing non-compliance.”

Janet Hughes (DEFRA) highlighted the value of non-monetary tools to the policy portfolio, using avenues which made farming work easier, with less paperwork, more usable interactions with regulatory touchpoints. Even synergy represented a potent potential tool, with Richard King (UK) highlighting that wherever possible, policy should make life better for farmers *and* better for the environment. Even in the Netherlands where the environmental shifts were significant in scope and pace, there appeared little appetite for attempting such shifts without compensatory measures aimed at mitigating the impact of change at the individual farm level. Twenty-five billion euro was allocated toward the task, much of which was originally destined to ‘buy out’ the agricultural interests of farmers within targeted areas.

In Ireland, a Department of Agriculture spokesperson explained;

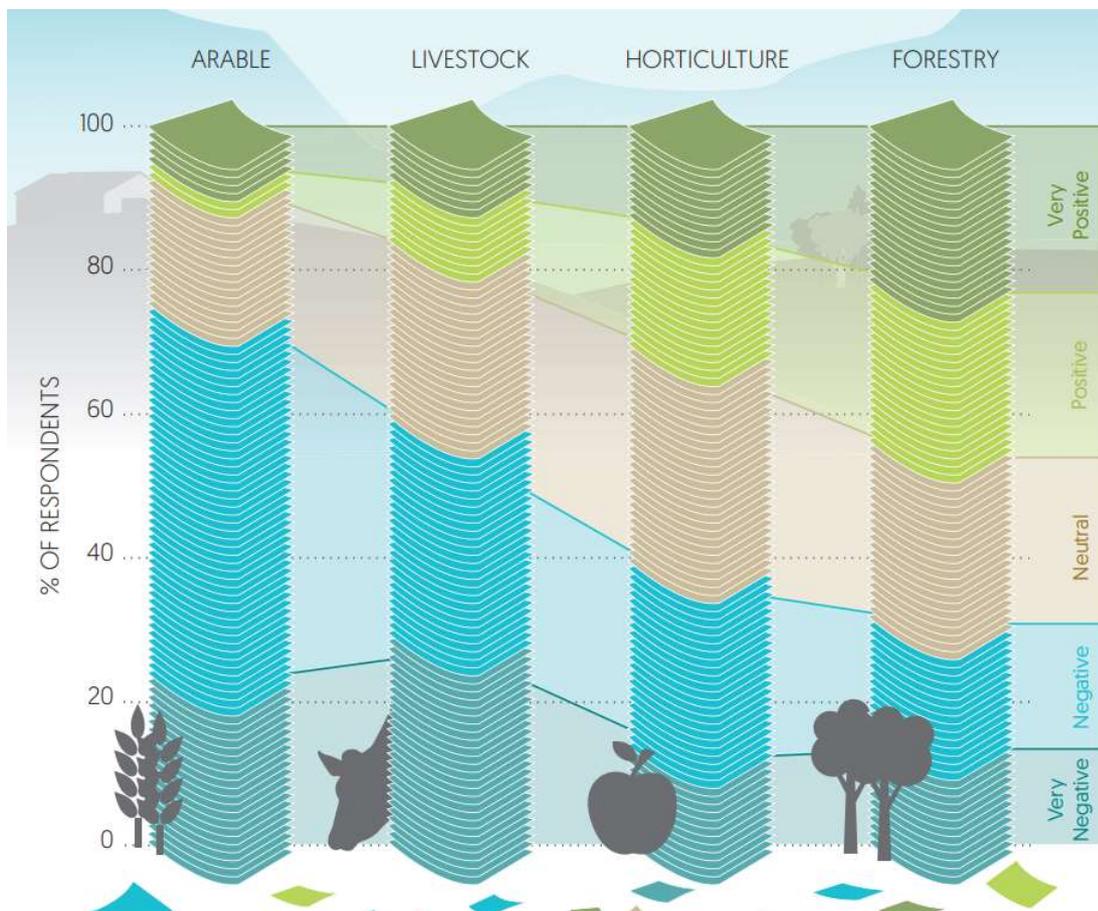
“There’s a limit to how far you can go, we are always looking for win-win aspects where action taken is better for the farmer AND the environment, but there are things that are good for the environment which will come as a cost to the farmer, this is much harder, you really need to help these changes to happen and this is where the payments are useful.”

With these comments in mind and considering that none have followed New Zealand down the path of complete deregulation, it would be fair to reiterate that sooner or later New Zealand farmers seem destined to be crushed between the rising cost of regulation and what the market is prepared to pay for the resulting products. Our margins seem destined to become narrower as our competitors benefit from state intervention in delivering the same outcomes that farmers themselves must fund in New Zealand from a limited pool of resources and while navigating an operating environment rendering them amongst the most vulnerable producers in the developed world.



This vulnerability exists in spite of myriad of extraordinary environmental claims which New Zealand growers can already make. Our relative lack of arable land and our pasture based systems mean that chemical, water and energy use is low by international standards and many farms contain large swathes of biodiversity about which little is known and even less is resourced.

Figure 3: How do survey respondents feel about the regulation facing their property?



Source: Manaaki Whenua

3.2 The blame game

In the wake of deregulation and grappling with the complex trade-offs inherent in forging policy for a new era of land management, the New Zealand primary sector and its leadership find themselves without an accepted and widely understood sense of direction, rendered heavily politicised, and subjected to polarising distinctions between 'left' and 'right' wing views of their future state, exemplified in the adoption and then (current) repealing of legislation. Such an environment means many within the sector, their families and communities, feel trapped in a reactive political cycle which is at best unstable, and at worst, demonstrably destructive, discouraging investment and limiting innovation.



The origins of this disconnection cannot be attributed solely to policy makers, but nor are farmers entirely to blame. Both parties understood (if not enthusiastically) the terms on which the post-deregulation era was embarked upon, and both parties failed to recognise and adapt adequately to emerging pressures and evident risks as time went on. The dairy boom of the late 90's and early 2000's coincided with a period of economic prosperity during which policy makers were notably absent, environmental narratives were seemingly confined to 'activists' and the state-owned farming entity embarked on a widescale program converting forests in the central plateau into dairy farms.

“Strong growth in dairy receipts creates benefits for others, such as rural communities, rural service providers, machinery retailers, and financial institutions. There are also significant indirect effects on the broader economy through additional spending and upward pressure on the exchange rate.” Greame Wheeler, RBNZ (2014)

The definition of success at this point, it could be argued, was still robustly in favour of economic productivity, and found both government interests and those of the agricultural sector in broad alignment.

This would not last.

Increasing awareness of water quality deterioration, especially in lowland waterbodies (Larned, Scarsbrook, Snelder, Norton, & Biggs, 2004) preceded what became a successful campaign against 'dirty dairying' waged by activists and academics for whom the economic gains of the preceding decade were outweighed by the ecological costs (Holland, 2014). This narrative coincided with the rise of internet access, social media platforms and the emergence of the environmentally conscious urban dwelling voter, armed with newfound information and climate change concern, in a dawning era which would soon be synonymous with the word 'crisis' and oriented around a similarly unpopular word 'change.'

The status quo has become an unhappy place to be for most participants in the New Zealand agricultural policy context. In the words of Nicola Shadbolt, who was tasked with reviewing advocacy for Beef and Lamb NZ, 'In the wider context there was increasing global disharmony due to the Covid pandemic and significant geopolitical disruption, in New Zealand the social unrest and disunity was at a level not seen since the Springbok tour. In short, people were angry and trust was elusive.'

This environment has emerged despite a government commissioned agriculture roadmap initiated in 2020 under the title 'Fit for Better World' and subsequent forums and resources directed to enabling it's identified outcomes. In aggregate across the primary sector, the number of initiatives devoted to advancing the direction and pace of change involve substantial resources, many and varied forums and a plethora of advocacy platforms whose aim is to represent farmers and growers.

Somehow, amidst all of this industry and government effort, those at the grass roots remain largely disengaged and increasingly mistrusting of the narratives that emerge, mirroring a recurring theme prevalent globally throughout the research period. That of the inadequacy of traditional tools for addressing the systemic and multicausal issues facing society and agricultural policy in particular.

These concerns centred on the inability of policymakers and leadership to deliver meaningful or effective change, while acknowledging that front line efforts were often genuine, albeit misdirected and often in conflict with reality.



In the words of Will Armitage, a British organic farmer of 20 years, suffering the lowest returns relative to non-organic produce to date, the value that the public attributes to improving the natural environment is “92 percent fantasy, 2 percent reality.” Like many others, Will observed the discrepancies evident in what the public appeared to be advocating for politically, and what they advanced via their everyday practices, priorities and purchasing behaviours. This doubt has translated into a lack of trust in the motivations behind regulatory change, the efficacy of such change and the public service more generally.

Figure 4: Rural Regulation Survey of Rural Decision Makers

WHAT ASPECTS OF THE REGULATORY ENVIRONMENT DO OPERATIONS LIKE YOURS STRUGGLE WITH THE MOST?

Six out of ten respondents lack confidence in the people making regulations and struggle with regulations that don't make sense to them. Farmers, foresters, and growers all agreed that these were the most problematic part of the regulatory environment.



Source: Manaaki Whenua

In daily life, we currently have a primary sector and its attendant families, businesses, and supply-chains firmly rooted in a post-deregulation economic paradigm, which successive governments over the last decade have sought to shift in favour of more defined environmental outcomes. This has been pursued largely without insight concerning how this paradigm came to exist, or why it persists and what prevents its replacement. This lack of insight has resulted in widespread clashes between policy intent, much of which is agreed upon, and the means of delivering outcomes, over which there is strong disagreement.

“The intent of these regulations may have been good, but the reality of the execution and implementation has been nothing short of disastrous.”

Wayne Langford, Federated Farmers President

Much of the disagreement between policymakers and ‘actors’ in the policy delivery sense can be attributed to a failure to align the goals and needs of policy, with the goals and needs of those expected to deliver its outcomes.



Farmers and growers would rightly highlight that they have little means of delivering the scale and pace of environmental change being sought, especially when the means of sustaining this change in perpetuity relies on the substitution of resources currently relied upon for their economic survival in a highly uncertain operating environment. Meanwhile the means of accessing further resources via existing channels (market prices) is extremely limited.

Forums convened with the intent of addressing these complex challenges do exist, however they have a variable record of successfully leading change (Henderson, 2023) and have thus far failed to successfully engage those they exist to serve, with many farmers being unaware of their existence, much less their mandate. As such, theoretically critical aspects such as the strategic direction of the primary sector risk existing merely as desk bound political or industry constructs with little meaning beyond the confines of Wellington offices or direct project beneficiaries. Links between knowledge and practice would seem to be underrepresented across the policy spectrum, with few established channels trusted or resourced to adequately convey information either from policy to practice, or the reverse.

In the absence of such an approach, when faced with an uncertain future, a breakdown in common language and understanding, and no clear means of restoring them, the cost of resistance in New Zealand (there are no subsidies to lose) would appear far lower than the cost of change.

In the words of Andrew Knight, head of the UK's Policy Design Community;

“If the citizens won't use it and the system can't bare it, then the policy will fail.”





BOX 2: The Mountain as a metaphor.

People on the land have perspectives, often diverse ones, much like those in intermediary and advocacy roles, te ao maori and those in political leadership and policy making. All these perspectives are like a ring of people spread around a mountain, each in different shadows and only seeing a certain part of the view from their vantage point.

The only way to communicate the view from each point to the various parties on the lower slopes of the mountain, is to call to one another and to hope we are heard. We can hear the words, but we can't see the view as they see it and must rely on our interpretation of their words in order to understand what they see and experience. Even moving around the base of the mountain will never reveal the view for everyone, unless all parties gather in one place, and even then, this gathering will be denied knowledge of the view on other side, which in life, is continually changing.

If mapping the landscape is critical to charting a course– then it makes sense for those spread around the mountain to climb it. By necessity, this requires effort on all parts, and some steep terrain to navigate, however at the mountain's peak we have no choice but to stand closely together, and we will share the same view because nothing impedes it, we are no longer in the shadow of the mountain, but collectively we are at its peak, in the metaphorical light.

This peak is knowledge, insight and understanding of all the landscape relating to the thing we wish to change. It includes the valleys we would avoid, and the sunny meadows we enjoy. At the peak of the mountain everything is visible to everyone, and no-one stands above anyone else.





Chapter 4: Chart the course

4.1 The current approach to complex problems is failing

There is little in the vast body of literature describing public policy design in modern democratic contexts which advocates for a command-and-control approach to complex, multicausal and multistakeholder policy problems.

There is even less support for reactive political decrees which pre-empt any consensus on the problem definition, provide a binary solution and limit the scope for genuine stakeholder engagement (Peters & Fontaine, 2022). Yet these are features that persist in some shape or form in most democratic systems and they were implicated in the demise of the former Dutch government (Yansen, interviewed 2023).

The drivers of this suboptimal approach have evolved as distinctive features of advanced democratic systems, including in New Zealand, which bind electoral candidates (including those in power) by the need to secure votes and attain or retain Government benches, deliver popular policy responses within tight timeframes, using limited resources and under the constant threat of electoral defeat. This environment requires the amplification of the prevailing issues of the day – because in reflecting these issues a party (or candidate) can demonstrate relevance, capture the public's attention and illicit support.

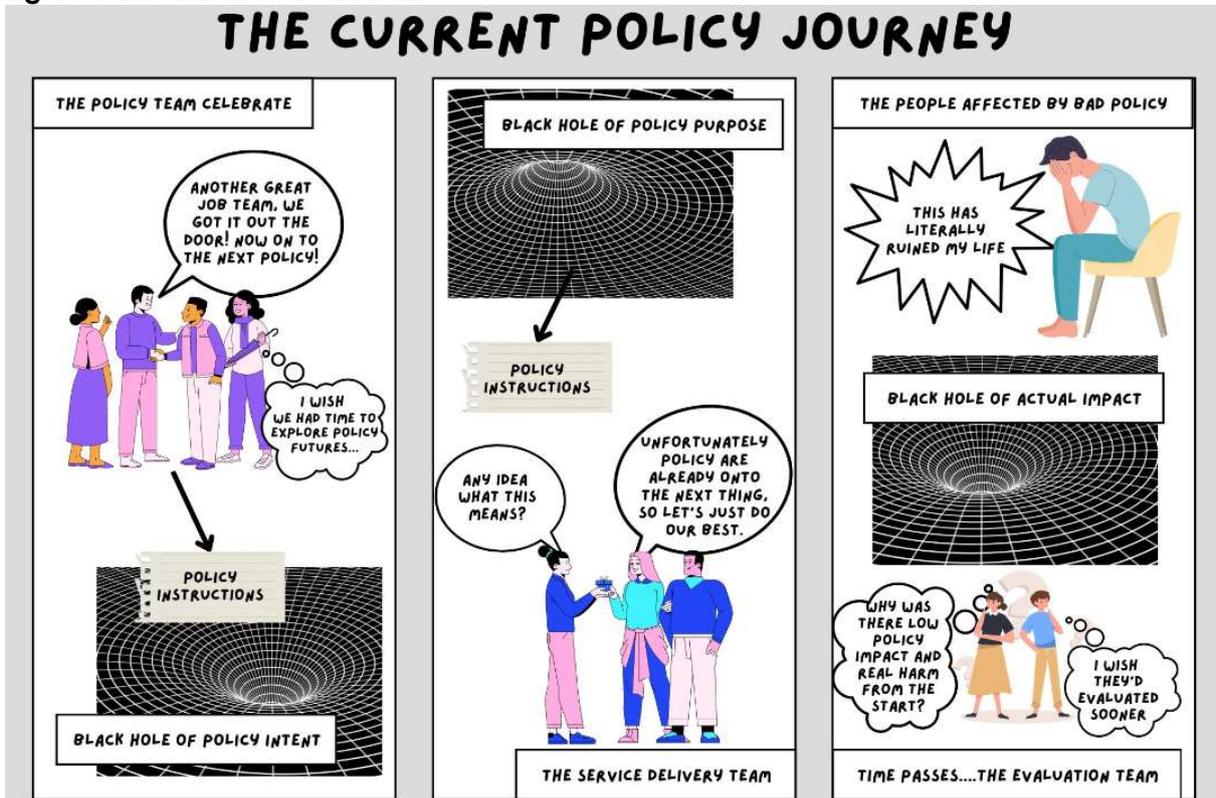
Internationally it would appear that all sides of the political spectrum engage in this form of soft populism, and it is not reserved for either 'left' or 'right'. Though its outcomes are similarly indiscriminate, in serving to produce often short lived and poorly considered political policy directives, for which narrow policy development pathways are prescribed, formulated and released for cursory, and often ineffective consultation. The resulting policies are then lobbed across the policy 'wall' to a delivery team, whose role is to launch the newly birthed policy grenade into the public domain, while avoiding shrapnel wounds as best they can (Hughes, Camp digital, 2019). The policy team can then move on, while the implementation team grapple with the success or failure of their latest political gift.

Pia Andrews, presenting a Design and Delivery segment for Apolitical, describes this phenomenon as the 'black hole of policy intent' whereby policy and delivery have been 'consciously uncoupled' in pursuit of efficiencies sought as part of the deregulation movement of the 1980's. This results in the need of those responsible for policy delivery to interpret the intent of the original policy in isolation, while also managing its consequences (both intended and unintended). This inability to manage policy impacts in real time, to feed them back into policy adaptation mechanisms and respond accordingly, is at the heart of an increasingly beleaguered front line public service and a widening gulf between its intended impacts and the way society experiences them.

Observers would be forgiven for presuming that more robust ways of delivering enduring, responsive and well-designed policy did not exist, much less ones which enjoyed the support (or at least tolerance) of interested parties and delivered the intended outcomes reliably, yet a burgeoning body of work exists focussed on exactly this problem.



Figure: 5 The Black hole of intent



Source: Pia Andrews

In rural communities, few issues would seem as pressing as the need to realign the direction and aspirations of our primary producers, with the needs of wider society, government and its policy aims. This realignment is not possible without comprehensively addressing the multifaceted causes of the current system, it's relationships with social and economic drivers, and the widespread linkages between these relationships and how changes to them might shape the future landscape and demography of rural New Zealand, in addition to its economic base, wider supply chains and trading relationships.

“Bring everyone in, broaden the definition of agriculture to include those who currently feel outside the tent.” Secretary Russel Redding, Penn State Agriculture

Farmers and policymakers must find common ground. We need to understand each other once again.

4.2 The body of work advocating more effective approaches is large

Much academic work is increasingly devoted to policy design, as distinct from the conventional 'stages' model of policy making. Such an approach focusses on the value of encompassing a high degree of consciousness and deliberation within the policymaking



process, in an effort to better address the interwoven nature of many issues, the need for stakeholder agency and enduring policy legitimacy (Peters & Fontaine, 2022).

According to Peters et al (2022) policy design is unlike other forms of design such as architecture and engineering, in that it must consider human subjects, their values, conflicts and other characteristics. Policy design frameworks attempt to achieve this by emphasising a need to deeply reflect on the components of causation, instrumentation and values – which must then be wielded to formulate and deliver an ‘intervention’ in ways that are strategically coherent.

Failing to deeply comprehend causation (why do we do this?), instrumentation, (what tools do we use and why do we use them?) and the values that underpin them is undoubtedly implicated in the mired status quo from which the New Zealand agricultural policy landscape has yet to extract itself.

There is need to shift policy design and delivery beyond the primacy of ‘process’ and towards the primacy of ‘people’ with all their attendant needs, conflicts and values, and while doing so, to transform the linier (presumes the world to be static), into a loop (presumes the world to be ever changing) of perpetual policy responsiveness and improvement, in order to ensure strategic and multi-portfolio coherence.

Figure 6: Design and Delivery evolution

How might we evolve policy design and delivery?	
From	To
Narrowly informed	Multidisciplinary and diverse
Static policies	Dynamic policies
Reactive	Responsive
Assumptions driven	Test driven
Culturally exclusive	Culturally inclusive
Split policy infrastructure	Shared policy infrastructure
Policy realisation is slow	Policy realisation is fast
Community engagement	Community empowerment

Source: Pia Andrews

4.2.1 Barriers preventing a different approach

- Political will - Holding the space:** The need to shift the policy approach, especially in relation to increasingly complex policy areas is well acknowledged, however such a shift requires the space, commitment and energy devoted to enabling it at an institutional level. This presents an issue because the political will to ‘hold the space’ is at odds with the predisposition of the public to demand ‘Change Now’ and the political imperative for elected representatives to respond. This leads to short-termism in policy arenas as ‘quick wins’ are prioritised politically and more mundane long term and strategic policy work which might address the causal aspects of systemic issues



remain unresolved. An added dimension in the New Zealand context is our short election cycles and the potential for a relative absence of ministerial portfolio expertise, or governance experience given the speed with which portfolios are often reshuffled. As Patrick Le Gales highlights (Peters et al, 2023) policy instruments are ultimately political devices, and therefore political will is required to adapt them.

- **Resourcing:** According to Australian academic Brian Head, 'the scale and urgency of problems are over-loading public leaders, policy systems and administrative institutions', while Jones and Van Ael (2022) describe further barriers in the resourcing of organisational change, subject matter expertise, access to design and facilitation skills, the provision of learning opportunities for existing teams to share knowledge and invest in new skills. Human resources and the ability to retain continuity in key 'ballast' roles are immensely important in the context of holding and conveying institutional knowledge and maintaining relationships with other system actors over time.
- **The spotlight:** The defining political feature of New Zealand agriculture is its scale, both in economic and environmental terms, and naturally, this comes with an extreme level of political attention owed to its dominance over spheres which are deeply important to the public. This importance means that the focus on industry influences (good and bad) is unlikely to diminish unless the industry is superseded by something greater (think mining in Australia) and as result, polarising views, amplified by political platforms are likely to persist and risk perpetuating policy pendulum swings into the future. A lack of mandated, independent and trusted ways connecting policy with practice means that the facilitation functions of well supported policy responses are less evident in New Zealand.
- **Language:** Access to constructive relationships with system actors, stakeholders and interested parties is a critical component in deeply understanding the context of a policy issue, accessing insights regarding causation, system linkages and habitual practices. Meaningful insights only become discoverable if those with lived experience of the issue are engaged to provide such insight (Jones & Van Ael, 2022). This engagement will falter if a shared language is absent, the ability to understand one another is limited and neither comprehend what other has (or has not) said or understood.

Despite these issues, design themes and an acknowledged need for them are emerging in the New Zealand public service context, and perhaps surprisingly, to a greater degree than is evident in the wider primary sector.

4.3 We already have some clues

The adoption of the Public Service Act 2020 illustrates that within Government, many of the barriers to optimal policy making and delivery on behalf of the New Zealand public are already recognised. Emphasis on enabling organisational flexibility, inter-departmental ventures, joint resource management and agile service delivery represent a substantial shift in the language and intent of the Act, relative to its predecessor. However, while the enabling legislation exists, there remain substantial barriers to enacting its promise.

The most recent Long-Term Insights Briefing undertaken by the New Zealand Public Service Commission found that those working within the public service themselves identified many of the pre-existing issues (mentioned above) as persistent barriers to optimal policy design and



concluded that three areas of focus should become central to a new strategic approach in responding to the direction set by the Public Service Act 2020.

The recommended responses were.

- The adoption of a common framework and measurement methodology
- The adoption of innovative approaches in priority areas
- A broader shift to collaborative approaches.

These are worthy goals, however in order for these responses to become embedded in the most pressing areas of need (agricultural policy being one), they need a political mandate to expand beyond the realm of policy innovation labs (PIL's), engagement pilots and novel innovation hubs, with which the public service is already familiar.

Increasingly public policy researchers are attempting to reconcile complex issues at a systemic level and to understand the tensions between human behaviour (which is not always rational) and the multifaceted implications of failing to limit our collective impacts on both nature and our social and economic landscapes. Accommodating and planning strategically to account for this complexity is at the heart of redoubled efforts to move policy design beyond the novel and into the norm.

The soon to be dismantled Productivity Commission echoes the Public Service Commission in its reported findings of the Economic Resilience Inquiry. Highlighting amongst other objectives, a need to 'Build a governance system that gives strategic direction at a high level, while enabling devolved decision making that encourages "bottom-up" innovation initiatives.' Examples validating such an approach are increasing globally, such as in Ireland, where the controversial bid to reform abortion law was navigated successfully via a citizens assembly described as a "blend of participatory, deliberative, representative and direct forms of democracy". The referendum results validated the work of the assembly, there being only 2 percentage points difference in the vote of the assembly (who advised parliament) and the general referendum vote.

4.4 The pulse of change is there, but weak

Papers presented at the sixth International Public Policy Conference in Toronto highlighted the inconclusive results of deploying design thinking principles within the confines of novel workstreams, owed in part to their predisposal to be delegated to workstreams with higher inherent uncertainty of outcomes and a greater likelihood of failure. This in turn, means that value of design approaches, collaboration and deep insight is often not well represented in overall results and therefore may not materialise as a new paradigm with its attendant tools, behaviours and culture.

Research conducted by Jane Lehtinen, reviewing the application of design-led approaches by public sector innovation labs and using the New Zealand Service Innovation Lab (2017-2020) as a case study, highlighted the extent to which design approaches face resistance even when isolated to distinct hubs and largely insulated from the wider influence of the traditional authorising environment.

In the words of one interviewee;

"They talk about innovation and collaboration, but our structures are not set up for that. We work in these incredibly hierarchical, siloed, risk-averse organisations. It's the antithesis of what you need to do this work effectively."



Lehtinen concluded that while the project was deemed successful in **“proving that we can do Government differently,”** the Lab’s design-led approach was implicated in;

‘...tension with the pressures of being part of the wider public sector. This tension corresponds to the literature, with broad notions of challenges to, and the contradictory nature of, (Public Service Innovation) and the conditions that set up the challenges within this context, where there is considerable risk- aversion and pressure for rapid deliverables (Bason, 2010; Bekker et al., 2013)’.

Like Lehtinen, Jenny Lewis (2020) found following a review of five innovation labs across New Zealand and Australia, that they were vulnerable to shifting political priorities, struggled to adequately resource design approaches and were subjected to the need to meet near term deadlines in order to meet political expectations. She reported finding that participants;

“Described how the high turnover in both political and administrative positions promoted short term actions and created an environment where staff were impatient for change and keen for (fast) innovations that ministers can announce. They also reported that public bureaucracies have powerful traditional administrative traditions that stop new ways of working, particularly via the “permafrost” of middle managers who are able to block change.”

Lewis argues that public innovation is stuck between the need to change and the need to preserve stability, noting that *“there are few concrete examples that demonstrate how design thinking’s methods can be standardized and scaled up (Lewis, McGann, and Blomkamp, 2020)”*.

4.5 If anyone can do this – we can

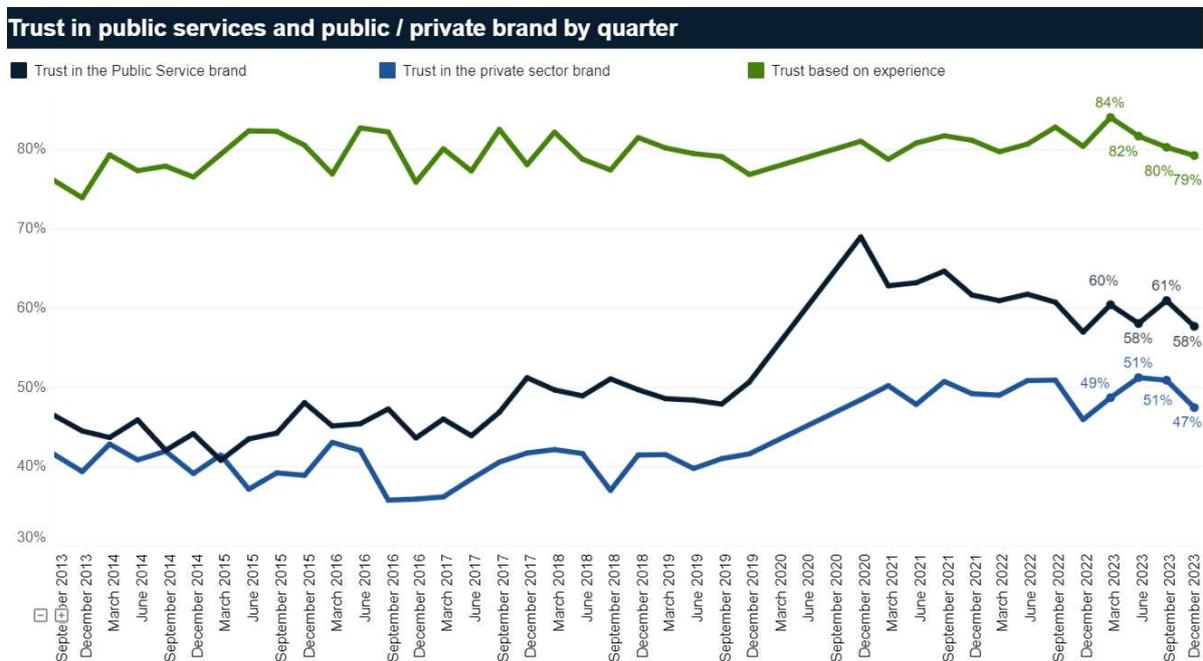
New Zealand is a small country of roughly five million people operating a unicameral Westminster style system within a stable political environment. The nation has a strong history of adaptation and has demonstrated time and again that both its people and institutions are capable of leaning into change at a scale that few others might dare to try.

We have the benefit of dedicated public servants, many of whom feel a vocational connection to their role and would welcome more effective systems, in addition to a society whose patience with the status quo is exhausted and for whom almost any change would be welcome, provided someone listened to them as a result.

As the graph below demonstrates, trust based on public service experience, although a substantial beneficiary of massively increased government budgets and a wellbeing focus over recent years, has struggled to maintain or substantially advance the gains made since 2015. The resourcing deployed in communications could be said to have achieved far greater impacts (trust overall) particularly during the Covid response, although this too is rapidly eroding to levels last seen in 2019 prior to the pandemic. Increased budgets would not appear to be translating into increased outcomes if 1 in 5 people with experience of the public service report continue to have little trust in it.



Figure 7: Kiwi's Count Quarterly results December 2024 (a)



Source: NZ Public Service Commission

The current Government is faced with historically high debt levels, burgeoning service delivery and infrastructure budget needs and in many areas, declining public perceptions of government efficacy as either a service provider or policy maker, none of which would seem to support a particularly treasured status quo.

However, investment in substantive change and prioritising integration over co-ordination is often politically expensive (Bouckaert, Peters & Verhoest, 2022), especially if it is not a public flashpoint and lacks the gloss of highly visible and easily communicable soundbites.

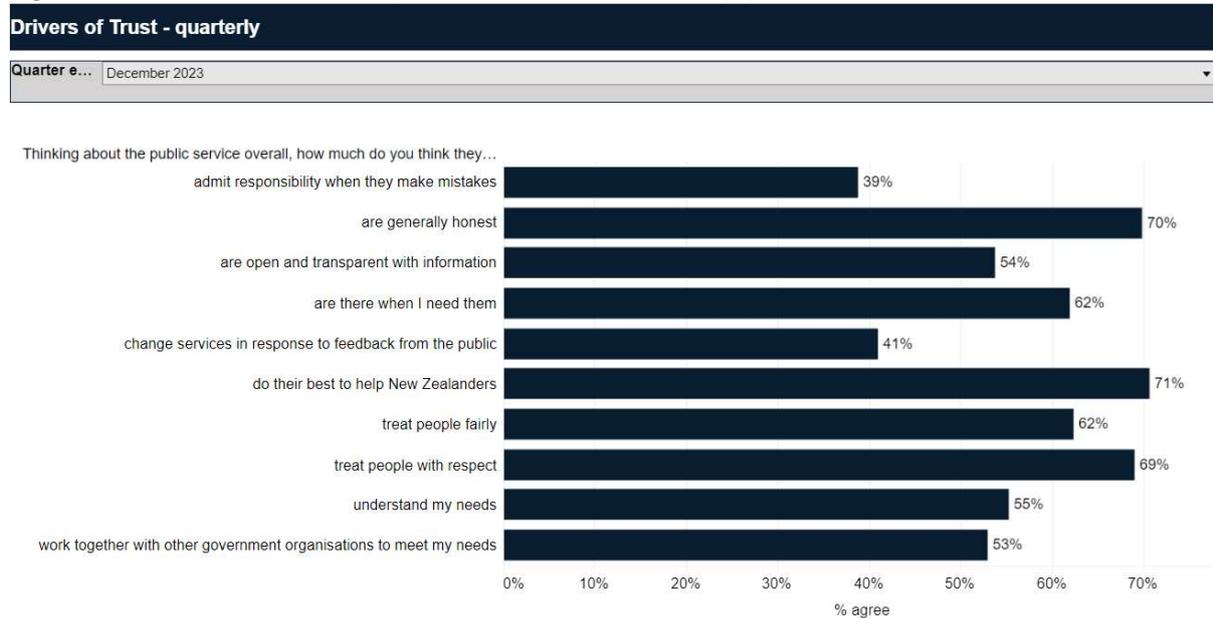
This means that systemic change may struggle to find traction amongst the myriad of 'urgent' policy priorities which perpetually clutter the political landscape, however – many of these urgent priorities exist precisely because we have persisted under an outdated paradigm for too long.

The clutter will continue to accumulate at an ever-increasing pace unless the means to address complex issues are recognised and prioritised by political and industry leadership. In the words of Australian academic, Brian Head, a public servant himself for many years, there is a need for "politically authorised permission to hold the space". In his view, the technical, top-down approach needs to be replaced with a high level, relational and collaborative approach, but neither the public service itself, nor civil society wield the authority to mandate such a shift. It must be owned politically and defended.

There is ample evidence in support of Brian's view, the graph below being merely one example. The breakdown of Public Service Commission survey results (below) highlights the predisposition of public respondents to have relatively more faith in aspects which could be deemed 'personal' attributes, such as individuals being generally honest, treating people with respect and 'doing their best'. However institutional features score markedly lower, the ability to admit when mistakes are made is often not an individual public servants' choice, nor is the ability to change services in response to feedback or work across organisational boundaries.



Figure 8: Kiwi's Count Quarterly results December 2024 (b)



Source: Kiwis Count (questions added to survey in September 2023 quarter)

A global poll of public-servants responsible for policy found that 70 percent reported feeling they were not close enough to policy delivery (Apolitical, 2023), a finding which would seem to support the idea that enabling improved public responsiveness would not only endear improved levels of public trust, but also public service job satisfaction.

As these survey respondents highlight, a more mature system is required. Pia Andrews, a thought leader in open government and Chief Data Officer at the Department of Home Affairs (Australian Capital Territory) advocates for end-to-end adaptive policy design and management, and she represents a rising tide of public policy experts intent on transplanting the efficacy of such an approach into the wider public service at a systemic level. She is far from alone, and her stance is well supported by an international community of change makers spread across the globe.

Bill Bannear, writing for Medium, highlights another important emphasis, that of defining relationships as an outcome in themselves. Because policy outcomes (the intended ones) in complex domains, require insights which must be gathered in perpetuity, and continually fed back to enable adaptation and improvement in policy and service provision. This hinges on proximity, being close enough to people, actions and outcomes to detect change for the better or worse, to accumulate insights and foster an enabling environment in which many solutions might emerge.

“We need to stop trying to design the solution, and instead design for the conditions that enable the emergence of many solutions.” Bill Bannear, Thinkplace.

This means that relationships in themselves must become an intentional outcome of policymaking and frameworks (Figure 9).

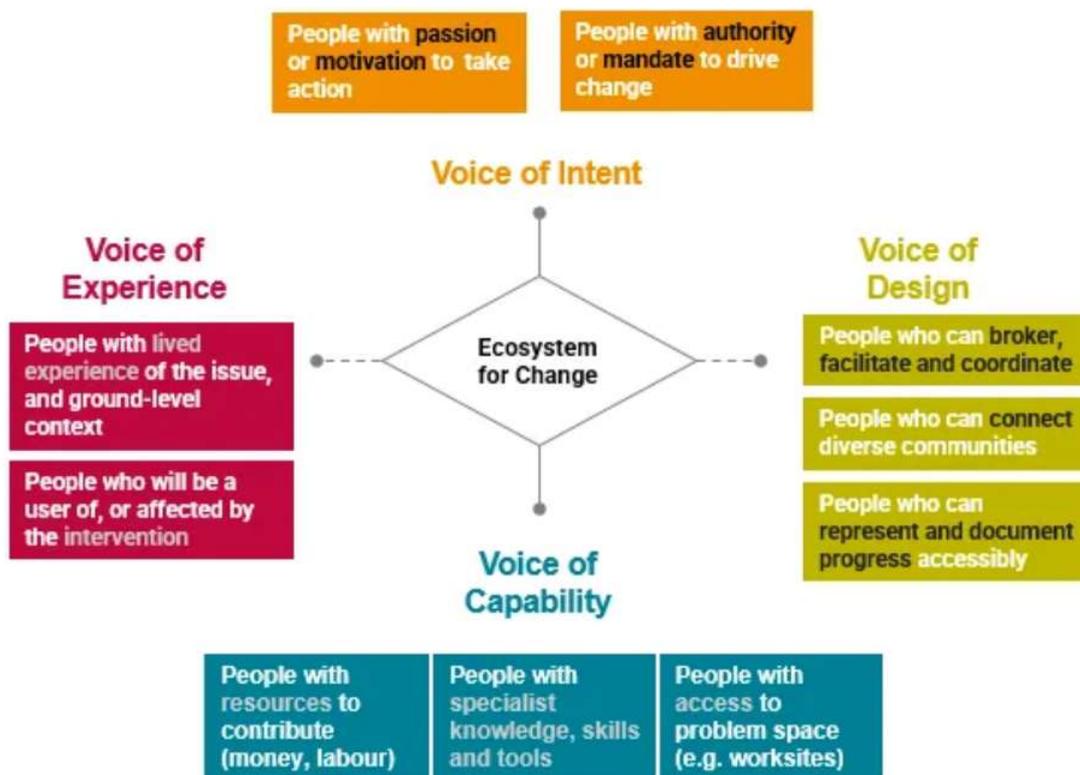
For those who perceive that such an approach risks avoiding conflicts and sweeping hard conversations aside, DEFRA's Martin Jenkins highlight the opposite;



“Do not focus on ‘quick wins’ or ‘low hanging fruit’ this just puts off the inevitable tension that comes with addressing the hard stuff. Start with the hard stuff so that everyone gets the measure of everyone else and the ‘forming, storming, norming phases get the chance to play themselves out.”

Figure 19: An Ecosystem for Change

Who do we need to bring together to create viable initiatives?



Source: Thinking through who we're connecting in an Alliance for Action (Extended 4 Voices of Design by ThinkPlace)

Logically, if Government and farmers are to understand each other once again, then the diversity of voices required to design the conditions for change also need to be speaking in the same tongue. With regards to agricultural and environmental policy, this means that efforts must therefore be made to restore a common language between those on the land and those creating and wielding land-management policy, something heavily emphasised by interviewees within the UK public service and reiterated in both the USA and Canada.

“There’s been lots of effort to make changes easy to understand in farming language.”
Richard King, The Anderson Centre, UK

Designing for the solutions, and sharing common language in which to envisage them, all require that dedicated resources are allocated to investing in this outcome, something which to date, has only occurred sporadically, rather than strategically. As the Productivity Commission highlights, this is something many other advanced nations have embraced.



'High-level research and innovation councils are prevalent across the OECD (Borowiecki & Paunov, 2018; Paunov & Borowiecki, 2018). Only four (including New Zealand) of 31 OECD countries lack such a council.'

Designing for the emergence of solutions will require that future forums invest in upending the top-down constructs of leadership forums divorced from those they lead, in favour of servant leadership models, and strategic priority setting which draws genuinely from the voices of intent, design, capability and expertise in the context of lived experience (*Alliance for Action*).

According to Jenny Lewis, writing for the Research Handbook of Policy Design, it is clear that conventional approaches to policymaking which are top down, even if they are participatory and include public consultation, are not sufficient to support complex and challenging issues faced by governments and the public services (Buchanan et al.,2017), and yet these approaches persist. What the public policy community would advocate for, and many in the private sector have embraced, is a shift towards far greater emphasis on a high level collaborative and relational approach. Without such an emphasis, the Public Service Act's hopeful new paradigm risks being born breach.



Chapter 5: Light the way

5.1 The British Case study – why weren't British Tractors on streets 3 years ago?

Following the 2016 vote to leave the EU, British farmers were faced with the inevitable removal of CAP payments as Britain extricated itself from the Common Agricultural Policy and faced the daunting task of redefining the relationship between domestic policy makers and farmers, reimagining how agricultural policy would relate to environmental policy, food security and what role each would play in the coming transition.

For farmers, 65 percent of whom were not viable without some form of income support or subsidies, the significance of Brexit and the loss of CAP payments represented an enormous source of uncertainty. Similarly, for policymakers more accustomed to shaping policy under the predefined directives of the EU, having a clean sheet on which to write new and independently British agricultural policies represented uncharted territory, for which no map existed.

In this way, Britain had the benefit of a 'burning platform'. New policy would emerge, and new ways of designing it could be imagined because the old paradigm was destined to disintegrate within a definite timeframe and there was little choice but to replace it. The question became, how?

Table 3: CAP Payments as a proportion of total farm income by country

CAP payments as proportion of total farm income 2019, £ million			
Country	Total direct CAP payments	Total Income from Farming (TTIF) ^a	% of total income from CAP payments ^b
United Kingdom	3,343	5,278	63%
England	2,209	3,995	55%
Wales	291	261	111%
Scotland	529	732	72%
Northern Ireland	290	290	100%

Notes:

a. Figures for the TTIF in 2019 are provisional. TTIF equals to:

- Gross output at basic prices *plus*
- Other subsidies *less* taxes *less*
- Total intermediate consumption, rent, paid labour *less*
- Total consumption of fixed capital (depreciation) *less* interest

b. Payments made in the 2019 EU financial year as proportion of income in the 2019 calendar year

Sources: Data sets accompanying [Agriculture in the United Kingdom 2019](#): Chapter 3 - farming income, Table 3.2 and Chapter 10 - public payments, Table 10.3



Under the threat of inevitable CAP subsidy removal, the Future Farming and Countryside Program embarked on an ambitious journey of system change. The shift was extreme by public service standards, and oriented around the idea of moving beyond user centred design, toward co-design, something far more commonly deployed within confined policy labs than across a broad public agency tasked with shaping the future outcomes of agriculture and the environment at a national level.

Martin Jenkins (DEFRA) describes the emergence of DEFRA's approach as;

“A ‘moment in time’ where everyone knew that something had to be done, but there were no predetermined ideas about what or how. “The farming community were brought in at this stage before anything was framed and people were asked how things could be framed and what the agreed aims should be.”

Martin also explained that the aims were easier to frame than many had anticipated, as few farmers felt that Basic Payments Scheme (BPS) had been good value for public money and most were open to a shift towards a more sustainable footing which would deliver better outcomes for the public and for farming.

The commitment to co-design then became explicit, and its communication has since been led by Janet Hughes as the program director and the driving force behind it.

A pre-existing diffusion of design principals and user centred design in the UK public service provided the backdrop and skills which are credited with providing leadership with the confidence that investing in design principles at a systems level across such a major portfolio would prove worthwhile, however DEFRA faced the same pre-existing institutional barriers to change that prevail everywhere, and a farming population with no more reason to trust the bureaucracy than anyone else.

The earliest attempts to shape a new framework were based on the concept of a 'brave new world' (Jonathan Baker, interviewed 2023) some of which was initially built around the excitement of a post Brexit policy ambition, and according to Jonathan, tended to be more ideological than practical. However the initial frameworks provided the scaffolding to deliver the change and to pass enabling legislation.

“The dysfunctional, top-down rules and draconian penalties that were a feature of the EU era will be struck down or reformed.” (DEFRA 2024)

While the original frameworks laid the initial foundations of a new approach, according to Jonathan, they sometimes missed the farmers, and old ways of working had cultural overhangs which persisted.

Janet Hughes become Program Director early in this phase, bringing with her a wealth of expertise derived as a devotee of user centred design derived from her time in the Ministry for Education, and prior to this, her time in Government Digital Services. Hughes, despite a complete absence of agricultural background, quickly recognised the significance of language, noting that the existing policy landscape was using very different language to the future 'users' of the policies (farmers), and this represented a significant barrier. This led to a strategy which emphasised the importance of common language, and an intention that no one should need to employ consultants to deliver better outcomes. (Baker, J. Interview)

“Janet came in and senior civil service realised they needed to bring farmers on board and speak their language. An explicit decision was made to change the narrative based on user insight and things like long term food security to become a farming-oriented framework. The



Ukraine war made explicit the strategy around future proofing farming – building economic and environmental synergies.” Jonathan Baker.

Some would perhaps have balked at the prospect of upending the conventional policy approach in what could arguably be described as a conservative policy portfolio area and yet this feature was perhaps what made a co-design approach so compelling for UK policy makers. The complexity of farmed landscapes, the systems, individuals, relationships and natural features epitomise the definition of a potentially wicked problem – the type of conditions in which conventional linear policy processes often come unstuck.

Complexity requires an iterative approach, which was something embraced early on by the senior team Hughes led, and many interviewees commented on this feature, its distinctive lack of predetermined outcomes and the need for policy makers to become comfortable being uncomfortable.

“If government is doing co-design properly then it should feel uncomfortable, there should be good evidence, but also tension because people care, and everyone’s interests are not the same. There will be compromises and a realisation that officials are not the experts, and they are not the user of the program or service.” Martin Jenkins, Head of Transforming Farming for healthier animals and better regulation DEFRA

“It’s (the program) sustained its current trajectory because no one supported the status quo, and the process was iterative. If they’d come out with the same policy plans five years ago it would have upset those who wanted more and those who wanted less. They’ve had a chance to iron out and demonstrate what works. There’s a fragile consensus.” Jonathan Baker, Deputy director, program policy, engagement and strategy DEFRA

From a New Zealand perspective, Hughes’s presence in the wider public sphere is noteworthy, not least because she is rare in being a widely recognised public servant, but also because her presence is very deliberate, seeking to garner support and trust in a different approach and publicly creating and defending the space within which to deliver it.

This space is important, because co-design takes time and involves compromise, using iteration to evolve new programs in accordance with continually flowing information and insights regarding context and relationships, and the complex interactions between them.

In the words of a Devon farmer, ‘they seem to be making it up as they go along,’ and this is quite literally true, representing a vast deviation from traditional ‘we know best, do as you’re told’ hierarchical and linear policy development program that most of the population are more accustomed to.

“There is no teacher -child relationship here” Janet Hughes

This shift, for those unfamiliar with the concept of iteration, would be deeply unsettling.

Questions such as ‘why is this taking so long?’ ‘How come you don’t know this already?’ and ‘why do things keep changing?’ emerge from practitioners (in this case British farmers) who often presume that policy makers are the experts and the sole authority on what should be done and how. However, when these farmers are asked if they believe that policy makers understand farming, or how to design change for the better, they answer with a resounding no, and very quickly realise the point of co-design, and the need for iteration, seeing the value in implementation phases which are reviewed for their impact, with new learning incorporated into the next iteration, because this feature is exactly how they respond to shifting influences in daily farm life.

This explanation, and the need to communicate it, is why the prominence of positive, visible leadership and persistent and clear communication is so key in co-design and change



management. Without it, iteration can seem accidental, rather than deliberate, and the goodwill needed to sustain it risks being eroded.

For the purposes of this report, and given that co-design is promoted specifically as a means of delivering meaningful outcomes, it would have been beneficial had the UK's agricultural reform program been further advanced at the time of the interviews, and ideally beyond the establishment phase in order to better gauge the success (or otherwise) of this approach. However, despite this, there were noteworthy lessons to be learned from this case study, not least because farmer resistance to change appeared much lower than would be expected during the first phase outs of BAP's. There was also almost universal agreement with regards to the intended use of the policies (No interviewees planned to ignore them) and surprisingly consistent messages emerging from both DEFRA and the farm advocacy and environmental organisations.

This relative lack of friction and the often noted transparency of DEFRA's leadership were credited with fostering improved levels of trust in the institution during the study period, and the steady focus on user insights, designing platforms that were easy to access, payments that were easy to claim and systems that were intuitive rather than bureaucratic were seen as major improvements enabled by the co-design framework.

Richard Findlay (Yorkshire upland farmer) felt that DEFRA could make the program work given that farmers had been allowed time and options, he believed the industry would be well supported when the transition was more complete, while John Bently, (sheep and beef farmer) offered praise at a DEFRA workshop, "I've read all 156 pages and to be honest I found it pretty good."

Richard King (farm consultant) also felt the direction of policy was well supported, "There's not always a trade-off, with some things maybe, but definitely not with all of it, they (DEFRA) like taking farmers with them. The thrust of most policy is that environmental work happens alongside farmers farming, they're happy for some intensification as long as the overall picture is a mosaic."

Janet Hughes, the woman at the heart of this paradigm shift towards co-design, remains confident that co-design can persist beyond her leadership and that the culture is increasingly embedded in the people, noting there is little appetite amongst her team to return to old ways of working once they realise how much more rewarding working in an iterative system can be.

"They take no time at all to adopt a different approach when they see how it works and that you are there to help them. It's a paradigm shift in working with people. You need to treat them with respect and be upfront when things are changing or when things go wrong."

But could the same approach be used in the absence of such huge resources? The reform process has earmarked billions of pounds intended to fund farm payments and environmental transformation, much of which has the potential to substitute food production, a key criticism levelled at the reform agenda according to Jay Rayner writing for the Guardian newspaper. However the breadth of policy developed *with* farmers and farm advocacy organisations, in conjunction with the transparency and agility deployed in responding to criticism would appear to have so far mitigated against the widespread upheaval experienced in the Netherlands.

Hughes believed it was possible to deliver widespread change even without paying farmers to deliver this change, and when asked how, she replied, "by taking the barriers away."



Her response fits with that of Martin Jenkins,

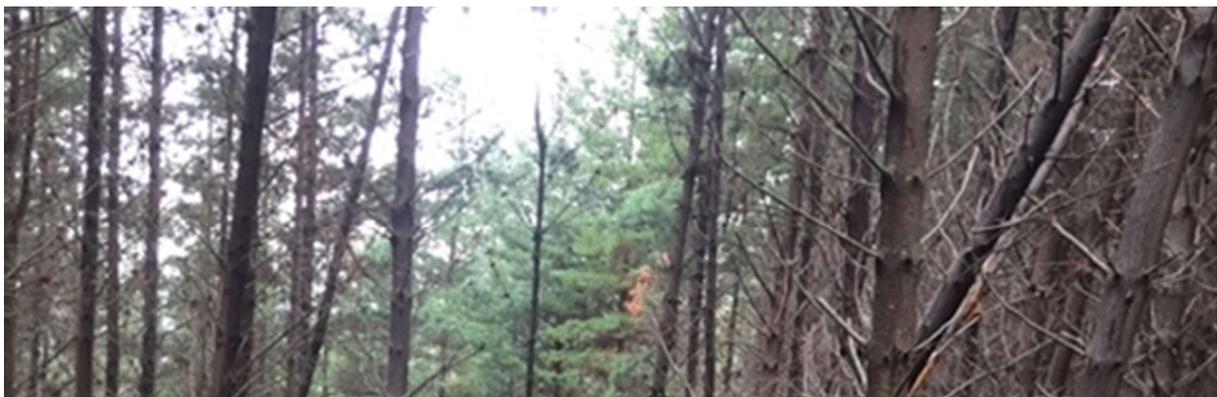
“You can’t monetise everything. Some things that are offered have no commercial value, but they are still extremely important. Being offered respect and legitimacy is one component, offering easier ways of working is another. Farmers want to be the good guys.”

Co-design gives all the participants a sense of ownership over the outcomes and accountability for delivering them. Hughes’s background in this area is what leads her to extol the value of common language, shared understandings and removing barriers, rather than adding them. Her approach, easily observable via the many platforms of engagement she is present on, emphasises the value of providing choices, clarity, transparency and alignment.

Note: Since the study period, in a turn of events which potentially validates a key finding of this report, the political will to ‘hold the space’ appears to be wavering (a change in government appears imminent) and DEFRA is coming under increasing pressure to respond to what are seen as bureaucratic hurdles to receiving farm payments. Upland and tenant farmers in particular appear to be lesser beneficiaries of the suite of tools designated to replace BAP’s and while DEFRA maintains publicly that they are capable of adapting ELM’s (Environmental Land Management) payments to address these issues, the risk of a political arsenal torpedoing this process appears real. Janet Hughes and her team are public servants after all, ultimately subservient to political masters for whom providing manifesto solutions will prove highly tempting. It remains to be seen if rising political pressure and the increasing realisation of farmers that payments are now exchanged for services, rather than paid as a given, will derail an extraordinarily unique approach to delivering substantive change.

5.2 Case study 2: New Zealand – Seeing the wood for the trees.

A New Zealand case study.



New Zealand has some experience of iterative policy development resulting in co-design. The One Billion Trees scheme began life as a political announcement and an associated pool of tagged funding intended to result in ‘one billion trees’ being planted, a goal which, beyond a headline statement, had little specific shape.

An official information request for the analysis underscoring the One Billion Trees policy, made following its announcement in 2018, returned very little, however in the months that followed, officials would go on to develop the program under sometimes heavy scrutiny. From its inception, concerns around widespread afforestation, whole farm conversions to radiata pine,



and inappropriate species were raised, with early iterations of the fund attracting significant interest in joint venture funding which was widely perceived by the public as potentially subsidising foreign owned forestry companies.

As the policy evolved, its tools were gradually shaped using iwi, forester and farmer feedback, in a way which shifted in response to uptake, farmer and community engagement and information about what constituted the 'right tree in the right place' and how the program itself should be shaped to deliver this.

The program went on to introduce a cap on the scale of eligibility and soon limited the land classes to those appropriate for the type of treatment proposed, differentiating the funding quantum according to criteria such as species and erosion vulnerability. The nuances introduced as the scheme progressed largely addressed earlier concerns, and in response to comparatively small investments made by the scheme, significant areas of land were retired for reversion, or planted where they met eligibility criteria.

It is worth noting here, that the areas retired from grazing would receive no ongoing payment or compensation, and yet uptake of this enabling fund proved a potent catalyst for retiring marginal land, especially in the Tairāwhiti region where research undertaken in 2021 confirmed this trend.

This iterative policy approach resulted in stable policy program emerging over a four year period, one which was widely utilised and where unintended consequences were acknowledged and responded to, resulting in rapid adaptation to emerging trends, community feedback and engagement.

This outcome contrasts starkly with another program, also designed to incentivise tree planting, where no such iteration has so far occurred and where widespread impacts, unintended consequences and community dissatisfaction with the outcomes prevail. The New Zealand Emissions Trading Scheme (ETS) was developed with entrenched mechanisms which fixed in place features of the policy which would later prove ill-advised (Climate Change Commission, 2023, (pg314), meaning that the extraordinarily complex interactions between social, environmental and economic outcomes would prove difficult to understand, much less adequately address. A review aimed at responding to these issues was ended by the incoming government in 2023, while the One Billion Trees Landowner Grant Scheme has since been discontinued (under the previous Government).

While both schemes included aspects designed to incentivise tree planting (the 1BT via grants, the ETS via the carbon market) the tools chosen to operationalise these goals were vastly different. The 1BT created a grant funding program, via a secondary process which did not require legislation and maintained close ministerial links throughout the duration of the program. Julie Collins was head of Te Uru Rakau during this period, drawing on fifteen years of experience in UK grants programs to inform a 1BT delivery program that was 'designed to be tweaked'. An added advantage was that Julie led both policy led and delivery aspects, enabling high responsiveness under a 'short term active management' system which was very deliberately not 'set and forget'.

The ETS by comparison was an entirely novel approach and represented one of the first attempts globally to incorporate carbon grown in trees into a legislated framework designed to monetise this feature in a market. While other emissions trading schemes existed and a number of global markets were attempting to value carbon sequestered in trees, none leapt into the unknown to the extent that New Zealand policy makers did in establishing the forestry components of the NZ ETS. This tool was not designed to be tweaked, and in fact embedded



what Ben Cashore of Singapore University describes as 'path dependence' where future deviations from the original blueprint become increasingly difficult to shift over time.

The choice of an ETS mechanism to incentivise tree planting, if the aim was simply to achieve 'net zero' at the least cost in the near term, was undoubtedly successful, however this outcome now continues to be delivered despite widespread evidence of harm over the long term, the global shift away from such a blunt approach and the Climate Change Commission advising against such a goal.

"The ETS is not delivering on what we need it to." Phil Wiles, Climate Change Commission.

One path constituted an evolution, the other, although novel, has become entrenched, laying a minefield for anyone who would change it, and collecting collateral damage along the way. These examples provide potent evidence that complex issues require deep insight, a shared view of how everyone will relate to (and use) the system being designed, and finally, policy tools which have the capacity to adapt to a changing world.



Chapter 6: Conclusions

It is not possible, within one year's research, to recommend a prescribed policy solution to the challenge of reconciling New Zealand agricultural and environmental policy aims based on international examples, largely because no one anywhere in the world has done what New Zealand is attempting to do, in improving environmental integrity in farmed landscapes primarily using regulation and deploying only resources earned via free market channels.

This unique situation presents a potent example of complexity and provides a worthy study of what is at stake if we fail to grasp the nuances required to manage and design for such complexity. As we have examined, the tools used to influence land-use and land management decisions in New Zealand are largely limited to (1) market forces and (2) regulation aimed at directing/limiting on-farm management decisions, representing a much narrower suite of policy instruments than found elsewhere.

These two instruments are the legacy of deregulation and the removal of interventionist government policy tools in previous decades. However, in recent years these two influences have proven inadequate for the task of better protecting the farmed environment and worse, can frequently be found to be at odds with each other, as higher production volumes continue to underpin the economic imperative sustaining the primary sector, and volumes generally (stock carried, inputs deployed) are also implicated in environmental concerns.

How then, do we move forward?

The good news is we are far from exhausting all options, in fact many remain barely explored at all. In the words of Martin Jenkins (DEFRA) "Money is naturally short sighted, values are much more enduring," which meant, he explained, that even if subsidies were deployed in order to enable change at the interface of agricultural and environmental policy issues in New Zealand, this change would not necessarily endure in the absence of a deeper shift in what people value and how they relate to the issues in question. There was a need to align much more deeply using values and practices to embed new ways of thinking to address old problems. Policy can potentially achieve these aims, but only if its tools are vastly expanded.

Achieving this will require new ways of working together in order to put people at the heart of the change we wish to make, and systemic and human centred design approaches offer promising potential in providing feasible frameworks for delivering this. (Jones & Van Ael, 2022).

Unlike many other countries, New Zealand currently faces an extraordinary choice, that of forcing its farmers to pay for values that consumers remain unwilling or unable to pay for, thereby potentially driving many of them out of business; or, grappling with the enormity of what such a cost, if shared by society would likely represent. Given that neither path seems likely to build the prosperous and productive nation that we collectively rely upon, there is a clear imperative to break new ground.

This report advocates that much of this new ground can be achieved by vastly expanding what we currently perceive to be 'policy'. Where regulation may no longer form the central tenet of a policy framework but could instead form only some threads of the policy fabric intended to cloak society. Better understanding human drivers, relationships and social and cultural mores, and investing in utilising this knowledge to deliver symbiotic gains would seem the logical aim.

We must find low cost, and no cost ways to move forward, and we must reward those who find these paths, by giving them back their own time, their dignity and the respect that once came with growing food.



Accommodating such an approach is where the most potent challenge for real world change exists and the following steps are recommended in order to progress towards creating the type of environment in which many potential solutions might emerge.

6.1 Recommendations

Build a consensus on the need for change: The current system is slow, rigid, vulnerable and, in some cases, destructive, burning out more people than it engages.

Political and public leadership need to invest in ensuring that at all levels of policymaking people understand the context in which the current system has evolved **before** they seek to explore potential pathways for changing it.

We must then build a coalition of the willing amongst political and senior public servants, academics, advocacy bodies and wider society. This coalition should advocate for the realisation in practice, of the potential heralded in the Public Service Act 2020. We need a seismic shift away from the primacy of process, to instead prioritise the people.

Recognise the importance of language: This is the simplest thing to change and yet it is likely the most impactful. A shared language is the birthplace of common ground.

All policy design infrastructure, capable of responding to complex policy problems, requires intimate access to the environment in which that problem exists. In the context of this report, this means urgently rebuilding trust between the rural community, it's leadership and policy makers, which requires, at the minimum, a shared language in order to understand one another in the absence of intermediaries. New Zealand is noteworthy for its development and application of policy speak to formulate, record and communicate land-based policy, which the public must then pay experts to interpret. We have built a wall between policymakers and the public which need not exist.

Recognise the importance of trust and invest in the means to restore it. New Zealand lacks widely recognised forums which are capable of facilitating conversations transparently and are free from political or partisan sectoral influences. While many forums exist, none have successfully navigated the wave of regulation in ways that built or retained widespread trust across the spectrum of those affected by it. This limits access to knowledge and engagement and prevents a vast body of research undertaken in good faith, from becoming useful in the context of public policy.

Defend the space: This recommendation is political. As described above, we no longer have the luxury of tolerating policy that doesn't work. It must work. And it needs to be the best in the world, therefore political leadership must defend the space (despite the many other political priorities) for a system to emerge which has the capacity to achieve this.

Demands on government are becoming increasingly fevered, amplified by mainstream and social media and concentrated in short electoral timeframes often under crisis response conditions. However, prioritising the redesign of the systems that underpin change must take precedence over responding to the change itself if better enduring system responses are to be embedded. Our public service is so busy responding to crisis largely because so much of what we attempt to do either fails, or morphs into a different policy problem. Systemic design approaches, and end to end adaptive management could be embedded as a means to design for complexity, thereby providing the capacity to break this cycle; but only if political and public leadership defend the space for this work to take place.



Finally, this report has unfinished business relating to the role that citizens play in perpetuating widening discrepancies between what we say (and demand politically) and society's values as they are lived in practice (what we do).

This topic is beyond the scope of this report; however, policy will struggle to reconcile coherently while these discrepancies persist. This is why the mountain of knowledge is so important, and why climbing the mountain and standing together is our best chance going forward.



References

References

- Agricultural policy - Agricultural support - OECD Data.* (n.d.). theOECD. Retrieved November 22, 2023, from <https://data.oecd.org/agrpolicy/agricultural-support.htm>
- Agriculture and Agri-food Canada. (2019). *The food policy for Canada.* Canada.Ca. <https://agriculture.canada.ca/en/department/initiatives/food-policy/food-policy-canada>
- Aronga Kaupapa -Ngā Ngahere me Ngā Repo Mauwaro Policy direction for forests and other carbon stocks.* (n.d.). Govt.Nz. Retrieved January 18, 2024, from <https://www.climatecommission.govt.nz/public/Inaia-tonu-nei-a-low-emissions-future-for-Aotearoa/Chapter-18-inaia-tonu-nei.pdf>
- Bannear, B. (2023, March 9). *The new zeitgeist: relationships and emergence.* Medium. <https://medium.com/@bill.bannear/the-new-zeitgeist-relationships-and-emergence-e8359b934e0>
- Brooking, T. (1949). *Use it or Lose it UNRAVELLING THE LAND DEBATE IN LATE NINETEENTH-CENTURY NEW ZEALAND.* Auckland.Ac.Nz. Retrieved November 22, 2023, from https://www.nzjh.auckland.ac.nz/docs/1996/NZJH_30_2_03.pdf
- Bouckaert, G., Peters, G., Verhoest, K. (2022) *Research Handbook of Policy Design*, Chapter 21, pg353. Edward Elgar Publishing Ltd.
- Bunte, F., Bakker, J., van Galen, M., & Kuiper, E. (2007). *Limits to growth on organic sales: Price elasticity of consumer demand for organic food in dutch supermarkets.*
- CAP at a glance.* (2023). Agriculture and Rural Development. Retrieved November 22, 2023, from https://agriculture.ec.europa.eu/common-agricultural-policy/cap-overview/cap-glance_en
- Corcioli, G., Medina, G. da S., & Arrais, C. A. (2022). Missing the target: Brazil's agricultural policy indirectly subsidizes foreign investments to the detriment of smallholder farmers and local agribusiness. *Frontiers in Sustainable Food Systems*, 5. <https://doi.org/10.3389/fsufs.2021.796845>
- Cost of food, the biggest concern for Europeans - new poll.* (2023, May). Wwf.Eu. <https://www.wwf.eu/?10507466/Cost-of-food-the-biggest-concern-for-Europeans-new-poll>
- Ding, I. (2020). Performative governance. *World Politics*, 72(4), 525–556. <https://doi.org/10.1017/s0043887120000131>
- Edition, 18th. (2023). *The Global Risks Report 2023.* Weforum.org. Retrieved November 26, 2023, from https://www3.weforum.org/docs/WEF_Global_Risks_Report_2023.pdf
- European Commission, DG CLIMA. (2023). *Pricing agricultural emissions and rewarding climate action in the agri-food value chain.*



Europe's politicians impose price caps to address soaring food costs. (2023). *Financial Times*. Retrieved February 18, 2024, from <https://www.ft.com/content/133ca49d-b25a-47ee-9bfa-d8c2f62a5f3b>

Farm numbers and size. (2022). Govt.Nz. Retrieved February 13, 2024, from <https://www.stats.govt.nz/indicators/farm-numbers-and-size>

Farmers, F. (2023). *Federated Farmers release roadmap to restore farmer confidence*. Org.Nz. <https://www.fedfarm.org.nz/FFPublic/FFPublic/Media-Releases/2023/Federated-Farmers-release-roadmap-to-restore-farmer-confidence.aspx>

Hall & Scobie. (2006). *The role of R&D in productivity growth: The case of agriculture in New Zealand: 1927 to 2001*. Econstor.Eu. <https://www.econstor.eu/bitstream/10419/205577/1/twp2006-01.pdf>

Hollan. (2014, December). *The Dirty Dairying Campaign and the Clean Streams Accord*. http://file:///C:/Users/nauma/Downloads/admin,+Journal+manager,+Holland_Cleanstreams_8.pdf

Horton, H., & Harvey, F. (2023, January 26). Post-Brexit farm subsidies in England revealed. *The Guardian*. <https://www.theguardian.com/environment/2023/jan/26/details-long-awaited-farming-subsidies-overhaul-england-revealed>

Hughes, J. (2021). *Why we need to consider co-design more*. Apolitical. <https://apolitical.co/solution-articles/en/from-user-centred-design-to-co-design>

Hunter, M. C., Smith, R. G., Schipanski, M. E., Atwood, L. W., & Mortensen, D. A. (2017). Agriculture in 2050: Recalibrating targets for sustainable intensification. *Bioscience*, 67(4), 386–391. <https://doi.org/10.1093/biosci/bix010>

Interest. (2023). *NZ milk production*. Interest.Co.Nz. Retrieved February 13, 2024, from <https://www.interest.co.nz/charts/commodities/nz-milk-production>

J Pauling, J. B. (2005). *THE ENVIRONMENTAL EFFECTS OF NEW ZEALAND'S FREE-MARKET REFORMS*. <http://file:///C:/Users/nauma/Downloads/WhiteGold.pdf>

Johnston, W. E., & Frengley, G. A. G. (1991). *The deregulation of New Zealand agriculture: Market intervention (1964-84) and free market readjustment (1984-90)*. Ucdavis.edu. Retrieved November 22, 2023, from <https://files.asmith.ucdavis.edu/JohnstonFrengleyWesterJnl.pdf>

Jones, P & Van Ael, K. (2022) *Design Journeys for Complex systems, Practice tools for systemic design*. BIS Publishers Amsterdam.

Lehtinen, J., & Aalto University. (2022). Applying design-led approaches to public sector innovation: A case study of New Zealand's service innovation lab. *Proceedings of DRS*.

MPI. (2017). *New Zealand Agriculture A policy perspective*. Govt.Nz. Retrieved November 22, 2023, from <https://www.mpi.govt.nz/dmsdocument/27282-New-Zealand-Agriculture>



Moot, D. J., & Davison, R. (2021). Changes in New Zealand red meat production over the past 30 yr. *Animal Frontiers*, 11(4), 26–31. <https://doi.org/10.1093/af/vfab027>

Neels Botha Limited. (2019). *The benefits and challenges of farmer-led, collaborative, sub-catchment policy methods and plans for consideration in the Waikato Catchment: A literature review*. Govt.Nz. <https://www.waikatoregion.govt.nz/assets/WRC/Council/Policy-and-Plans/HR/Block2/14654842.pdf>

New Zealand Productivity Commission (2024). *Improving Economic Resilience: Report on a Productivity Commission inquiry*. Available at www.productivity.govt.nz

Olsen, B. (2023). *Scrambling to find eggs in 2023*. Infometrics.Co.Nz. Retrieved February 12, 2024, from <https://www.infometrics.co.nz/article/2023-01-scrambling-to-find-eggs-in-2023>

Our long-term insights briefing. (2022). Te Kawa Mataaho Public Service Commission. Retrieved December 19, 2023, from <https://www.publicservice.govt.nz/publications/our-long-term-insights-briefing/>

Paronson-Ensor, C., & Saunders, C. (2011). *Exploratory research into the resilience of farming systems during periods of hardship*. Lincoln.Ac.Nz. <https://researcharchive.lincoln.ac.nz/server/api/core/bitstreams/3b980d9b-cc22-4fde-bde7-aea822a6ff29/content>

Peart, G. S. A. (2021). *Environmental limits in a future resource management system*. Eds.org.Nz. <https://eds.org.nz/wp-content/uploads/2021/11/6.-Environmental-limits-in-RM-reform-FINAL.pdf>

Plunkett, H. J. (1971). *Land development by Government 1945-69*. <https://researcharchive.lincoln.ac.nz/items/01357715-578e-4664-a926-855a59225039>

Public Service Commission. (2024). *Kiwis Count*. Te Kawa Mataaho Public Service Commission. <https://www.publicservice.govt.nz/research-and-data/kiwis-count>

Sarah Coe, E. U. (2023). *Farm funding: Implementing new approaches*. Parliament.uk. [https://commonslibrary.parliament.uk/research-briefings/cbp-9431/#:~:text=The%20main%20part%20of%20this,Farming%20incentive%20\(SFI\)%20scheme.](https://commonslibrary.parliament.uk/research-briefings/cbp-9431/#:~:text=The%20main%20part%20of%20this,Farming%20incentive%20(SFI)%20scheme.)

Scott, R., & Merton, E. (2021). *Theoretical Paradigms in the Reform of the New Zealand Public Service: Is post-NPM still a myth?* Govt.Nz. <https://www.publicservice.govt.nz/assets/Theoretical-Paradigms-in-the-Reform-of-the-New-Zealand-Public-Service-Is-post-NPM-still-a-myth.pdf>

Shadbolt, N. (2023). *Beef + Lamb New Zealand Policy Advocacy Review*. <http://file:///C:/Users/nauma/Downloads/B+LNZ%20Policy%20Advocacy%20Review.pdf>

Shadbolt, N., Olubode-Awasolab, N., Gray, D., and Dooley, E. (2010). *Risk - An Opportunity or Threat for Entrepreneurial Farmers in the Global Food Market?* Ifama.org.



<https://www.ifama.org/resources/Documents/v13i4/Shadbolt-Awasola-Gray-Dooley.pdf>

Sunnemark, V., & Butler, S. (2023, December 22). How inflation stole Christmas across Europe. *The Guardian*. <https://www.theguardian.com/business/2023/dec/22/inflation-christmas-europe-rising-cost-food-drink>

Suryaningrum, F., Jarvis, R., Buckley, H., Hall, D., & Case, B., (2022). Large-scale tree planting initiatives as an opportunity to derive carbon and biodiversity co-benefits: a case study from Aotearoa New Zealand. *New Forests*. 53. 1-14. 10.1007/s11056-021-09883-w.

Uys, G. (2023, April 6). *When will the egg shortage finally end?* Stuff. <https://www.stuff.co.nz/business/farming/131644231/when-will-the-egg-shortage-finally-end>

Vermeir, I., Weijters, B., De Houwer, J., Geuens, M., Slabbinck, H., Spruyt, A., Van Kerckhove, A., Van Lippevelde, W., De Steur, H., & Verbeke, W. (2020). Environmentally sustainable food consumption: A review and research agenda from a goal-directed perspective. *Frontiers in Psychology*, 11. <https://doi.org/10.3389/fpsyg.2020.01603>

Wellstead, A. M. (2020). *Policy Innovation Labs*. http://file:///C:/Users/nauma/Documents/1%20Nuffield/Policy%20research/Wellstead2020_ReferenceWorkEntry_PolicyInnovationLabs.pdf

Wheeler, G. (2014). *The significance of dairy to the New Zealand economy*. <https://www.rbnz.govt.nz>. <https://www.rbnz.govt.nz/hub/publications/speech/2014/speech2014-05-07>

Whenua, M. (2023). *Key results sheet 1: Rural regulation*. Manaaki Whenua. <https://www.landcareresearch.co.nz/discover-our-research/environment/sustainable-society-and-policy/survey-of-rural-decision-makers/srdm-2023/key-results-sheet-1-rural-regulation/>



Appendix 1: Risk Choice Matrix

		Risk Choice Matrix											
		Threats			Arrow of Attention			Opportunities					
Likelihood	A.Certain			5	1	A		D	F	A.Certain	Likelihood		
	Likely			3		C		E		Likely			
	Possible	4	2					B		Possible			
	Unlikely	6	7							Unlikely			
	Rare	8								G		Rare	
		Very Low	Low	Medium	High	Very High	Very High	High	Medium	Low	Very Low		
		Negative Impact				Positive Impact							

Risk Choice Matrix over Long Term

Opportunities to benefit from:

A	Operations & business practices, Global demand for farm products
B	Product & input prices, Business relationships
C	Pasture/crop/animal health, Supply chains to market, Technology (incl. breeding), Customer relationships/image, Availability of labour, Skills & knowledge
D	Government laws and policies, Local body laws and regulations
E	Interest rates, Credit availability
F	Climate variation, Competitors & competition
G	Land Values

Threats to lose from:

1	Climate variation, Government laws and policies, Local body laws and regulations
2	Customer relationships/image
3	Interest rates, Credit availability, Product & input prices, Availability of labour
4	Pasture/crop/animal health
5	Operations & business practices
6	Competitors & competition, Supply chains to market, Business relationships, Technology (incl. breeding)
7	Skills & knowledge
8	Land Values, Global demand for farm products

Plain English Compendium Summary

As part of the Final Report requirements, authors need to provide a one page, plain English Compendium summary along with each Final Report in electronic and hard copy format. A template for the summary can be found below, following the completed example.

Note that this one-page summary will be read by people without expertise in the field of study. It should be written in plain English and stand-alone as a summary of the research.

Project Title: **The Mountain we need to climb**

Nuffield
Australia Project No.:
Scholar: Kerry Worsnop
Organisation: Nuffield New Zealand

Phone: 027 863 9002
Fax:
Email: Knoble.agri@gmail.com

Objectives To clarify the understand the New Zealand agricultural policy history and current context, and to identify how better policy pathways might be possible in light of this context.

Background The project emerged from experience in agricultural advocacy and local government politics, both of which suffered from



declining trends in public trust and effective delivery of intended outcomes. This was despite good intentions and increasing resourcing, suggesting that the system itself required a closer examination.

Research	14 weeks of international travel and interviews in 11 countries with both practitioners and policy researchers, farmers and representative bodies.
Outcomes	The report highlights the need to build consensus on the need for change and the importance of a common language by which ideas about change can be understood and shared. The report emphasises the need to rebuild trust and finally, the create and defend the space in which more adaptive policy pathways, capable of addressing agricultural policy complexity might grow.
Implications	Failing to address the recommendations in this report will see the issues inherent in today's exhausted and fraught agricultural policy environment compound over time, potentially undermining our future as world leading growers of high quality and efficiently produced food.
Publications	This report is unpublished.