

Lead Article

THE FUTURE FOR HIGH COUNTRY FARMERS THE STATION OWNER'S VIEW

Ben Todhunter

The high country is a special place. To want to live there requires certain characteristics and an affinity for the challenging environment. Visitors to the high country also share the residents' love of the place. A common love, in the animal world, often creates tensions. So too the high country. In this case however, the mistress is bigger than us all. The land is too important for all lovers of it not to work together.



Range, Garvie Mountains, Rakaia Gorge, Maniatoto Plain and Glenorchy to name a few.

Apart from the centres of tourism growth, up to the 2001 census, the high country had a stable to declining population. The total population in 2001 of 10,545 had an average age of 35.1 years, up four years on 1991, with a higher level of educational attainment than the national average. Many high country businesses, similar to the whole of New Zealand, are currently experiencing difficulty employing staff. In my home patch, the Rakaia valley, considerable on-farm investment has occurred in the last few years, which suggests there is potential to reverse the decline in numbers and the increase in average age through lifting farm employment. Flexible enabling tenure reviews will also help to continue this investment by removing current uncertainty and offering potential for other land uses.

What is the high country?

The high country is vast. It spans the Southern Alps from Marlborough to Southland and extends to the east coast in South Canterbury and Otago. Of the 15 million hectares that make up the South Island, about six million are in the high country. Of this amount, nearly 2.5 million hectares are farmed, while over 3.5 million hectares are already in conservation estate and National Parks. Around 2.2 million hectares of the farmed land are in a pastoral lease tenure comprising 304 pastoral leases. The dominant use of the high country is pastoral farming which has traditionally been mainly merino sheep. A typical high country farm is about 9000 hectares running 7700 sheep stock units, 1900 cattle stock units, and 200 deer stock units. Income is 60% wool, 25% sheep, 10% cattle and 5% other. Properties where tourism is the main business are excluded from these figures, but the contribution from tourism is small on average, but anecdotally increasing steadily on many properties.

DIVERSE AND CONTRASTING

The high country is an incredibly diverse and contrasting area. Rainfall varies from 250 mm a year in parts of the dry inland basins to over five metres a year near the main divide. Geological and climatic processes have created scree slopes, glaciers, braided rivers, fertile fans, large inland basins, limestone outcrops and schist peaks. Plants, insects and animals have adapted to these local variations so there is something special in every gully. Wrybill plover on the Canterbury riverbeds, black stilts in the Mackenzie and the giant skink in Otago are some of the better known rarities.

Tussock grasslands, pictured in the paintings of Graeme Sydney & Austen Deans, are the evocative landscape of the area. Station names such as Nokomai, Erewhon, Mt Algidus, St James, Lillybank and Bluff all create an image in our minds, as do the place names – Mackenzie Country, Waitaki Valley, Rock and Pillar

History

Initially governments of the day viewed the high country as a wasteland. Early settlement was characterised by short term grazing licences so farmer's capital could be invested in livestock rather than land. Renting land and selling freehold was a lucrative source of income for governments at the time. Leases were not renewable, so there was no security to invest in the land or security to borrow against. As happened elsewhere in the world, a lack of suitable technology and the security to invest led to exploitation and degradation of the land. Burning was a common management tool. The tales of Samuel Butler and Lady Barker lighting fires have passed into New Zealand folklore.

'I have seen no grander sight than the fire upon a country which has never before been burnt...' (Butler, 1863)

Weeds and pests invaded the land. It is easy to forget now the devastation rabbits caused for most of the last 150 years.

1948 LAND ACT

In 1948 the tenure of Crown land was renewed with the passing of the 1948 Land Act. Nearly 40 different tenures were rationalised to five standard tenures – freehold, purchase of freehold by instalments, renewable lease with the right to purchase freehold and pastoral lease, and pastoral occupation licences. Freeholding of pastoral lands, which was previously permitted, was not allowed because the Crown wanted to protect soil and water values. The Crown however initiated the freeholding of dozens of pastoral leases up until 1985. Security of tenure was none-the-less advanced.

'However to give as many holders of pastoral land as possible absolute security of tenure, provision is made for pastoral

lands to be let on lease for thirty-three years, perpetually renewable, as of right.' (Letter to Crown tenants 15 May 1949 from Minister of Lands.)

Lessees were given what the Minister termed the ideal tenure – 'Actually, this section affords a lessee the opportunity of having what in my opinion is the ideal tenure, that is a renewable lease with a rental based on the value of the land exclusive of all improvements, with the lessee owning all improvements. The leases are readily transferable ... and give security of tenure without the necessity of outlaying capital for the purchase of the fee simple.'

An era of investment in the land and partnership with the government was born. Technology, science and innovations by farmers advanced to allow over-sowing, topdressing and aerial rabbit control work. Wool prices were sound through the 1950s ensuring profitability and promoting farm development.

Forces for change

Sustained low profitability through the 1970s and 1980s, the failure of rabbit control in much of the high country, opportunities for changing land use, increasing public interest in nature conservation and recreation were all drivers for review of pastoral lease tenure. The Crown also found it was costing more to administer pastoral leases than it was collecting in rent, and no longer had a single agency dealing with high country issues. These culminated in the Crown Pastoral Land Act 1998 (CPLA), which allowed for a process of tenure review. The Crown then went a stage further in 2003 and came out with some further objectives for the high country. The Cabinet Business Committee among other things – 'Noted that if non-participation and withdrawal from tenure review proves to be a barrier to the Government achieving its objectives, then Ministers may wish to consider other measures in future; including: introducing market rentals; reviewing the recreation permit regime; initiating compulsory acquisition for conservation purposes; more active management of significant inherent values by the landlord.'

The ideal tenure was no longer. Unsurprisingly over half of the 304 pastoral leases have entered the tenure review programme

Tenure review

The theory is that land capable of economic use can be freehold, and land with significant inherent values can be either protected by covenants or returned to the Crown. It is an exchange of rights. The process is voluntary and the financial equality of exchange is sorted out by valuation and negotiation. The process was meant to be flexible and enabling and be completed by 2008.

Tenure review frees the landowner from the restrictions on land use of a pastoral lease, but the land use remains subject to the Resource Management Act and other relevant legislation. Landowners no longer pay a rental and may be able to subdivide their land. The change in tenure has in part – over half was already freehold – enabled the explosion in viticulture from Tarras along Lake Dunstan to Queenstown. It has also helped to free up land for subdivision around some high country towns such as Clyde

or Cromwell. It even means families can now split a property to provide for two siblings.

On the Crown's side they get out of managing a costly pastoral lease, public access is provided for and there can be some significant conservation gains. It is potentially a win-win situation for everyone.

A total of 37 reviews were conducted in the 1990s under the old Land Act and there are 30 reviews that have reached agreement under the CPLA. Those farmers are obviously happy with their outcomes and can now move on. The Crown too has added land to its estate, which for example has helped to form the Te Papanui Conservation Park. It too is happy with the result.

Problems with tenure review

Tenure review takes a minimum of three years, creates a lot of uncertainty and is disruptive to the lives of families. Outcomes are unsure even after reaching agreement with the Crown's contractor, so families feel they are in limbo. Where the problems lie is that the CPLA assumes that production and protection need to be separated. Where there is a clear distinction between the two, tenure review works. In practice the boundaries are often overlapping. The Crown has expressed a preference for ownership of farmers' summer grazing country which provides a balance, often to dry properties. As Glen Greer outlines in the following article, this has a significant cost in lost production.

In addition, where there are other economic uses, such as heli-skiing on land with significant inherent values, the Crown's preference is for ownership under a concession regime – an insecure tenure with no right of renewal or right to exclude competition. Concessions present similar tenure issues to those of pastoral landowners prior to 1948. There is limited incentive to invest and little security to source capital against, but concessions do not cost much.

CONFLICT OF INTEREST?

Politically the Crown considers its interest in the land by consulting with the Department of Conservation and with the public. There is no consultation with, for example, the Ministry for Economic Development, the Ministry for the Environment or MAF. The Department of Conservation has a conflict of interest in that they are the beneficiary of land as a result of their advice. A report on a particular tenure review could be prepared by MAF to look at the economic implications of the review. There is no assessment of what is best for the country as a whole. What is the marginal benefit to the nation of some extra conservation land in the high country compared to the costs of acquiring it, managing it and the loss from taking it out of production?

The noisiest and least populous members of the public tend to be those who would prefer most land to go to the Crown – Federated Mountain Clubs and Forest and Bird. They are all former members of the High Country Coalition, and are groups whose members stand to gain perceived increases in use values for land without having to pay for it.

QUESTIONING THE BENEFITS

For the remaining lessees, many are starting to question the benefits of tenure review. Will they be left with an economic unit? If they are paid out can they purchase additional land in a

rising market? They also question what will happen to the land that they have looked after, sometimes for generations, when the current management is removed. Stewardship of the conservation land is taken from on-site by the farmer, to a conservancy office somewhere else. Funding decisions are made by a politician in Wellington who has differing priorities from a family based on the land. Some high country families are happy with the current system, but many would prefer to purchase the Crown's interest in the land rather than the other way around.

The lessee's contractual and financial interest in the high country is substantially greater than the Crown's, and provided the CPLA objectives are met, this is a potential solution for the Crown's withdrawal from pastoral leases.

The tensions therefore are over the amount of land going either way – the lovers are trying to pull the mistress apart. But is this a case where the whole is greater than the sum of the parts?

Is there a better way?

Instead of creating rigid lines, Berlin walls if you like, between competing management and ideologies through the length of the high country, is there a better solution? What about leaving the lease as a whole and providing for the conservation, recreation and economic opportunities?

Many high country businesses are practising management which provides for soil and water values, promotes primary production values, controls weeds and pests, promotes natural

and historic values and provides for public access and recreation. At the end of the day it is the management of the land that counts. Recreation and access even need to be managed. Hunters and walkers do not go well together in the same valley, vehicles cause damage to fragile soils and not all trampers are aware of dangers such as fire or snow.

The CPLA has enough flexibility to allow such an outcome. Covenants and easements can be used to provide certainty, but over the long term it is flexibility that is required. An ability to react to changes in land use or technology, to make the necessary tradeoffs on resource allocation, and to proactively control threats to production and natural values in a robust accountable structure, is a better solution than drawing lines on maps. The rub is it requires trust. That is where the metaphor breaks down. Two lovers with one mistress in the same bed never works well for a long time! Far better to treat it as a marriage – father and mother work together to raise a child. To nurture her and develop her and help her to grow, reacting positively to the challenges that life throws her way.

Many lessees are currently managing their properties for such multiple use. It presents an exciting future in the high country. They however need to be able to put the uncertainties of tenure review behind them to move on. First, maybe a little courtship required!

Ben Todhunter is the fourth generation in a family business which forms Cleardale, Lake Heron and part of Clent Hills stations in mid-Canterbury. He is the current chairman of the South Island High Country Committee of Federated Farmers.
