

Nutrient regulation effect on the value of farmland in New Zealand

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The National Policy Statement for Freshwater Management heralded freshwater regulation rollout in Aotearoa-New Zealand, largely coming into full effect in 2017. New rules introducing a framework for management of freshwater resources were and continue to be progressively introduced at regional levels. A primary aim is to reduce pollution through a focus on nonpoint source nutrient leaching and runoff from farms. Areas of differing environmental risk have been identified and specific nutrient and other rules applied. As a result, the regulations associated with this serve to place controls on productivity in accord with the zoning rules applying for a particular region. On the basis that land value is closely linked to its productive capacity, the value of land is also potentially affected since management systems and farm inputs are constrained. This paper reports on a study that examined the perceived impacts on the farming community at the time that the regulations came into effect, and the actual impact of those regulations five years later, including impact on land value. The study was conducted using a qualitative case study approach. A series of interviews with eight farmers in the Selwyn-Waihora District of the Canterbury Plains of New Zealand's South Island were conducted between April and August in 2015. In 2020, between February and April, a series of eleven interviews were conducted with a mix of the same farmers and some different farmers. The perception of most of the farmers interviewed in each study was that there would be, or has been, minimal impact on farm productivity and profitability as a result of the regulation, and that mitigation measures were enhancing the value of their farms. They considered that for farms that remained compliant with the regulations, there would be no negative impact on land values.

A market analysis of dairy farm sales was also conducted at the time of each study from which there was found to be no conclusive market evidence that land values were impacted negatively either before the regulation came into force; when perceptions were at their most negative, or once the regulation was in place.