July 2025

MP Andrew Bayly

MP for Port Waikato

Boosting our rural businesses

As I write this, I've just returned from Fieldays where the mood amongst the farming community is upbeat. There is definitely a sense that we have turned a corner and a cautious optimism that better times are ahead.

Our farmers, growers, foresters, fishers and primary processors are certainly driving New Zealand's economic recovery. Agriculture and Forestry Minister Todd McClay announced at Fieldays that export revenue is on track to surpass $60 billion for the first time. Forward projections are even better, with exports estimated to reach $65.7 billion by 2029.

Our Government is working super-hard to grow our economy. This is how we will raise living standards, create higher-paying jobs, and fund public services that Kiwis depend on.

One way to achieve that growth is to encourage New Zealand businesses to invest in productive assets, including new machinery, tools, equipment, vehicles and technology. Improvements in productivity will make firms more competitive and support employers to lift workers' wages. It will enable businesses to grow, which means more jobs on offer.

But how do we do this when our economy is only just starting to recover? Budget 2025 introduced a new policy – one for which I have been advocating for a long time – that will significantly help hard-working tradies, farmers and other rural businesses to get ahead. My colleague Ryan Hamilton mentioned it in his article in June, and I want to go into a little more detail here.

It's called Investment Boost and it comes in the form of a new tax deduction that all businesses, small and large, can make. It came into effect on 22 May.

Businesses can claim 20 per cent of the cost of new assets as an expense, then claim depreciation as usual on the remaining 80 per cent. As an example, if a farmer wants to buy a new tractor costing $100,000, they can immediately deduct $20,000 from their taxable income, plus the existing depreciation amount they would be able to deduct.

New commercial and industrial buildings are also eligible for Investment Boost, but residential buildings and dwellings (and most buildings used to provide accommodation) are not, though there are some explicit exceptions, such as hotels, hospitals and rest homes.

Improvements to depreciable property are eligible if the asset they are improving is eligible for Investment Boost (for example, significant strengthening of an industrial building).

At Fieldays, I spoke to several businesses about Investment Boost. They said the ability to expense a large chunk of the initial outlay on new equipment is helping them 'get off the fence' and bring forward their decision to invest in new assets.

These businesses are located in our electorates, and the investments they intend to make will help pump money directly into our local economies, making everyone better off. It's certainly true that when farming is strong, New Zealand is strong.

I was also delighted to have Associate Minister of Agriculture Nicola Grigg in the electorate at the end of May. Nicola has responsibility for the horticulture portfolio, so we held two meetings for her, firstly with the commercial glasshouse operators, including Turners & Growers, NZ Gourmet and NZ Hothouse, and then with the Pukekohe Vegetable Growers Association.

Of key concern to the vegetable growers is the RMA reforms and how the Government can support commercial vegetable production.

You might have read that the Government has recently opened public consultation on the biggest package of changes to national direction under the Resource Management Act in New Zealand's history, with proposals to streamline or remove many of the burdensome regulations holding our primary sector back from growth.

One initiative we are considering which would help to support our growers is through creating 'special agricultural areas' (SAAs) around key hubs, like Pukekohe, to protect land for the production of food. Characterised by their fertile soils, temperate climate, and proximity to processing and distribution networks, SAAs would guide development and prevent the loss of productive land to urban sprawl and other non-agricultural uses, and ensure we continue to service New Zealand's domestic food supply and export markets.

This is not a new concept. A report prepared by Deloitte for Horticulture New Zealand in 2018 found that between 1996 and 2012, urban growth had resulted in a 30 percent reduction in versatile land across New Zealand for a corresponding 10 percent increase in the size of towns and cities.

The report defined the Pukekohe growing hub as an area comprising 4,359 ha of some of New Zealand's most fertile and productive soils, encompassing Paerata and Patumahoe to the north, Aka Aka to the west, Pokeno to the east and Onewhero and Pukekawa to the south.

We are also proposing to remove Land Use Capability 3 (LUC 3) land from the National Policy Statement for Highly Productive Land which will free up more land for housing and areas to source aggregate for new roads, whilst still protecting the highly productive LUC 1 and 2 land for agriculture and horticulture.

Consultation on the RMA proposals is open until 27 July 2025. I encourage you to have your say through the MfE website.

Photo caption: Associate Minister of Agriculture Nicola Grigg and MP for Port Waikato Andrew Bayly with members of the Pukekohe Vegetable Growers Association.

Hon Andrew Bayly is the MP for Port Waikato. He can be contacted at mailto:andrew@baylymp.co.nz or follow him on Facebook @AndrewBaylyMP

Funded by Parliamentary Service. Authorised by Hon Andrew Bayly, MP for Port Waikato, 7 Wesley Street, Pukekohe.