

EMBARGOED UNTIL 12.00 NOON SATURDAY 4 JULY 1998

**NEW ZEALAND AGRICULTURE AND RESOURCE ECONOMICS
SOCIETY
1998 CONFERENCE**

MOVING BEYOND PRODUCER BOARDS

ROGER KERR EXECUTIVE DIRECTOR NEW ZEALAND BUSINESS ROUNDTABLE	4 JULY 1998 BLenheim
--	---------------------------------

MOVING BEYOND PRODUCER BOARDS

This session on producer boards may be the last on this topic to be held by the New Zealand Agriculture and Resource Economics Society. The government's recent decision to remove their statutory backing should make it irrelevant to future conferences except as a matter of historical interest.

It is regrettable that discussion of producer boards was not relegated to conferences on economic history a decade or more ago. The snail's pace of progress in this area of economic policy in New Zealand contrasts markedly with the progress that has been made in many others since the mid-1980s, and developments with statutory marketing arrangements in Australia, South Africa and elsewhere.

Partly this has been due to the power of entrenched interests. But entrenched interests did not prevent the removal of nearly all government assistance to agriculture and industries in other sectors of the economy, and the deregulation of other markets. People with entrenched interests in marketing boards may exert influence over some politicians, bureaucrats and academics seeking research funds, but they should be no match for the voting power of well-informed farmers. In my view the critical factor which explains why the statutory backing of producer boards has been maintained for so long is the lingering attachment of many farmers to the idea that the boards serve their interests. Without this, farmers would have shrugged off producer boards a long time ago.

I continue to be stunned by the superficiality of many of the comments of farmer-politicians and board representatives in the producer board debate. Just recently, for example, Andra Neely presumably thought she was making a profound point by reciting the mantra that 'not all producer boards are the same.' For years, Sir Dryden Spring seemed to believe his comment that 'producer boards work in practice even if they don't work in theory' disposed of the arguments. Currently, many farmers are clearly bewildered by the prospect of deregulation, largely because the boards have kept them in the dark and fed them a diet of rhetoric and misinformation for so long. We saw exactly the same behaviour by trade union leaders in the debate over labour market deregulation in the 1980s, including the contention that ruination would follow from the removal of enforced collectivism. Ultimately arguments and ideas won out, and support by the majority of the workforce for a regulated labour market has long since collapsed.

The important role of ideas has been described in the following terms in an article in the *American Journal of Agricultural Economics* which draws out the implications for other countries of New Zealand's reform experience:

First, ideas have consequences and economists can play an important educational role in political reform. ... Public recognition of the inequities and inefficiencies of current programs is essential in breaking the existing dominant coalition. In New Zealand, economic analyses of

various restrictions on competition helped change the intellectual climate.¹

The authors also noted, however, that there had been little substantive reform of international marketing of New Zealand agricultural products. At the time their article was written they estimated that 80 percent of New Zealand's agricultural and horticultural exports were heavily influenced by marketing boards and export authorities.

The 1992 ACIL report published by the New Zealand Business Roundtable (NZBR) made path-breaking contributions to public discussion of agricultural marketing issues in New Zealand, and I think it has played an important role in setting the agenda for reforms.² The analysis in the ACIL report was endorsed at the time by the Ministry of Agriculture and Fisheries (MAF) and the Treasury. Indeed, as far back as 1984 the Treasury was promoting the reforms to producer boards which are now coming to pass. It is unfortunate that agricultural economists, especially those whose work is funded by New Zealand taxpayers, have not played a bigger role in challenging popular misconceptions about the effects of marketing boards. It would be more obvious that the New Zealand public was obtaining value for money for research funding if more effort had been made to test claims about the effectiveness of producer boards, rather than to support the various patch-up exercises that have hitherto substituted for fundamental reform in this area. There have also been few enlightening contributions from New Zealand academics – a fact which is not easy to reconcile with claims that are sometimes made about the alleged benefits to the broader community of public funding of universities.

The transparency problem

Are there other reasons why it has not been obvious to farmers that their interests have been poorly served by statutory marketing boards? It is difficult to accept that farmers, as a group, would be particularly gullible or particularly fond of government intervention.

I think another explanation is that statutory marketing has removed normal market tests of competitiveness. The problem is most severe where marketing boards have been granted export monopolies.

In this situation, producer boards often point to their ability to sell the product on international markets as an indicator of their performance. However, it does not require a great deal of expertise in economics to recognise that the ability to sell a valuable product does not tell us much at all about the relative economic efficiency of

1 F G Scrimgeour and E C Pasour, 'A public choice perspective on agricultural policy reform: Implications of the New Zealand experience', *American Journal of Agricultural Economics*, 78, May, 1996.

2 ACIL, *Agricultural Marketing Regulation, Reality Versus Doctrine*, New Zealand Business Roundtable, 1992.

the firm making the sales. When suppliers of the product have no alternative other than to sell it to you, and you are basically obliged to accept it, it is not all that difficult to 'dispose' of whatever quantities are offered, deduct your costs and pay suppliers what is left over. Only in that sense do we know that the Dairy Board, for example, 'works'.

A recent exchange between Daniel Silva of the Importers Institute and the public affairs manager of the Dairy Board illustrated this point. Neville Martin cited the usual figures on the Board's increased sales as a measure of its performance. Silva replied:

We know that the performance of those monopolies is indeed very good, mainly because they keep saying that it is. It is, however, apparent that it is not good enough to withstand competition from other exporters. We also know that we come into frequent contact with traders who, having identified export opportunities, are unable to follow them through with export sales, because the New Zealand state prevents them from doing so.³

A further reason why it has not been obvious to farmers that they are not well served by statutory marketing boards is the bundling of investment returns in payouts received for farm produce. This means that farmers do not know how much of the payout represents a rate of return on investment in processing and marketing and how much of it represents the price they are receiving for the sale of raw materials. They do not even know the equity value of the compulsory investments in cooperatives and boards that have been made on their behalf in the past.

Over time, all the old arguments used to justify producer board controls have been whittled away. Last year the Dairy Board reduced its case to the proposition that the rest of the world was not a 'fair place': "If that were the case there'd be no need for a Dairy Board", the chief executive acknowledged. Implicitly this was an admission that earlier arguments – that competitive exporting would result in 'weak selling', that it would prevent scale economies from being achieved, and that multinationals would enter the market and 'rip off' farmers – had no substance. The 'unfair world markets' argument was comprehensively rebutted in a recent study.⁴ As for the bundling issue, a former chief executive of the Dairy Board remarked to me when the ACIL report was published: "You're absolutely right about bundling, and the industry is moving far too slowly to deal with it." Nearly six years later there has still been no serious effort to address this problem and the only effective solution – corporatisation and conventional shareholding – is not even in prospect. Meanwhile national economic losses from this distortion alone are running at somewhere between \$168 million and \$480 million a

3 Newsletter of Importers Institute, April 1998.

4 Winton Bates, The Dairy Board's Export Monopoly, New Zealand Business Roundtable, October 1997.

year.⁵ Those from the export monopoly may well be larger. Thus change to date has been painfully slow and far greater speed is required.

The context of reform

The timetable for the removal of the statutory backing of producer boards should be set primarily with regard to domestic efficiency objectives, rather than in response to international pressures and trade negotiations. Many farmers will be glad to be free of producer boards, but there are still some who say that New Zealand should not give up producer boards until it gets something in return. This is foolish. It is not in New Zealand's interests to continue to suffer from self-inflicted damage. Just as the main benefits from the removal of tariffs flow from unilateral decisions to eliminate their harmful effects on resource allocation and use, so too will the largest benefits from producer board reform accrue from domestic deregulation and restructuring. In both cases any international spin-off will be icing on the cake. The estimates quoted above of the economic benefits of removing just one distortion in one industry (albeit a large one) may be compared with the government's estimates of the entire gains to New Zealand from the Uruguay Round, which were put at \$150-230 million per annum.⁶

The minister for trade and agriculture made a good point recently in discussing whether removal of New Zealand's state trading monopolies should depend on the outcome of future international trade negotiations. Dr Smith said:

... we will gain nothing from being behind the trade liberalisation race, and trying to play poker at the international table. We are kidding ourselves if we believe that we will get anywhere trying to play a tit for tat game. Influence for a country as small as New Zealand can only come from moral leadership.⁷

A strong argument against further delay in deregulating producer boards is the lacklustre performance in recent years of industries based on agricultural resources. The post-1984 economic liberalisation programme could have been expected to improve the growth prospects of agriculture, as has occurred with other industries based on natural resources such as forestry and tourism. New Zealand still has comparative advantages in many forms of agriculture. Yet the contribution of agriculture to gross domestic product (GDP) has continued to decline, despite relatively high rates of productivity growth in farming. Capital returns have been abysmal, implying that land and other assets are overvalued.

5 ibid. and Winton Bates, *Farmer Control: Does it Serve the Interests of Farmers?*, New Zealand Business Roundtable, 1998 (forthcoming).

6 Trading Ahead - The GATT Uruguay Round: Results for New Zealand, Ministry of Foreign Affairs and Trade, 1994, p 18.

7 Dr the Hon Lockwood Smith, 'Producer Board Reform', address at Warkworth, 11 June 1998.

Some may find nothing remarkable in the fact that the contribution of farming to New Zealand's GDP has continued to decline over the past decade. Such a decline is a common characteristic of advanced economies. It is often attributed to the substitution of off-farm inputs, provided by suppliers and processors, for farm labour and other inputs.

However, even when related activities involved in processing, input supply to farming, input supply to processing, transport, and wholesale and retail trade are included as part of the agricultural sector, the contribution of all these activities has remained at 15 percent in recent years. Over the last five years a small increase in the relative contribution from processing has merely offset a decline in the contribution from farming.⁸ This is a disappointing result given the removal or reduction of many of the former distortions in the New Zealand economy – high inflation, import protection, excessive port charges and so forth – which previously held agriculture back.

Agriculture-based exports still represent a large proportion of total exports, but they are the most slowly growing component. The contribution of agriculture-based exports to total exports declined from 57 percent of New Zealand's total exports of goods in 1992 to 53 percent in 1997. While agriculture-based exports increased by 12 percent over this period, forestry products exports increased by 30 percent and exports of other goods increased by 27 percent. Within the agricultural sector, some products performed markedly better than the average – for example, wine exports increased by 111 percent from 1992 to 1997.

No doubt the recent export performance of major agricultural products can be largely explained by movements in international commodity prices. This is the most obvious reason why, for example, earnings from dairy product exports have increased substantially, while earnings from other pastoral-based exports have declined. An important issue which arises in this context, however, is the effect of producer boards on the vulnerability of farmers to the instability of international commodity markets.

Potential benefits of reform

The most obvious problem associated with statutory producer boards, particularly those with export monopolies, is their tendency to result in too many eggs being put into one basket – an excessive reliance on the strategy of a single marketing firm to sell particular commodities. There has also been an excessive reliance on a strategy of achieving competitive advantage through large-scale production of standard products.

Two recent examples of the activities of the Dairy Board illustrate this point. The first involves forward exchange cover. MAF has recently reported that "because of the Dairy Board's forward exchange rate cover, the depreciation of the New Zealand dollar will be of little direct benefit to dairy farmers this season".⁹ It is ironic that the Dairy Board,

8 MAF, SONZAF 1998, p 34.

9 MAF, SONZAF 1998, p 13.

which was one of the most vocal proponents of the view that the New Zealand dollar was overvalued, did not apparently put its money where its mouth was. When individual marketing firms take forward cover to alter their exposure to foreign exchange risks, the results of these transactions are normally reflected in their returns to shareholders rather than in the prices they pay to their suppliers. If the Dairy Board had to compete with other firms to acquire and market dairy products, the incomes of dairy farmers would not depend so heavily on a single foreign exchange strategy.

The second example relates to New Zealand's dispute with the European Union (EU) over whether spreadable butter qualifies for reduced duties under New Zealand's butter quota access. This dispute involved, among other things, criminal charges being brought against employees of three subsidiaries of the Dairy Board. Although the Board's case may be won, it illustrates the potential for New Zealand dairy farmers to be exposed to substantial commercial risks under single desk selling arrangements. Marketing firms are inevitably exposed to risks from the exercise of powers by foreign bureaucrats and courts, but it is not sensible to maintain a situation where commercial judgments made by a single firm can damage the whole industry – and indeed implicate the New Zealand government because of the Dairy Board's statutory backing. The existence of producer boards tends, almost inevitably, to result in a focus on how to dispose of commodities that have been produced rather than on how agricultural land and other resources might best be used to meet potential market requirements. Despite the adoption of the rhetoric of market orientation by some producer boards, their control powers deter activities that would otherwise emerge spontaneously in search of profit-making opportunities. The potential for a marketing board to shut out certain activities or to dissipate the rewards for innovation can only blunt the incentives of other players to search for opportunities to profit by developing new products, new processes and new markets.

In my view the importance of competition in improving the efficiency of organisational arrangements has not been sufficiently recognised in this context. This may be partly because of the tendency of agricultural economists who have an interest in policy issues to focus on price distortions.

Price distortions are important, but the problems arising from producer boards cannot be solved merely by the adoption of more efficient pricing policies. The fallacy of trying to simulate the pricing outcomes that would emerge in a competitive market is reminiscent of the 1930s socialist calculation argument that efficient central planning is possible because it can be assumed that planners "have exactly the same knowledge, or lack of knowledge, of the production functions as the capitalist entrepreneurs have". Von Mises and Hayek were able to demolish this argument by pointing out that it was pure fiction to speak of all the information relevant to the decisions of individual firms as being available to a central planning authority.¹⁰ One of Hayek's main messages was

10 F A Hayek, 'Two pages of fiction: the impossibility of socialist calculation', *Economic Affairs*, April 1982, reprinted in C Nishiyama and L Leube, *The Essence of Hayek*, Hoover Institution, 1984.

that almost every individual has unique knowledge of which beneficial use might be made, but only if decisions depending on it are left to individuals or are made with their active cooperation.¹¹

This message is relevant to thinking about the benefits that are likely to flow from the removal of statutory marketing. Governments have given producer boards the power to act as though they have knowledge of production possibilities and market opportunities that they could never possess. In doing so they have suppressed the 'decision rights' of farmers and potential investors in processing and marketing. For example, the Dairy Board's export monopoly suppresses decision rights relating to the use of agricultural land, livestock and investments in processing and marketing. What this does, in effect, is to remove the incentive for potential innovators to make effective use of their particular knowledge of production and market opportunities.

Michael Jensen and William Meckling have shown that individual firms have to make trade-offs between information costs (including costs of ill-informed decisions) and agency costs (including costs of decisions that are inconsistent with the owners' objectives).¹² Information costs can often be reduced by decentralisation of decision making, but this tends to raise agency costs. There are reasons to believe that producer boards are not very good at dealing with information and agency costs, but I want to make a different point here.

My point is that, in a contestable market, the potential for competition from other firms with lower information and/or agency costs helps to determine the boundaries of the firm. This competitive discipline does not exist when the firm is a producer board and the boundaries of its activities are determined by legislation rather than by its ability to compete in the market.

The spontaneous nature of market processes makes it impossible for anyone to know what activities have been suppressed as a result of the statutory powers bestowed on producer boards, or where growth will occur when these powers are withdrawn. Comparisons with the development of agribusiness in Australia suggest that the greater influence of producer boards in New Zealand has suppressed diversity. For example, in the dairy industry in Australia there is greater diversity in terms of the ownership of processing facilities, the scale of plant and the nature of products produced.

It seems likely that the pattern of industry development following the withdrawal of statutory powers will involve the growth of clusters of related industries. It is also likely to involve information networks and strategic alliances to enable more effective use to be made of dispersed knowledge of production possibilities and market

11 F A Hayek, 'The use of knowledge in society', *American Economic Review*, XXXV, No. 4, September 1945.

12 M Jensen and W Meckling, 'Specific and general knowledge and organisational structure', *Journal of Applied Corporate Finance*, Volume 8, Number 2, 1995.

opportunities. Some remarks by Richard Riddiford, managing director of Palliser Estate Wines and a former chairman of the Game Industry Board, to an export sector economic summit in December 1996 are relevant in this context. Although they were made at a time when exporters were being hurt by exchange rate appreciation, his challenge has more general relevance:

I also challenge this Summit to identify the successful companies in today's climate, and to find out *why* they are successful. It would be a much more constructive use for the energy and collective intelligence in this room *not* to apportion blame for monetary policy but rather to look at which companies are performing well against international best practice ... and to learn how to do it too. That would really turn the balance of payments around quickly and ease internal pressures.¹³

The experience of Palliser and other firms in the wine industry shows how successful exporting is possible in a difficult market environment.

Public goods and industry levies

Most economists can agree fairly readily about the general superiority of spontaneous market processes over political processes in deciding what economic activities should be performed and who should perform them. Most economists can also agree that there may be circumstances where government intervention in markets can help individuals and firms to make better use of scarce economic resources. For example, statutory intervention may help reduce the costs of individuals and firms in transacting with each other, ensure the provision of public goods and correct for externalities.

Such arguments have commonly been used to justify the use of compulsory levies to fund the research and promotion activities of producer boards. The NZBR has previously considered this argument in some depth in a submission on proposed legislation for the meat and wool industries.¹⁴ Our analysis suggests, among other things, that it is not likely that meat and wool producers would voluntarily choose to fund these activities at current levels given the prospective benefits that they might be able to obtain from such expenditures. Recent events in the meat industry provide concrete evidence to back up that assertion – many farmers are making it plain that they would rather have these funds in their own pockets.

Our analysis also suggests that the grounds for intervention to fund research and promotion in agriculture are weak, and any benefits are unlikely to exceed associated costs. Treasury reached a similar conclusion in its advice to the incoming government in 1984:

13 Richard Riddiford, paper presented to export sector economic summit, Wellington, December, 1996.

14 Submission on Producer Board Acts Reform Bill, reprinted in *Credibility Promises*, New Zealand Business Roundtable, August 1997.

Treasury is of the view that in most cases voluntary market groupings funded by voluntary contributions provide an environment in which the appropriate incentives exist for the efficient provision of market services. Compulsory levies, in comparison, do not provide adequate incentives for the efficient provision of market services and thus cannot be considered superior in rectifying the ... general market imperfections that are used to justify them.¹⁵

As far as I am aware, no one has been able to come up with good reasons in the past 14 years to suggest that this advice was incorrect. While it may be possible to make a case for producers to have access to the Commodity Levies Act – to enable a levy to be imposed at a specific level for a specific purpose when a majority of producers of a particular commodity want it – there is no case for the continuation of general levies for allocation at the discretion of producer boards.

No other grounds for government intervention exist that warrant retention of the full paraphernalia of the producer boards, with their potential to divert commercial effort unnecessarily into the byzantine manoeuvrings that characterise industry politics. Richard Riddiford noted that New Zealand's boards have a higher degree of politics than any industry he has been involved with, and added:

It attracts the wrong sort of person. Any successful commercial person will not sit on an industry or producer board, because 50 percent of their time is spent guarding their back or arguing against irrelevance.¹⁶

The most significant argument for government intervention that remains valid for the time being is to ensure that significant rents available from preferential access to overseas quota markets accrue to New Zealand producers. Only the EU sheepmeat and butter markets are now significant in this context. This issue can be handled by giving licensing powers to a government agency.¹⁷

Unfinished business

Removal of the legislative backing of producer boards should not necessarily result in the winding up of trading enterprises. It may be sensible for the trading boards to be reconstituted as companies, with shares allocated to producers. Where this occurs there is a good case for a name change. The term 'producer board' is a liability that carries with it all the baggage of state trading enterprises, with industry politics and use of political leverage getting in the way of a commercial focus. The removal of the legislative backing of producer boards provides an ideal opportunity for New Zealand

15 The Treasury, *Economic Management*, July 1984.

16 *Rural News*, December 8, 1997.

17 The issues involved here have been discussed in Winton Bates, 1987, *op. cit.*

to make it clear that the agricultural sector of the economy is now part of the real world and is open for business.

A substantive issue which needs to be faced is how the reconstitution of trading boards as companies should occur. It is important that this should be done in such a way that farmers are able to discontinue their association with the enterprise and to take their capital with them if they wish.

This is partly a question of justice. It would be highly inequitable to tell farmers that they are now free to trade with other firms if they want to, provided that they leave their capital behind in the reconstituted producer boards. It may be reasonable to argue that when someone chooses to join an organisation, such as a cooperative, they agree to be bound by whatever rules may be made about the conditions of exit. However, individual farmers have not had a choice as to whether to become involved with producer boards and have not had a choice about the extent to which the boards have accumulated capital on their behalf through retained earnings.

There is also an important efficiency issue involved here. The most important reason for removing the monopoly powers of producer boards is to enable efficiency gains to be achieved through competition. It would tend to defeat the purpose of this exercise to tell farmers that they can only trade with potential competitors if they are prepared to incur a hefty initial penalty in the form of a loss of capital. This would be equivalent to replacing a prohibition on an activity with a licence fee set at a level designed to make the activity unprofitable. It would be difficult to think of anything more likely to continue to protect incumbent firms from competitive pressures.

The obvious solution to this problem is to ensure from the outset that shares in the reconstituted enterprises can be transferred without restriction. This would enable farmers who wished to do so to invest their funds elsewhere and to sell their produce to other firms without incurring an unjustified penalty. It would also give the enterprises concerned access to the equity market to obtain external equity capital. Non-statutory cooperatives would be well advised to look at the advantages of adopting a conventional shareholding structure as well, especially where major bundling problems are involved, along the lines of the demutualised life insurance companies.

The argument that will be raised against unrestricted share transfer is that this would open up the potential for the loss of farmer control of these enterprises. It should be stressed, however, that unrestricted share transfer can only result in a loss of farmer control if large numbers of farmers decide to sell their shares.

The NZBR has commissioned a report, due to be published shortly, on the question of whether farmer control of processing and marketing does actually serve the interests of farmers.¹⁸ The report concludes, among other things, that:

18 Winton Bates, 1998, *op. cit.*

- the arguments advanced in support of the view that farmer control enables farmers to maintain higher incomes are weak;
- although farmer control may be beneficial where the specific nature of assets makes it particularly important for farmers to have secure market outlets for their products, there are other solutions to this problem, such as long-term contracts and corporate farming, that may be more efficient;
- the economic benefits of farmer control are rarely sufficient to eliminate investor-controlled firms from processing and marketing activities when regulation is not biased in favour of farmer control;
- as suppliers of raw materials, farmers' best interests are more likely to be served by promoting unfettered competition for their products than by attempting to restrict such competition;
- as shareholders in processing and marketing firms, farmers' best interests are more likely to be served by unfettered competition in the market for corporate control than by restrictions on share transfer that are designed to maintain farmer control; and
- restrictions on share transfer impose substantial costs on farmers by reducing the opportunities for them to diversify their asset portfolios and by denying them the opportunity to obtain higher earnings from poorly performing investments through transfer of control.

As New Zealand moves beyond the era of statutory producer boards, an unprecedented opportunity is emerging for a transformation to occur in agricultural processing and marketing activities. One possible outcome of this is substantial additional investment dedicated to the use of New Zealand's supplies of agricultural products to meet international demand. It is hard to imagine circumstances under which this could be detrimental to the interests of New Zealand farmers, either as suppliers of raw materials or as investors in processing and marketing activities.

Conclusion

As a recent *Straight Furrow* headline put it, the sun is setting on producer boards. The crucial question now is how long the sun will take to set.

There are still many in the farming sector who think they should have the right to dictate the form and speed of change, regardless of the interests of the wider community. Writing in the *NZ Herald* earlier this year, John Roughan made the point that the NZBR has made on many occasions:

But it is not a question for farmers alone to answer anyway. No sector of the economy would have been deregulated had the decision been left to a majority of those with a stake in the status quo. Laws that restrict trade in anything for any reason are a legitimate concern of all of us because they greatly influence the way resources are used and thus the welfare of the whole country.

However, the government – or perhaps more accurately a section of the National Party – still does not appear to have accepted this elementary point. Instead of announcing plans and a timetable for deregulation, it merely announced in the budget that the boards are to come up with proposals by 15 November 1998 on ways in which they can operate without statutory backing. Stuart Marshall, an economist with Bancorp, made the obvious comment:

It is perhaps this more than any other feature of the budget which disappoints. Political leaders are supposed to be leaders, and in budgets past the Minister of Finance would have dictated to the boards – as the giver of their statutory powers – what they will or will not do. The request for these proposals for their own demise is like giving a thief the keys to your car and asking him to come up with ways to stop him from stealing it.

There is every likelihood, I believe, that the boards will prevaricate, spend large amounts of farmers' money on lobbying to preserve their existence, and come up with complicated and protracted timetables for change. I have even heard that one board has been using the fact that it has a long-term lease on its head office property as an excuse for delaying change. The boards will have been encouraged in this respect by the prime minister's comment that change might occur over 3 to 5 years. Clearly there is no conceivable economic rationale for such an extended timetable. In all cases the boards and the government could implement the changes needed to allow these industries to operate on the same basis as other industries – sell investments, return reserves to producers, issue conventional shares, establish alternative levy mechanisms if necessary, pass legislation to enable exports to quota markets to be licensed and repeal all other redundant powers – in a far shorter period of time. There is no reason why the sun could not set on producer boards by the dawn of the new millennium. If the prime minister's timetable is adopted, New Zealand may sacrifice another billion dollars or more of potential national income before this happens. And this may not be the last session of the NZARES on producer boards.