



Agribusiness Agenda 2017

The recipe for action

KPMG New Zealand

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Foreword

New Zealand's primary industries have come through a challenging 12 months with significant weather events and the Kaikoura Earthquake testing the resilience of our sector. Despite these setbacks, our producers continue to innovate, develop and export high value products to our overseas markets.

Primary sector exports are expected to grow to \$38 billion this year, showing we have a strong and diversified sector.

This is the fifth foreword I have written as Minister for Primary Industries and it is no surprise to see that maintaining a world class biosecurity system is again ranked highest in the *KPMG Agribusiness Agenda* survey results.

Biosecurity is my number one priority as Minister and I was proud to announce a funding boost of \$18.4 million over four years to strengthen our biosecurity system and protect our borders as part of Budget 2017.

In November last year I also launched The Biosecurity 2025 Direction Statement. This strategy was developed collaboratively with the input of a wide range of New Zealanders, and provides a shared sense of direction to future proof the system.

This year's *KPMG Agribusiness Agenda* also highlights a range of other government priorities, such as international trade and connecting to consumers.

Earlier this year, Prime Minister Bill English launched 'Trade Agenda 2030', an updated trade strategy aimed at expanding our access into new markets and improving our existing trade relationships. It sets an ambitious goal of having free trade agreements cover 90 per cent of our goods exports by 2030, up from 53 per cent today.

New funding of \$91.3 million over four years will help achieve this, including extra funding for MPI to support primary sector exporters. In particular, it will accelerate work on non-tariff barriers which can be a major barrier.

MPI's newly established Economic Intelligence Unit will help provide market insights and economic information to support exporters and government agencies.

The *KPMG Agribusiness Agenda* discusses the importance of attracting talent and leadership to the sector. This is why MPI is a Programme Partner for the Kellogg and Nuffield Rural Leadership programmes, and co-funds the Emerging Primary Industries Leaders Scholarships to attend the Te Hono Stanford Bootcamp.

Associate Minister of Primary Industries Louise Upston is overseeing a programme of work aimed at attracting young people into the primary sector, including 'Champions' and 'Ambassadors' who are working directly with students in schools.

The importance of science and innovation is also highlighted in this report. At this year's Fieldays, I was proud to launch the Primary Sector Science Roadmap with Science and Innovation Minister Paul Goldsmith. This provides a long-term view on the most pressing science needs and opportunities to grow, protect and enhance the primary sector.

I welcome this year's *KPMG Agribusiness Agenda*, which is always a fascinating read for anyone interested in the primary sector. I look forward to discussing the issues it raises at this year's Fieldays.



Nathan Guy



Hon. Nathan Guy

Minister for Primary Industries
New Zealand



The pivot towards the consumer, rather than the election, sets the 2017 Agenda.

Having completed our discussions for this year's Agenda, it is hard to believe that there is a general election less than three months away. At a similar point in time three years ago, the concern about a potential change in government was palpable.

The election was the top-of-mind issue during our conversations. Leaders were approaching the election with trepidation, concerned about what a shift to a Labour/Greens coalition being placed on the farmer's licence to operate, our long-standing bipartisan commitment to free trade, incremental operating costs from the introduction of environmental taxes and levies, limitations constraining investment in water storage and aquaculture, and tighter rules being introduced for foreign investment in New Zealand.

We noted in the 2014 Agenda that the outcome of that election would influence the future potential of the primary sector for years to come, making it the most important for the industry in many years.

So, what about the 2017 election?

Fast-forward three years and the election hardly had a mention in our conversations this time around. The difference in our discussions could not have been starker. The obvious question we asked ourselves was: “Why the difference in focus on the election this year?” After all, with the shocks of Brexit and Trump in the background and, domestically, the retirement of John Key late last year, it would be surprising if all industry leaders had concluded that the chance of political change was remote and had moved on.

To me, the reason that the result of the election is no longer consuming the head space and energy of industry leaders lies in the issues that are facing their organisations on a day-to-day basis. They are the issues that were discussed during this year’s conversations and the topics explored in this Agribusiness Agenda. Issues such as the need:

- to define and articulate clearly a broadly accepted vision and values for the sector
- to develop a clearly recognisable New Zealand food culture
- to recruit, educate and retain the best talent available, regardless of their background
- to lift performance on the sustainable use of land, water and labour and to communicate progress to the wider community
- to keep up with and adopt relevant technologies as they become available around the world, and, potentially most significantly,
- to accelerate the process of pivoting individual organisations and the industry from a volume-driven production culture towards a consumer-led, value-driven agri-food industry.

The reality is that the global environment in which organisations are operating has changed dramatically in the last three years. Many of the perceived threats that leaders believed could have been manifested by a change in government have already had to be addressed: driven by shifts in community perceptions, customer expectations and emerging technologies.

Many organisations are working to develop and implement strategies based on doing what is right for their businesses, the environment and the wider community. Rather than merely trying to comply with rules and regulations, they have developed standards that they apply to their businesses and their suppliers to support their product positioning in the market. They have moved further and faster themselves than the current or any future government is likely to shift the regulatory framework. While an aligned government is seen as an enabler of success, the reality is that the demands of the community and the market, rather than any election result, are now defining the rules of the agri-food game.

Our understanding of the new rules of the agri-food game

We believe the new rules of the game for New Zealand companies competing in the global agri-food sector are becoming progressively clearer. Understanding these is critical to understanding why industry leaders are focused on the issues covered in this report, and the actions that will progress them, rather than on the result that the general election will produce on 23 September.

The rules are built on a perspective of the future for the New Zealand agri-food sector that we have developed over the last few years. This is our aspirational vision for the agri-food sector.

We believe the future for the New Zealand agri-food sector is as an artisan, niche producer of premium-quality, safe and sustainable food and beverage, fibre and timber products. The sector provides exceptional products that are eaten at landmark events and family celebrations and used when people wish to treat themselves. The sector does not aspire to feed the world but recognises the importance of making a substantive contribution to helping the world to feed itself.

We grow enough food to feed around 40 million people; once we have fed ourselves and our visitors, we can export enough food to feed about 35 million people. The goal with this is not to feed the full diet for 35 million people but to provide a small part of the diet to a much larger group of people for which they will pay a premium price. Achieving this aspirational goal relies not only on evolving the way in which we handle current production but also on responding to the rapid evolution of market conditions as new products and solutions become available.

- The only certainty about the future is that people will require sustenance. The form this will take will undoubtedly evolve over the coming years. It may not be food as we know it today. The demand for traditionally produced, natural protein will decline; however, it will be possible to maintain a market of sufficient scale to consume everything we can produce in New Zealand, if the attributes and provenance of our products appeal to premium consumers.
- To earn the right to be considered for supplying premium markets, everything about the product being offered must be sustainable. That is ensuring not only that the impact of growing the product on the environment, biodiversity, soils and water is appropriately controlled and minimised but also that people are respected and developed appropriately and the business is conducted in accordance with the expectations of the community. Sustainability is the ticket to play in premium markets. Expectations will increase continuously.
- The integration of digital technology into all aspects of a farming system will be necessary for it to operate sustainably. The collection of data and the use of algorithms will assist in enhancing the intuition that a farmer has for their land, enabling better decisions to be made to improve yield while reducing the quantity of inputs applied to the farm. The data that is collected will form a step in the blockchain of data that will ultimately assure the consumer about the provenance of the products they purchase.



- The role of food and nutrition will evolve in our society as the cost of traditional curative healthcare models increases to the point where they are no longer affordable. Governments will refocus healthcare progressively towards preventative care models, making food central to how people manage their health. Taxes and other restrictions will be applied to products that are perceived as being adverse for good health; products with proven health benefits will enjoy increasing demand.
- The evolution of the healthcare system will see the gap between nutrition and pharmaceutical providers becoming increasingly grey. Pharmaceutical companies will seek to take positions in functional and high-health foods as the costs associated with developing and obtaining approval for ethical drugs continue to spiral. Food companies will transform into nutrition businesses, seeking to divest low-health products in favour of more scientifically advanced, functional foods.
- With shifts in healthcare and the emergence of more wealthy consumers around the world, there was an expectation that diets in emerging markets would evolve to be more aligned to the generic Western diet. Our observations suggest that this belief was flawed; while these consumers are adding premium products to their diets to reflect growing wealth and success, the core of their diets remains traditional ethnic foods. The reality is that the diet in the Western world is evolving more quickly, driven by globalisation. This challenges producers to review the products they grow constantly to ensure that markets remain available for them.
- Consumers will consistently look for new, innovative products. Being able to bring diversity into the diets of consumers will assist in securing a price premium. As a consequence, there will be increasing incentives for producers to shift away from monoculture-based production systems and explore heritage, as well as genetically bred, varieties of plants and animals to deliver new products and solutions to premium markets. Innovative growing technology will be applied to maximise the productivity of these varieties.
- We are already observing a step-change occurring in the alternative proteins sector and expect this to accelerate as the ability to replicate the eating experience of traditionally grown food increases. The market positioning of alternative protein products at the current time, towards premium consumers, will evolve as the potential to offer a clean, lower-cost, environmentally sustainable, animal-friendly and safe solution to traditional low-cost animal protein product appeals to more consumers.
- The increase in the range of products available to consumers will be matched by innovation in the ways that food is processed and presented to the market. We already observe the emergence of food printing technologies, which will transform business models across the global food-service sector. Processing innovation that creates unique food solutions or enables consumers to extract more of the beneficial nutrition from food without unnecessary calories or carbohydrates will ultimately accelerate the shift to sustenance for the majority of the population.
- A key determinant of the formats in which food will be presented will be the way that people's lifestyles evolve and change. As society becomes more urbanised and commutes become longer, people will increasingly be eating on the go and seeking food solutions that make this easy and nutritious. Fitting food into people's lives requires intimate understanding of the lifestyles people lead and significant personalisation of the solutions that are provided.
- Matching the delivery mechanism of a product to the way in which it is expected to be used will contribute to addressing the significant global challenge of food waste. With hundreds of millions of people still undernourished, organisations that continue to operate systems that create and tolerate significant food waste risk their credibility and their licences to operate. Regulation will accelerate the development of innovative solutions to waste as well as drive a strong focus on utilising all co-products and by-products from a production system.
- We expect there will still be demand for sustainably produced, storied natural products. They will be supplied by producers that are able to build strong personal connections with the consumers of their produce. Connecting the passion of the producer, and their desire to create amazing products in the way that is best for their land, animals, team, family, community and country, to the consumer will differentiate a product and secure a premium. Technology assists in making this connection (any consumer can be put on a supplier farm with virtual reality) but, ultimately, ensuring everything done makes the experience deeper and more fulfilling to the consumer will determine the value that is able to be returned to the farm gate.

The pivot to the consumer must be unstoppable

In the end, it is the authenticity of the story around which an organisation is able to build its products and the way that this appeals to a consumer that will shape the value able to be secured from what we grow. This Agenda explores many actions that could be taken to ensure that New Zealand-grown products have the best chance of being successful in global markets. At the core of this report is a single, simple belief: that to succeed in a world that is changing, and will continue to change, rapidly, the ultimate consumer of the product must be central to everything that we do.

Historically, this has not been the case in New Zealand and this is why industry leaders were so concerned about the results of the 2014 election. When you are focused on what volume you can produce, the government shapes your future as it sets the rules that determine how much you will be able to grow. As an organisation pivots towards a consumer-focused value story, the rules that shape the future are no longer determined by the domestic government but by the markets and consumers to whom we sell. They are tougher masters than is any regulatory authority.

This Agenda indicates that there are still many actions we can take to capture more of the value that we grow. It is apparent that the pivot towards the consumer has gained momentum over the last three years but it is the actions that each and every one of us takes that will enable the pivot to gain the velocity needed to make it unstoppable. The agri-food sector has the potential to help create a better New Zealand for all New Zealanders. If everybody connected with the sector is prepared to step up and think about the actions they can take individually, within their organisations and as an industry to enhance the pivot towards a consumer-led business, we collectively have the potential to deliver a more prosperous future for all.

Ian Proudfoot

Global Head of Agribusiness
New Zealand Agri-Food Industry Leader
KPMG New Zealand

Key to responsible entities

This year's Agribusiness Agenda features 110 action items we collected from industry leaders across the country. Together, these ideas constitute **'The Recipe for Action'** to enable the agri-food sector to accelerate its pivot towards consumers and markets during a period of unprecedented disruption across the industry globally. Not every organisation can take action on every item we have included in the Agenda so we have attached to each point our view of which types of entity are best positioned to move forward with that action. The key for the responsible entities is as follows:



Individuals

(every person connected with the industry)



Producers

(farmers, growers, fishermen)



Processors, exporters and marketers



Industry good organisations



Education providers



Research institutes



Local Government



Central Government

(including agencies)



The wider industry

(through organisations such as Te Hono)



Iwi and Māori organisations



The year in review



JUN. 2016

The result of the **Brexit referendum** leaves New Zealand producers assessing their future.

The Government approved AgResearch's \$133 million **Future Footprint plan**, in which majority of its four campuses will be consolidated at Massey University and Lincoln University.

The New Zealand Merino Company signed a \$45 million deal enabling their farmers to sell wool to Reda, an Italian wool mill.



JUL. 2016

Hawkes Bay Regional Council approves \$80 million investment into **Ruatanuwaha water storage scheme**.

NZ Agritech startup **CropLogic** crowdfunds \$500,000 for ASX listing, Government announces **\$35 million fund** to attract world-class researchers and their teams to New Zealand.



AUG. 2016

Countdown launches egg producer programme designed to support **free range and barn eggs**.

Unique **Manuka Factor Honey** Association defines and classifies what genuine Manuka honey is to help protect integrity of the industry.

New primary growth partnership between **MPI** and **Spring Milk Dairy** has been approved, boosting the sheep milk industry.



DEC. 2016

Eight additional storage and processing facilities reported to be approved to **export meat into China**.

NZ apple growers launch Dazzle on world market, which has seen the biggest development since royal gala.

Sanford and **Moana** announce a plan to protect the Maui dolphin from fishing nets on the west coast of North Island.



JAN. 2017

Sale of a **66.5 hectare kiwifruit** orchard in Hawkes Bay sets record price for sale of any kiwifruit land in New Zealand.

Report released showing kiwis more willing to pay for **ethical shopping** – increasing by 17% in the last year and 71% more willing to pay for ethical products.

President Trump signs executive order **withdrawing USA from TPP**, instructing officials to explore bilateral agreements with trading partners.



FEB. 2017

The Queen's official grocer, Fortnum & Mason, pulls **NZ Manuka** honey from shelves when tests show lower than expected levels of active ingredient, leptosperin.

Minister Guy declares **drought** in Northland weeks before a run of storms deliver wettest period in Australian record.

UK retailer, Waitrose, rebrands **'British' lamb** meals after it is revealed they contain NZ lamb.



SEPT. 2016

Howard Schultz, the founder of Starbucks, **invests USD 7.25 million** into AllBirds, a New Zealand Merino shoe brand.

New agricultural innovation network revealed at **Lincoln University** to build gateway for ag solutions and collaboration.

Silver Fern Farms **receives approval** to complete its \$261 million partnership with Shanghai Maling.



OCT. 2016

Prime Minister opens state of the art **fish oil processing plant in Nelson** with capacity to refine up to 5,000 tonnes of Omega 3 fish oil every year.

Foodstuffs and Progressive join forces to prevent obesity, proposing changes to supermarkets including removing checkout confectionery, fruit give-aways and health star rating system.

Aotea Maersk arrives in **Port of Tauranga**, being the largest container to ever berth in Australasia as the result of a partnership between Maersk, the Port and Kotahi.



NOV. 2016

Westland Milk Products report \$14.5m loss resulting in Board and Management change.

US magazine names **Marlborough's Kim Crawford** as New World winery of the year for best winery outside of Europe.

Ag Leaders **Health and Safety** action group launches in an effort to support farming safety.



MAR. 2017

Government sets 2040 **'swimmable' rivers** target to make 90% of NZ country river and streams swimmable and safe by 2040.

Rural debt tops \$60 billion.

Palace Poultry eggs revealed to not be free range and Countdown pulls eggs from shelves.

Fonterra Ventures is launched as an opportunity for game changers to innovate collaborative with Fonterra.



APR. 2017

Fonterra release NZs first tractability program for **infant formula** using coded cans of Anmum.

Genetics discovery project has a focus on cutting nitrogen across national dairy herds which is expected to decrease farm nitrogen by leaching 20% over 20 years.

Eric and Maxine Watson, NZ Farmers, **break world record** for wheat growing producing 16.791 tonnes per hectare.



MAY. 2017

Avocado sales reach a record \$198 million for the 2016-2017 season, increasing by \$64 million over the previous season.

Myrtle Rust is discovered in Northland and Taranaki triggering a national biosecurity response.

Fisheries management receive a \$30.5 million boost over for years, along with an extra \$18.4 million over four years to strengthen biosecurity systems in Budget 2017.

Accelerating change - explosion of flavour since November



With eleven percent of the population undernourished, the world endlessly struggles to feed itself. Paralleled to an increasingly hungry population, sustainable and ethical expectations are encouraging inventive thinking to close the gap between what we produce and what reaches our mouths.

The changing nature of a farm



Innovation has become an integral aspect of a complex agricultural system as we compete with many challenges; food and nutrition security, health, environmental changes and sustainably managing the planet's resources.

To reinvent the food system, new farming models are challenging tradition norms as we seek opportunities to better embed food production systems to our day to day lives to nourish the world.

A 5,000 square-foot public floating farm, **Swale**, made its way around three locations in New York in April, showcasing its solar powered growing space, perennial garden and aquaponics verifying the environmental push towards new farming systems.

In April we saw Dutch plant breeder **Rijk Zwaan** create the opportunity to bring back cultivars with highly attractive traits that have previously failed to flourish in traditional farming by utilizing indoor growing techniques with LEDs.

Crafting more with less, is changing how we look at production processes. Fermentation has exploded as a way to create natural substances through a metabolic process. **Perfect Day** uses fermentation processes as a way to create cleaner, greener, and more ethical milk than traditional forms of farming and the start-up company is tracking to release its first products later this year.

Changes in how we farm

In the years 2005 to 2015, the amount invested into agri tech has grown from US\$100 million, to \$4.2 billion. Markets have recognised the opportunities, and are investing to disrupt with a clear purpose addressing the issues facing the global food system.

As a way to tackle food safety, and track the entire food chain, we have seen the emergence of **Blockchain**. In November, **Walmart** commenced a project to combat the challenge of identifying and removing recalled food from their supply chain, utilising blockchain, the distributed ledger technology built to underlie crypto currencies like Bitcoin, to connect grower data to the store and ultimately the customer.

Increasing KPMGs investment in Agricultural technology, a minority stake was taken in the **Yield**, a leading Australian AgTech start-up. The Yield has been recognised as one of the five most innovative Pre Series start-ups globally, and works with leading food growers to create Internet of Things and data-based solutions to improve farm decision-making and customer yields.

The demand for organic product is driving a lot of discussion around what is truly organic, one example of this is consideration of whether produce from plants that are grown in hydroponic systems can be called organic, given no soil is involved. If you apply a consumer lens, the lack of spray determines whether a product is organic, although the industry may hold a different view.

Technology has transformed the world we live in. While the true essence of farming has not changed, the way in which we operate is in full disruption mode. The sheer surge of financial investment into tools to enhance how we farm highlights that we are fully emerged in a technological revolution in the agriculture sector and consequently, at the start of the first global agrarian revolution.

As the world's population grows in size and wealth, producers are relentlessly having to assess the products that they grow, catch or harvest. Consumers are increasingly looking for new and alternative products, and producers are having to re-align to this and actually grow what consumers want.

Changes in what we grow



In March, **Unilever**, **Ingredion** and **Givaudan** invested in **Plant Meat Matters**, a company that produces vegetarian steak as meat substitutes are set to outpace meat sales.

Danone acquired and completed and purchase of **Whitewave** for EUR12.3 billion to increase their exposure to plant based alternatives and the organic food market (at the same time announcing the divestment of their natural, organic yogurt business, Stonyfield) and **General Mills** patented a process to create a range of dairy alternatives from legumes.

Investment across non-traditional food markets by traditional players is setting a clear market direction unifying the future of food. We have seen pressure coming from investors on companies to explore emerging protein markets, they are keen to see companies diversify from being 100% animal protein based. Understanding how products fit into the future is a key constituent to remain relevant and prosperous.





Changes in how food is distributed

The way we package and label consumer goods is being re-engineered. **Apeel**, in December, created an edible solution to keep fruit and vegetables fresher for longer, extending shelf life. Swedish supermarkets, **ICA**, trialled natural branding, in the form of lasers, in December as a new, and natural, way to label organic produce.

New models are reinventing the western shopping experience; reflecting time conscious consumers, products that have important attributes (price, nutrition, provenance, origin, health attributes) and a wish to make life just that bit easier.

In March, **Amazon** opened a click and collect service for groceries. This allows shoppers to pick up online orders from between 15 mins to 2 hours, or order their groceries in-store using electronic tablets.

Semi-autonomous robots are being pushed into the sector to eventually take over roles that humans historically have had. Food delivery service by **Starship technologies**, saw the delivery of food services trialled in January. Pizzas can now be made and delivered by **Zume**, reinventing the pizza business.

The rise of educated consumers drives innovation. The way in which food, fibre and timber products are processed need to meet consumer's expectations and fit within evolving lifestyles.

Processing innovation

In February a phone app was created, **Hawkspex**, with the ability to scan food for harmful chemicals as consumers are increasingly demanding clean food. Seaweed is now at the heart of packaging innovation, with an edible water bottle being created in April by **Skipping Rocks Lab**, with the potential to end plastic packaging.

Even business models around health and nutrition are being reinvented, with tailored nutrition emerging. **HABIT**, has created a model in which people pay for their meals and nutritional education to be tailored to their biology, goals and preferences, and get delivered straight to their doorstep.

On the flip side of health, adding innovation to the wine sector, **GIK wines**, in December, combined red and white wine organic pigments to create a blue wine to fit in with life style trends.

In a world of limitless choices via digital channels and evolving technologies, producers need to curate experiences and tell a story to keep consumers engaged and enthusiastic about their products. There is so much choice in the market now, having a point-of-difference is imperative.





Changes in what we eat

In December, **Nestle** scientists found a way to re-structure sugar as a way to cut sugar content by 40% but not lose the taste, to help address the obesity crisis and to target the health-conscious consumer. While in response to the challenges of selling sugar based products, **Mars** acquired **Veterinary Clinics America**, meaning more of its revenues now come from animal health and nutrition than confectionery.

In terms of education, meat substitutes were added to the curriculum at **UC Berkley** in January, as a way to re-think plant based proteins as they permeate the mainstream food culture. **Tyson** invested in plant protein in the form of a 5% stake in **Beyond Meat** in December, further cementing the direction of the alternative protein market.

With health an increasing focus for many consumers, large manufacturers formed the **FReSH** initiative. Twenty five global food and beverage manufacturers (including **Pepsico** and **Nestle**) in January, formed a food reform and sustainability health program with the aim to define guidelines on sustainable diets, redefine food production, reshape food consumption and evaluate a sustainable footprint for food transport.

As lifestyles accelerate, consumers actively seek out ways to find products that tick all the boxes when it comes to fitting into their lifestyles. Food, isolated, is no longer enough. Functional, nutritious, convenient food is not just sought after but it is expected as we become educated and aware of the growing consequences of health, or lack thereof.

On a daily basis, 800 million people go without food or are undernourished. The current food system is simply not delivering, yet we are exponentially putting more pressure on it to provide. We need to produce more in a sustainable, long-term way. Consumers want to be a part of the story when it comes to social responsibility.

Social issues reshape the industry



In February, a supermarket opened in Germany called **The Good Food** supermarket which only sells wasted goods, as a positive way to combat food waste. We saw **Tyson Foods** launch a venture capital fund with a focus to invest in companies with breakthrough technologies, business models and products to sustainably contribute to feeding a growing world's population. Other companies have invested in making more from co-products and by-products, a good example being **Smithfields** in the US, who have created **Smithfield Bioscience**, to explore pharmaceutical uses of co-products from their meat business.

As the public begin to accept genetic modification as a potential channel to address the food crisis, there has been a turning point in the highly polarizing debate to acceptance. **Artic apples** went on sale in March, the first GMO non-browning apples.

The 2017 KPMG Agribusiness Agenda survey

The results of this year's *KPMG Agribusiness Agenda* leaders' survey provide a fascinating insight to where the minds of the industry's leaders are currently focused. The research for the Agenda was conducted against a background of a recovery in dairy prices, the launch of a new trade strategy, and heavy rain and flooding across much of the country (as one contributor noted, we have moved from good rain to bad rain). Then the Sunday programme, *The Price of Milk*, aired and fired up a social media storm across the opinion spectrum as it, again, presented anything but a balanced view of the way in which most New Zealand dairy farmers operate.

The mechanics of the survey

Once again, we used an online survey, which asked industry leaders to rank a range of priority items on a scale of 1 to 10, with 1 being an item of no priority for the industry to focus on while 10 represents a high priority requiring immediate attention and action from industry leaders. The questions used were largely consistent with those used in previous years; one question relating to the use of antibiotics in maintaining animal health was replaced with a new question around the consequences of failing to maintain high standards of animal welfare and some changes were made to the question on whether or not there is a need for a more clearly codified set of expectations around environmental management.

We received responses from around 80 industry leaders and they tell a fascinating story about how thinking in the industry is currently evolving. As in previous years, the full survey results are available on our website.









The action list for executives is growing longer

The average priority score showed an almost 4 percent increase on last year's results, suggesting that many executives now have more issues on their radar than they have had previously. Of the 44 questions in the survey, 31 questions recorded increased priority scores, while 15 priorities achieved a higher rank than they did last year.

The survey suggests that leaders and executives are recognising the opportunities available in the globally disrupting agri-food system but that capturing the benefits provides a wider range of variables to manage. The increase in the priority attached to provenance branding, co-innovation with customers, embedding resources in export markets and developing a New Zealand integrity mark highlight the central issue that came up in the majority of our conversations with industry leaders: the critical need for the industry to pivot towards having the customer at the centre of everything it does.

From the survey and our conversations, we collected a plethora of ideas about the actions that are being and can be taken to lift the level of customer-centricity across the industry; those ideas form the majority of this Agenda. Firstly, there are some highlights from the survey worth noting.

Here are the Top 10 2017 priorities...

RANK		ACTION
1		World-class biosecurity
2		Create NZ provenance brands
3		Food safety strategic importance
4		Deliver high speed rural broadband
5		Innovate with customers
6		Sign high quality trade agreements
7		Delivering R&D incentives
8		Increasing rural / urban understanding
9		Developing future leaders
10		Deliver market signals to producers

2017 PRIORITY RANK NUMBER:

1st 

Maintain world class biosecurity

2016 PRIORITY RANK NUMBER: 1

Biosecurity – still reigns supreme

Once again, the maintenance of a world-class biosecurity system collected the highest-priority ranking, recognising the catastrophic impact a major incursion would have on the agri-food sector and the wider economy. Biosecurity has ranked first in every survey we have completed although the priority score was at its lowest level since 2012; this probably reflects the relatively stable incursion environment we have experienced in the last year.

That said, in the week after the survey closed, Myrtle Rust was discovered in Northland and an incursion response was triggered. Minister Guy continues to highlight that maintaining a world-class biosecurity system remains his top priority. During the year, the government has reinforced this focus with investment behind the Biosecurity 2025 strategy, which included \$18.4 million of new spending in the Budget 2017 to increase offshore biosecurity management activities and lifting public awareness and participation in biosecurity management.

It is fair to say that biosecurity was not a hot conversation topic this year, suggesting most leaders are comfortable with the system and how it is operating, with a number of people noting the Government Industry Agreement framework is working better than was expected, particularly considering the Ministry for Primary Industries (MPI) willingness to involve industry groups in the management regime. When biosecurity was raised, it was to stress the importance of ensuring the system is as proactive as it possibly can be, and that it must be focused on preventing threats from ever reaching our borders rather than be geared towards attempting to eradicate an incursion once it arrives at the border.

2017 PRIORITY RANK NUMBER:

6th 

Sign high quality trade agreements

2016 PRIORITY RANK NUMBER: 7

Is 'whiter than white' better when it comes to trade?

The dramatic shifts in the trade environment over the last year were raised in many conversations. Discussions moved beyond the double shock of Brexit and Trump to: the connection of free trade to social inequality around the world; the launch by China of its One Belt, One Road policy; and the rise and rise of non-tariff barriers (NTBs). All these factors shape the need for a much more nuanced approach to trade.

The priority attached to securing high-quality trade agreements increased less significantly than we had expected it would in this year's survey, given the shifts in trade policy. The government's trade strategy to 2030 was noted as a welcome contribution to the discussion. It includes new money for in-market personnel, enhanced market insights and rapid response to NTBs. The potential weakness highlighted was that, fundamentally, it continues to focus on securing more of the same sort of market access for our goods and services as has been available in the past.

The message from our conversations was clear: that free trade will survive as we know it today only if the whole community benefits. It was also clear that our historical approach of playing strictly by the rules puts us at a disadvantage in a world where most countries are skewing the playing field in their favour. Our contributors are seeking a more sophisticated approach to trade: one that looks beyond commodity and focuses on higher-value access; one that thinks about the impact of trade beyond the transaction itself; and one that sees us standing up to defend our national interest.

2017 PRIORITY RANK NUMBER:

14th



Investing in irrigation infrastructure and water storage

2016 PRIORITY RANK NUMBER: 10

Water quality – the bottom line is crystal clear

It was not surprising that water was a central theme in many of our conversations. While some discussed the opportunities inherent in water storage, most of the discussion centred on the issue of water quality. It is apparent that this issue will feature strongly in the coming election. It is also clear that the industry is losing the battle for the hearts and minds of the wider community over water quality. As a consequence, it is putting its licence to operate at risk.

Numerous contributors highlighted that the industry has failed to recognise that the idea of swimming in a river is not a scientific one for most of the population but one that cuts to the heart of being a New Zealander. The emotional connection to water is strong and, as a consequence, arguments about the kilometres of streams fenced or riparian strips planted, no matter how genuine or well-meaning they are, do not resonate with the majority. They sound like excuses for water quality falling short of expectations.

The industry has appealed to the head but it is the heart that is shaping policy. Swimmable means swimmable and not for 10 minutes, keeping your head above water. The message came through clearly from many of our conversations. It also came through that achieving 'scientific swimmable' in 2040 is just far too late. Bold action on water is required to preserve the licence to operate. It is critical that the industry listens to the wider community to understand what right looks like for New Zealand.

2017 PRIORITY RANK NUMBER:

8th



Increase rural / urban understanding

2016 PRIORITY RANK NUMBER: 23

The rural/urban chasm grows deeper and wider

The water issue has contributed to concerns that the gap between the agri-food sector and the urban community, particularly in Auckland, has become so deep and wide that bridging it will present the industry with a significant, if not insurmountable, challenge. Those concerns underlie the significant lift in the priority that industry leaders have attached to building the mutual understanding between rural and urban communities. The priority ranking rose 15 places to make its first appearance in the Top Ten at number eight.

The concerns are not limited to water; a range of other matters contributing to the misunderstanding between the communities has been raised. These issues include: animal welfare failings (particularly in relation to bobby calves and reflected in the ranking of 11 attached to the new priority relating to penalties for those that don't protect animals); the growing number of New Zealanders not born in this country (who lack traditional family links to the farm); and the greater effectiveness of environmental pressure groups, which have successfully utilised social media tools to bring emotive issues to the attention of mainstream media and the urban community.

Many of the recommendations in this Agenda relate to ways in which progress can be made in building bridges between rural and urban communities. Drawing stronger connections to the food that people eat, demonstrating substantive progress on environmental issues and highlighting career opportunities in the sector are all significant to this goal. In the end, the sector contributes significantly to the economic vitality of New Zealand and having the country agreed on some common values will increase the authenticity of our provenance story for customers around the world.

2017 PRIORITY RANK NUMBER:

19th



Closely following global developments in alternative proteins

2016 PRIORITY RANK NUMBER: 34

Alternative proteins are no longer a 'what if'

Recent transactions suggest that alternative proteins will become a material part of the global diet in the medium term. To date, the threat of substitution has been remote but investments like Danone's purchase of WhiteWave Foods for EUR12.3 billion have shifted the alternative protein trend into the mainstream and it is not surprising that the priority attached to tracking these developments has increased by 15 places in this year's leaders' survey.

While New Zealand has the potential to position itself as the leading producer of traditional natural protein, if the industry is able to collaborate along its value chain, the message from our conversations was, largely, that we ignore the alternative protein trend at our peril. Wool farmers ignored their 'synthetic' substitution moment and have been fighting a declining market for more than 40 years. Understanding the technologies, and their strengths and weaknesses, is critical to protecting our natural protein markets. This will also help to ensure that we take advantage of strategic opportunities that new food trends will present in coming years.



2017 PRIORITY RANK NUMBER:

34th 

Initiating GM field trials

2016 PRIORITY RANK NUMBER: 37

Addressing the opportunities inherent in bioscience

Although moving up only three places in the ranking, the priority score attached to initiating GM field trials rose 12 percent in this year’s leaders’ survey: one of the largest increases. The evolution of genetic technologies to include gene-editing tools, such as CRISPR, has seen many leaders note that they are observing a shift in the global GM debate.

The conversation is no longer about whether or not these technologies will be adopted, given the benefits they can deliver, but about the regulatory framework that needs to be built around their use. The key change is to shift to a basis of regulating products rather than processes that have been developed since the time the legislation was introduced in the 1990s.

We talked to a few leaders who hold entrenched views that strongly espouse the benefits of wide adoption or total prohibition of genetic technologies. Most contributors support a more measured, cautionary approach, maintaining the understanding and science capability of working with these technologies while regulating commercialisation based on science input together with community and consumer acceptance.

Biggest increases in priority scores:

Engaging more widely with community	+22%	↑ Up 10 places
Tracking synthetic and alternative forms of protein	+21%	↑ Up 15 places
Increasing rural/ urban understanding	+16%	↑ Up 15 places
Umbrella body to unify industry voice	+16%	↑ Up 2 places
Initiating GM field trials	+12%	↑ Up 3 places

Biggest decreases in priority scores:

Mandating minimum health and safety standards	-5%	↓ Down 9 places
Tailored food solutions for dominant demographics	-4%	↓ Down 9 places
Incentivising students into Agri-Food	-4%	↓ Down 9 places
Evolution of alternative capital structures	-4%	↓ Down 9 places
Deliver market signals to producers	-3%	↓ Down 7 places

Establishing a values-led framework for New Zealand's agri-food sector

We first sought the views of industry leaders on the need for a pan-industry vision and strategy for the 2012 Agenda. We found 81 percent of industry leaders supported development of a strategy although few were clear about who should take responsibility for its development or about the best approach to use to create it. Some hoped that the first Primary Sector Bootcamp at Stanford, which was to be held later in 2012, would take on the challenge of vision development. This did not happen, although the session ultimately contributed to the creation of the government's New Zealand Story framework, *Open Spaces, Open Hearts, Open Minds*, which is now used by many agri-food sector organisations.

Since then, the issue has been raised in our conversations every year with broad support being expressed for development of a vision but very limited progress being made. A constraint on progress has been the government's view that there would be limited benefit from the industry articulating an umbrella strategy. However, things have evolved rapidly in the last six months as understanding of initiatives being adopted by other countries has increased (in particular, Origin Green in Ireland). This led to the launch by the MPI of Project Origin in late 2016 to explore pan-industry options that would assist the agri-food sector in unlocking greater value from its produce.

The government has indicated that any initiative will need to be industry led and government enabled to succeed. Replicating Origin Green is not an option, given the commercial initiatives individual companies have adopted to respond to specific customer needs for integrity standards. A solution that seeks to replace what has been developed is likely to fail. Any solution needs to build on the work that has already been done. We also need a framework that leapfrogs existing solutions to provide New Zealand's agri-food sector with a best-in-class platform for sustained success in global markets.

Our conversations suggest that industry leaders recognise they have a once-in-a-generation window in which to develop a values framework for the industry, which will contribute to a more prosperous New Zealand by enabling the sale of unique food and beverage, fibre and timber solutions to the most affluent consumers in the world. It is also recognised that it is unlikely (or impossible) that the whole industry will ever be on the same page on every single issue; thus, finding and building on the areas of common ground are critical to creating trust and, consequently, delivering success.

We received many ideas for action around the development of a framework; however, the key takeaway from our conversations is that the level of volatility and change the industry is facing means that now is the time to stand up and be counted in moving this forward. We cannot afford to miss the opportunity in front of us for future generations of New Zealanders.



2017 PRIORITY RANK NUMBER:

14th 

Codify environmental expectations

2016 PRIORITY RANK NUMBER: 18

2017 PRIORITY RANK NUMBER:

23rd 

Articulating a collective industry vision

2016 PRIORITY RANK NUMBER: 21

2017 PRIORITY RANK NUMBER:

27th 

Sourcing and utilising global innovation

2016 PRIORITY RANK NUMBER: 22



01



Being clear on our place in the future.

We constantly make a huge assumption that our key products, our dairy, lamb and beef, for example, will be in demand in premium markets as future generations of alternative proteins become available. Future foresight often takes emerging technologies and thinks about the impact they will have within the day-to-day lifestyles that we recognise today; however, deeper analysis is critical if we are to be clear on our place in the future. We need to think beyond the current iterations of technology and think about how they will evolve; then, we must challenge ourselves about how these more mature solutions will reshape lifestyles in the future. Thinking about the impact plant-based protein version 8.0 will have in reshaping our lives is more challenging but may provide more clues to what our sustainable place in the future is likely to be.

02



Involving the spectrum of interested parties in the vision conversation.

A vision for the agri-food sector is actually a vision for New Zealand, given we are the only developed country that relies on selling biologically produced products to fund our schools, roads and hospitals. As a consequence, developing any articulation of the sector's vision and values cannot be done in isolation from the rest of the New Zealand community. More progress will be made when the whole community is aligned towards common goals. Ensuring that representatives of all interested groups, including national, regional or local government, iwi and tangata whenua, academics, community groups and environmental protection groups, must be invited to sit at the table beside industry leaders as they seek to create a vision for the future.



03



Drawing on Māori culture to create uniquely Aotearoa values.

When people have sought to articulate New Zealand stories, they generally feature mountains, rivers, beaches and cities. While our natural wonders are impressive, they are no more impressive than those of other naturally blessed regions around the world. What does differentiate our story is the social and cultural history of the country: the world's youngest nation. In the Māori world view, Papatūānuku, or the land, is a powerful mother earth figure that gives birth to all things and provides the physical and spiritual basis for life while mauri is the energy which binds and animates all things in the physical world. Decisions made by Māori organisations recognise the importance of sustaining Papatūānuku indefinitely, while ensuring that mauri is transferred effectively and not wasted by the actions taken by the organisations. As one contributor noted, incorporating this world view into their decision-making process simplifies reaching the right conclusion, although the implications can be significant. Integrating a Māori world view into a suite of pan-industry values will require organisations to be prepared to change: for instance, to stop doing things that don't align with those values.

05



Building on common ground rather than waiting for uniformity.

It was highlighted regularly that, while it would be nice if every organisation were to agree completely on everything, it is never likely to happen. Every organisation has different products, markets and customers with which it is working and needs to tailor strategies and tactics to its own realities. That said, there will be shared values and points of common interest on which even the most aggressive competitors can agree. In developing a pan-industry initiative, it is critical that these points of commonality are understood and used as the foundations for collaboration.

06



Having the confidence to do things differently.

New Zealand has a track record of taking positions on issues that have enabled a small country at the bottom of the South Pacific to stand out in the world: some in a positive way and others less so. A number of our contributors suggested that it is becoming increasingly difficult for New Zealand agri-food organisations to stand out from the crowd because of the gravitational pull of the establishment: the government, research institutes, universities or the people they employ. We need to enshrine the confidence to think differently, challenge the status quo and stand out in the vision for the industry and our organisations. This means that some current and well-established business relationships will not be part of the future as organisations gain the confidence to do things differently.

04



Leveraging our position as an indigenous Pacific nation.

Most people in the world will never venture to New Zealand but our remote location is an integral part of our identity. Our products have a degree of mystery, intrigue and exoticness as a consequence of our location but this, even with every integrity mark, stamp and approval, is not enough to command a premium. The point was made that securing a premium relies on creating products that are different from those being produced elsewhere in the world. We can be inspired by other cultures but we should not try to mimic them. The New Zealand agri-food sector should use as its foundation those things that we do at the world-class level. One contributor suggested we are world leaders in orchestrating the impromptu barbecue; the challenge for the industry is bringing this casual efficiency and inherent ability to create an experience and include it in the solutions we deliver to our consumers.



07



Doing the analytics to understand the impact of audacious strategies.

Too often, people float schemes based on their beliefs and impressions of the impact that a plan will have on their organisation or industry rather than on detailed analytics. A pivot from a volume-driven, production alignment towards markets and consumers has significant consequences for many organisations, given the revenue, cost and investment implications. It was highlighted that there is a need to address the shortage of high-level analytical capability available in New Zealand to analyse strategy options quickly and provide relevant insight. Without access to analytical capability, decisions will continue to be made on a hunch or in response to regulation, much of which is developed by under-resourced councils.

08



Ensuring any vision is widely understood.

It was highlighted during one conversation that, for many in New Zealand, the concept of export double is interpreted as the need to double the number of animals and the levels of pollution. Consequently, they fear what the strategy means for the country. A compelling, values-led vision needs to be communicated clearly to the wider community so that people do not fear the future but engage in the opportunities that it presents. The reality is that the agri-food sector cannot rely on mainstream media to communicate its stories; therefore, it is critical that the industry is active in utilising all the digital tools available to it to engage with the wider community. We will have a true New Zealand story only when the whole community has bought into it fully.



09



Creating channels for the industry to be good for the world.

Positioning New Zealand as a country that contributes positively to the world will enhance our global reputation and support the growth of strong, long-term partnerships. Given we will never be able to feed the world, we are not excused from an obligation to help the world feed itself. Delivering on this obligation will demonstrate our desire to build a more equitable world for all. One option suggested was to charge a small levy on every product exported in order to fund an initiative to enlist our brightest young leaders for placements in emerging nations to utilise their skills in solving complex agri-food challenges that enable communities to feed themselves and earn a living. Another suggestion was making our core agri-food intellectual property available to emerging nations on an open-source basis so that our good ideas benefit the wider global community.

10



Recalibrating the aspirations of those in the sector.

The point was made that we need to make producing the finest agri-food products in the world a team sport in which New Zealand dominates. We are a small, artisan producer on a global scale and, rather than aiming to win on our own, we should be proud to work with partners to gain sufficient scale to take on the most valuable opportunities in global markets. Models such as the Family of Twelve wine companies, which we featured in the 2016 Agribusiness Agenda, show that much can be gained from making it 'you plus me' out in the world together. Leaders need to be prepared to explore co-opetition rather than to focus monotonously on beating their local competitor.





Strengthening New Zealand's food culture



RELEVANT SURVEY RANKINGS TO THIS THEME:

2017 PRIORITY RANK NUMBER:

2nd



Create product brands to tell the New Zealand provenance stories

2016 PRIORITY RANK NUMBER: 5

2017 PRIORITY RANK NUMBER:

22nd



Creating an integrity system to ensure authentic New Zealand products

2016 PRIORITY RANK NUMBER: 26

New Zealand farmers grow some amazing food. While we believe our pastorally produced milk, beef and lamb are amongst the best in the world and many of our fruit varieties are unique to New Zealand growers, a number of contributors highlighted that we are not world famous for the food we produce. While the French, Italians, Swiss and Germans are world renown for their wines, cheese, chocolate and sausages, respectively, New Zealand really lacks authentic, unique foods that people from around the world seek out.

Too often we are producing food products enjoyed by consumers across the globe but that are 'world famous in New Zealand'. It is difficult to identify foods that are truly unique to this country; the Australians even dispute the provenance of the classic Kiwi Pavlova. As one contributor noted, they would not take a visitor to visit a New Zealand supermarket as there is just nothing unique about the experience, even though they are taken to supermarkets all around the world, when they visit other countries, to see local produce and retail innovation.

Most New Zealand restaurants cook food that is associated strongly with other parts of the world. While some chefs have created fusion cuisines that combine cooking styles and ingredients in innovative and distinctive ways, there are very few chefs working in New Zealand to create unique food which uses indigenous cooking styles and native ingredients. Some say New Zealand is too remote or small to develop its own cuisine but the explosion of the Nordic Food Movement highlights that unique food can come from anywhere there are passionate, innovative people and unique ingredients. Within Aotearoa, we have unique flora and fauna, great chefs and indigenous ways of cooking food; all the elements for creating a food movement are present.

The conclusion from many contributors was that New Zealand today lacks an authentic food culture. There is no unique style of cuisine that consumers around the world will associate with the New Zealand. People don't go out for an evening at a New Zealand restaurant in the same way that they will head out for an Italian, a Chinese, a Mexican or a Vietnamese meal. As a consequence, our visitors are left to eat food that they are familiar with from their homes, as there is nothing available to take them to a different place or to profile the amazing food we grow to its maximum potential.

Capturing the value inherent in the agri-food sector requires greater effort to be made in creating and promoting a unique New Zealand food culture.





13



Creating artisan, local food stories.

On a global scale, New Zealand's agri-food sector is made up of a plethora of niche, boutique and artisan businesses. Greater value will be created by joining the dots between the producers and the communities from which our products originate and those that ultimately experience the product. The point was made on numerous occasions that we need a mind shift on our scale to ensure we secure the value inherent in the food we produce. Capturing value relies on telling the stories that underlie the products we grow. There is much we can learn from the way that European communities have evolved famous products that are associated globally with towns or regions. We need to identify our regional superfoods, encourage chefs to use them to create signature dishes and then promote these experiences globally.

11



Connecting farmers with their reason for being.

Too often, the role of the farmer, grower or fisherman is denigrated in our community to money-obsessed moaners. Most do not think about farmers as the providers of our food and our health and, ultimately, as those who support society to function effectively. The point was made on a number of occasions that it is necessary to help farmers to understand their deep and fundamental role at the core of modern society and connect them to the food that they produce. Programmes that enable farmers to see and experience consumers using their products around the world must be scaled up to help them understand how their products are utilised and what they could do to enhance the experience. They help farmers to understand that producing safe, sustainable, healthy food absolutely puts them on the winning team.

12



Placing more value on the food we grow.

Western societies have become complacent with regard to their food supplies. Consumers expect food to be readily available, plentiful and cheap, regardless of the season. This expectation ignores the environmental costs of food production and creates a perception that jobs in the sector are, inherently, of low value. A sustainable food industry needs higher prices to provide the resources to manage environmental assets better, reward employees adequately and provide for investment in innovation and new technologies. Pricing food appropriately will reduce waste, encourage innovation in its use and, ultimately, contribute to the development of a more diverse cuisine. The journey to fairly priced food will take time, particularly as supermarkets chase unsustainable price points as they race to the lowest prices, but it is important that consumers are educated about the costs of producing the food they expect to be available.



14



Utilising food to engage with New Zealand's global whānau.

Kiwis who live around the globe represent a most important but under-utilised national asset. The Irish are masters of leveraging the members of their diaspora, keeping them connected to their country and encouraging them to be strong promoters of its culture and products. The annual St Patrick's Day celebrations see coordinated efforts to have government ministers around the world connecting with the global Irish family. New Zealand's diaspora is largely made up of passionate Kiwis, as we observe when the All Blacks come to town, who want opportunities to celebrate and showcase their country. Our food, beverage and fibre products deliver unique ways in which we can connect with New Zealanders around the world. Building on initiatives like Kea World Class New Zealand, we need to create distinctive opportunities for our global whānau to celebrate their country, in their current homes or back in New Zealand (as Ireland did with The Gathering).



Image courtesy of Primary Collaboration New Zealand



15



Making our authentic ways of cooking accessible to New Zealanders.

Cooking the New Zealand way is not done in a faceless kitchen that could be anywhere around the world; it is done in nature over the fire or in the hāngi pit. While many of us like to think we have mastered the art of the barbecue, it is only when our amazing products are cooked carefully in our natural kitchens that the magic we grow is truly realised (as the food that Monique Fiso is creating at her Hiakai pop-up events demonstrates). To create a unique New Zealand food culture, we need to make our authentically cooked food more readily available to the whole community both through restaurants and through community facilities that enable people to cook their own kai. As we design public space in our cities, incorporating a communal cooking pit should not be too difficult. We should be training chefs to cook authentic New Zealand food at high school level and running competitions and promotions to encourage our restaurants to incorporate indigenous kai into their menus.

16



Offering unique food experiences to our visitors.

If you have visited a tourist attraction in New Zealand in recent times, you have probably been offered a choice of soups, salads, pies, burgers and fries in the café for lunch. In fact, the choice would be much the same if you were in Sydney, Los Angeles or London. It is not good enough that most of our visitors leave without having eaten any truly New Zealand food. The same cannot be said of the wine sector where many wineries do a fantastic job of creating tourist experiences at their cellar doors, with data indicating that more than 400,000 tourists enjoyed a wine tourism experience last year. The goal is simple: every person who visits this country should go home having had the opportunity to experience authentic New Zealand food and wine. This will require our agri-food and tourism sectors to partner closely together to create the immersive experiences and menu selections that would enhance our guests' holidays and deliver long-term benefits to both sectors.



17



Providing enhanced hosting to create millions of New Zealand food ambassadors.

Our unique food story should be prevalent from the moment that a visitor first comes into contact with New Zealand, whether that is when they step onto an Air New Zealand aircraft or when they sit down for a snack on arrival at the airport. When visitors are here, we need to ensure that they experience food of a consistently high quality but, to make them our advocates, we need to think beyond the food towards ensuring all aspects of the hosting experience are world class. This is not just in the presentation of food but in the education provided to staff about the origins of the products on the menu, the ways in which they are cooked, the reasons that they are sustainable and the ways that the option can be tailored to meet the specific needs of the guest. We need to move beyond a transactional mentality in our service sector and invest in turning our visitors into long-term ambassadors for and customers of New Zealand's agri-food sector.

18



Ensuring indigenous ingredients are available on a commercial scale.

Core to the explosion of the Nordic Food Movement has been the availability of native ingredients in commercial quantities to enable the chefs to commit the time and effort necessary to incorporate them into their menus, whether they are plants, animals or insects. It was noted that our agri-food sector is geared up to produce the same goods as those supplied by the rest of the world with little attention or effort paid to cultivating some of our more unique native flora (and, potentially, fauna) commercially. If we are to develop a unique food culture, then it is important that the agri-food sector puts more focus on delivering native options to chefs across the country. This will require producers to make a commitment to supply, but also to working with, chefs to assist them to use the products; it also presents the opportunity to build intellectual property and protected, high-value niche markets with export potential as the New Zealand food culture trends globally.



Image: Hiakai



19



Connecting border protection to our food culture.

The first human many New Zealanders and visitors to this country experience on arriving at the border is the MPI Biosecurity Officer. As the survey highlights, these officials play a critical role in protecting our national economy but many people to whom they talk have no understanding of their role or of the contribution that the industry they are protecting makes to our economy. The idea was floated that, once people have passed through biosecurity, they could be given a sample bag featuring some of our agri-food products together with a brochure introducing the sector. It could include information about the role the sector plays in New Zealand society and details of places across the country where people can engage with it, such as restaurants, tourist attractions, pick-your-own farms, farm stays and tours, wineries and retail outlets. The biosecurity experience provides a unique opportunity for the agri-food sector to engage with visitors and New Zealanders alike.

hiakai

www.hiakai.co.nz


Creating a foodie culture

Fusing fine dining with traditional indigenous ingredients Chef Monique Fiso, of Hiakai, is working to bring New Zealand food back to its roots.

After working in some of the best restaurants in New York, Monique has recognised an opportunity to capitalise on our native advantages and create a food experience like no other. "In New Zealand we have a mind-set of copying what is already in the global market, we have struggled to articulate what a true food experience exclusive to New Zealand is. We are not clear what it actually is that we are famous for when it comes to food".

Despite having all the tools, ingredients and land, we lack an integrated food identity home-grown to our culture. Monique adds we need to articulate what we want our food culture to be, suggesting "food off the land and inherent to the people, of this time, and the past".

Kiwis follow the model that everyone else does around the world; "we flock to the heart of the city, to restaurants serving westernised food calling it contemporary NZ cuisine". Monique's international experience highlighted that there is no knowledge globally about what an exquisite kiwi meal should consist of; our traditional foods are not utilised or storied to capture value and craft our individuality.

Re-shaping what it means to cook kiwi cuisine, Monique fuses unique NZ historic techniques and ingredients, by creating not only a meal, but a true immersive experience.

Using a pop-up bell tent, fitted out as a fine dining space, she creates an opportunity to utilise native flora and fauna and traditional hangi cooking methods, to create uniquely New Zealand experiences. With the ability to rotate the pop-ups through different regions, Hiakai is able to "highlight the regional differences in our food. An open kitchen experience offers foodies a front seat experience to creating true New Zealand cuisine".

With a lack of commercially available native ingredients, cooking with them can be challenging. "Encouraging growers to commercially produce products will address the challenge for our chefs". Once ingredients are sourced it comes back to the chefs themselves; they need to acquire the skills to best showcase our beautiful cuisine.

"Given the lack of focus on New Zealand as a unique food destination, we will struggle to attract and retain chefs if we keep replicating what everybody else does rather than creating our own food style". Monique looks to the Nordic Food Movement as an exemplar; they challenged themselves, used native products, and have created a true food movement. "Top chefs leave their jobs to go and learn from them". Monique suggests we urgently need to create a culture in which top chefs are eager to come and share our passion for our traditional, indigenous food rather than them heading off to Copenhagen or Oslo.

20



Extending our food experience through co-product innovation.

A strong food culture has to be built on a sustainable platform which sees all aspects of a plant or animal grown for food being utilised in a meaningful way. Food cultures around the world recognise this, with many incorporating into their cuisines elements of products we would consider to be waste or by-products; they create unique sensory experiences with these. We need to recognise this trend and, while our palates may struggle to eat all of the elements of some of the products we grow, thinking widely about how co-products can be utilised is critical, particularly as the focus on functional foods and nutraceuticals around the world grows. Given that New Zealand is late to the table in the food culture stakes, we have opportunity to develop a culture that fully integrates emerging food trends to maximise the likelihood that it will attract an influential global following.



Capitalising on the benefits of diversity



RELEVANT SURVEY RANKINGS TO THIS THEME:

2017 PRIORITY RANK NUMBER:

11th



Infrastructure for strong rural communities

2016 PRIORITY RANK NUMBER: 15

2017 PRIORITY RANK NUMBER:

42nd



Exploring scale organics

2016 PRIORITY RANK NUMBER: 42

The leadership of the primary sector in New Zealand has been dominated largely by ageing Caucasian males from the day commercial agriculture started in this country. They have done a good job, building and sustaining New Zealand’s largest export sector. As the agri-food sector pivots towards its consumers, the need to utilise the diverse talent that is available in Aotearoa New Zealand and beyond increases.

Recent moves by the NZX to upgrade its Corporate Governance code to require listed companies to adopt a formal policy around diversity has been interpreted by some as imposing a requirement on companies to set quotas for the number of women they recruit into leadership positions. Our conversations with industry leaders indicated that there is little desire to see quotas imposed on any organisation but a clear understanding of the opportunity inherent in looking widely for the most talented person for a role, be they male or female, pākehā or Māori, Asian or European, able-bodied or disabled, or gay or straight.

In a world where the ultimate consumers of our products are male, female, pākehā, Māori, Asian, European, able-bodied, disabled, gay and straight, our organisations must increasingly reflect the customers to whom we seek to sell if we are to understand what drives and inspires them on a day-to-day basis and connect with them emotionally. New Zealand, as the youngest developed country in the world, has a distinct benefit in that many of the people in our community have made conscious decisions to travel here or are descended from those who have migrated to this remote region of the world.

New Zealand benefits from having significant diversity inherent across our community and unlocking this under-utilised capability must be a high priority if we are ever to create a truly prosperous nation for all New Zealanders. This is not a numbers game, nor is it tokenism; bringing diversity into our boardrooms, executive suites, offices, orchards and milking sheds is critical to ensuring that, on each and every day, we present the best of ourselves to our partners and customers across the world.





23



Leveraging the contribution made by half the industry.

The ownership structures of most farming businesses mean that women are significant partners in New Zealand’s agri-food sector although the point was made during our conversations that their contribution is often overlooked and undervalued. While organisations like Rural Women New Zealand, Dairy Women’s Network and Agri-Women’s Development Trust exist to support women in the sector, ensure that their voices are heard and equip them with skills to make a greater contribution to their businesses, industries and communities, there is still more that needs to be done to leverage fully the contribution women can make to the agri-food sector. It is often overlooked that it is women who ultimately purchase the majority of the products we grow for the world. Women provide diversity of perspective and empathy with our consumers, which we have noted in past Agendas has been, and is still, lacking in many organisations, while also increasing the ability of an organisation to engage with all stakeholders.

21



Promoting leaders that back their best talent.

As change becomes the new normal, more leaders who are prepared to take bold steps are required. The role of a leader is not to shield those they lead from every threat but to forge pathways that make it easier for others to be successful. We need leaders prepared to step outside their comfort zones and break their unconscious biases to recruit the best person into a role, regardless of their background. Tone from the top will shape the behaviours of leaders and employers throughout the sector.

22



Listening to the voices of youth.

The Future Leaders Agribusiness Agenda, which KPMG co-created in 2015, highlighted clearly the significant benefits of listening to the voices of young people in an organisation. They have strong ambitions for what is possible. Initiatives such as associate director appointments to the main board, parallel aspiring leaders’ boards, and ideation events like hackathons and online communities all help to connect young people to an organisation and provide input into its strategy and tactics.



24



Building Māori capability for the agri-food sector.

The pivotal role Māori organisations will play in New Zealand’s agri-food future was highlighted by a number of contributors. The inter-generational time horizons that Māori take to business and alignment of commercial activities with the social goals and objectives of the organisation create the potential to provide emerging Māori business leaders with fulfilling and challenging career opportunities. There have been a number of initiatives entered into between iwi, trusts and education providers to create pathways that will enable young people to be developed into operational, and ultimately leadership, roles within their whanau or iwi organisation. The ability to connect a deep understanding of purpose with the cultural values and beliefs of Māori, will ultimately create future leaders for the wider agri-food sector that deeply understand the how to connect doing what is right by the land to create value which benefits the whole community.



25



Launching a pan-industry future leaders’ programme.

Historically, sector leaders developed capability through roles with smaller entities before stepping into senior positions. With consolidation, many of the roles on which today’s leaders cut their teeth have gone, reducing the options available for gaining the necessary experience required before seeking senior positions. Building a diverse leadership pool requires investment, although many organisations lack the scale to do this independently. The need was highlighted for a collaborative future leaders’ development framework that immerses people into all aspects of leadership and which could build on existing programmes run by companies as well as initiatives like the Kellogg Rural Leadership Programme.



26



Crafting relevant entry pathways for varying regions.

Too often a solution to a problem is identified and then used to solve a multiplicity of problems that, on the surface, appear to be similar. Many existing talent-attraction programmes adopt a one-size-fits-all approach nationally. The reality is that the messaging used to attract people from South Auckland into agri-food will need to be different from that used in the Waikato despite the regions being geographically adjacent. Highly tailored pathways are required to engage with target audiences, particularly in urban areas, if the industry is going to attract the most talented people to consider its career opportunities.

27



Enabling regional employers to attract the talent they need.

The lack of social infrastructure and patchy connectivity in rural areas make it difficult for ambitious people to see through the living challenges and look at the potential inherent in a regional employment opportunity. The idea was raised for a strategic regional employment fund for key roles in organisations that are regionally based. It was suggested that a tax incentive could be available to an organisation so a package could be offered for a key role in a regional area to attract a person with critical global skills to consider the role at least. Placing the right people in significant roles will amplify the impact that the organisation is able to make to New Zealand.

28



Maintaining the licence to operate through purpose-led people.

It was suggested that, too often, we focus on the really important things only when we are about to lose them. Some of the challenges the industry faces have arisen because people have allowed their business activities and personal values to fall out of alignment. It was suggested that the industry should be focused on recruiting purpose-led people: those who will call out and stop doing something that is unaligned to their personal values and are prepared to apply a higher standard to themselves than the rules would require. Success will come more easily for an industry that is made up of passionate people doing the right things for the right reasons.





29



Paying a fair wage for a fair day's work.

This is not the most radical idea in this Agenda but it was highlighted that employers prepared to pay a fair wage do not tend to face the same struggles recruiting and retaining good staff as do others. Valuing the contribution people make to a business appropriately and going beyond financial rewards to the quality of the working environment, training and opportunities for advancement are critical to retaining talent. To those that argue they can't afford to pay more or provide benefits, it was suggested that the problem may be their business models; they should ensure that they are producing products for people at price points that deliver economic returns.

30



Increasing maturity around success and failure.

Bringing the most talented people into the industry is critical to long-term prosperity. However, successful people will bring their creativity and talents to the sector only if they perceive it to be a good place to work. Our ongoing fixation with the tall poppy syndrome, a desire to chastise those that achieve success, together with our need to crucify those that fail, do not provide compelling work environments for high-performing people. Maturing as a community to be able to celebrate success while focusing on the learnings from failure will create workplaces that are more welcoming of the diverse talent we need.





Delivering an integrated lifelong, learning framework



RELEVANT SURVEY RANKINGS TO THIS THEME:

2017 PRIORITY RANK NUMBER:

9th



Developing future leaders

2016 PRIORITY RANK NUMBER: 9

2017 PRIORITY RANK NUMBER:

26th



Incentivising students into agribusiness careers

2016 PRIORITY RANK NUMBER: 19

2017 PRIORITY RANK NUMBER:

33th



Mandating minimum Health and Safety practices

2016 PRIORITY RANK NUMBER: 24

The discussion about attracting the best talent to the agri-food sector goes hand in hand with a conversation about equipping them with the necessary skills to deliver high-performance outcomes consistently. The effectiveness of the education infrastructure in serving the sector has been addressed in previous Agendas.

Similar concerns about the system arose during this year's conversations: concerns about whether or not institutions are sufficiently integrated across the sector to provide cohesive lifelong learning pathways for people seeking to progress from school, through tertiary education and, ultimately, into continuing professional development. Other recurring concerns voiced include: the lack of focus placed on the agri-food sector in the school curriculum; funding models for institutions that are geared towards volume in favour of quality; and the understanding that teachers hold of the skill requirements of today's agri-food sector.

Questions over whether or not the education sector is meeting the needs of the sector was a top of mind for a number of our contributors. The current work being undertaken into the future direction of Lincoln University was identified as an opportunity to take a fresh look at how the education sector is configured to deliver the new skill sets that the sector is seeking. There was recognition that the current framework of institutions and assets that deliver agri-food education and training services is too fragmented and the quality of the education often inconsistent.

It would not be fair to suggest that there has been no innovation in the sector. The development of the NCEA-level Agribusiness curriculum, led by St Paul's Collegiate in Hamilton, demonstrates what is possible when passionate educators seek to develop a programme for high-performing young people with a desire to build a career in the agri-food sector. The opportunities for people across the industry to seek ongoing professional development continuously expand. The increase in the number of people accessing programmes run by the Agri-Women's Development Trust demonstrates the demand for relevant programmes that are designed to meet specific needs.

Digitalisation is redefining how many products and services are delivered in our day-to-day lives and education will not be exempt from this change. The ability for people in New Zealand to go online to source the best programmes available globally introduces new competition to domestic institutions.

However, the ability to deliver education online also provides domestic institutions with the opportunity to leverage New Zealand's reputation for innovation and quality in the agri-food sector to become global leaders in sector-specific training. Seeking to be the best in this area will benefit the institutions as well as enable them to lift investment in their programmes and deliver better learning outcomes to the whole sector. A critical component of an organisation securing a premium market position is having the right people executing exceptionally. Action is required to ensure New Zealand has a fit-for-purpose labour force.



33



Supporting schools to foster thinking skills and entrepreneurial capability.

There was much talk about attracting the most talented people into the industry but little talk about what needs to be done to grow the talent pool available to the economy as a whole. One contributor questioned whether or not there are enough entrepreneurially minded, inquisitive young people leaving our schools and whether or not the sector has a role to play in growing this pipeline. The suggestion was made that, for its own benefit, but also for the wider benefit of New Zealand, the agri-food sector should support the development and delivery of programmes that equip young people with critical thinking skills and entrepreneurial talent. Young Enterprise does this already but we really need to lift capability in commercialising ideas through providing live experiences in today's disrupting market places through case-study competitions, hackathons, funding start-ups and other similar initiatives.

31



Engaging with school kids from the day they start preschool.

Most children crave knowledge and are highly motivated to learn about the world around them. The agri-food sector provides a plethora of themes that can be incorporated into lessons for subjects as traditional as Maths, English and Science, and as diverse as Art, Music or Physical Education (rural sports anybody?). Teachers will teach with the best materials available to them. The onus is on the industry to develop compelling learning modules that fit into the mainstream curriculum for students from preschool to Year 13.

32



Getting kids out of the classroom and onto the farm.

We have talked with hundreds of industry leaders over the eight years we have produced the Agribusiness Agenda. Many of them were urban kids but they have pointed to events in their childhoods which sparked their initial interest in the primary sector: these were events that ultimately led them to leadership roles. It is critical that the industry supports programmes that seek to deliver every single school student in New Zealand an immersive experience of the agri-food sector to try and ignite that spark of interest amongst today's kids and tomorrow's leaders. Whether it be supporting the proposed Experience Centre at the ASB Farm at Mount Albert Grammar School in central Auckland, collaborating to create farm-stay programmes for schools or taking school groups to Field Days and A&P Shows across the country, there is a need to work collaboratively to ensure that every kid has the opportunity to move out of the classroom and onto the farm.



34



Offering financial incentives to attract the best talent.

In previous Agendas, we have argued that student funding and loan schemes should be directed to incentivise young people to take courses that offer the best career opportunities for them in New Zealand. Given this would mean students studying different programmes being treated differently, it is politically challenging for the government; thus, the industry needs to explore options where it could provide stronger financial incentives to attract talented young people to the industry. Rather than the current patchy approach to scholarships, there is the opportunity for organisations to collaborate to offer meaningful financial incentives to all students who pursue sector-aligned programmes and commit to work in the industry after graduation. Ideas for programmes suggested include cash grants, additional loans that are written off as the graduate works in the industry, internships during study breaks and funded travel experiences to complement the institutional learning that the student completes.



35



Rethinking agri-food-based tertiary education provisions.

The issues facing Lincoln University and the review under way to consider its future were raised in many conversations. It was noted that the review provides a unique opportunity to reassess how we structure the delivery of agri-food-based tertiary education across New Zealand. Questions were raised about the number of providers in the sector, whether or not we need a world-class university-level institution focused on the sector, and the interaction of universities with research institutes and other science-based organisations. While much of the talk was about land-based education, the reality is that our solution needs to position us best to provide learning and research capability across the value chain. The prevailing view, on balance, was that some rationalisation is needed to ensure resources are focused on delivering high-quality education rather than on funding multiple sets of overhead costs and to enable programmes to be made as accessible as possible through regionalising delivery and utilising digital technology.

36



Leveraging global university partners to create a unique centre of excellence.

Through the Te Hono Movement, New Zealand's agri-food sector has created a globally unique relationship with Stanford University in California. Other organisations have collaborative partnerships with institutions like Wageningen UR in the Netherlands, University of California, Davis and Harper Adams University in the United Kingdom. New Zealand offers leading academics and researchers from institutes like these and others a unique opportunity to research, test and learn about premium agri-food product value chains. We should establish an agri-food centre of excellence in partnership with globally recognised institutions. By supporting the institutions to second leading academics to the centre to pursue research interests relevant to our market, we will create opportunities for them to work with New Zealand academics and organisations to build the knowledge capability across the industry.

37



Identifying and empowering change leaders.

Another element of the capability discussion revolves around equipping future directors and governors to bring relevant perspectives to their leadership roles from the day they are seated at the board table. While there are many governance programmes in place, the point was made that these do not lift people out of their day-to-day activities for too long and are often delivered once the person has reached a leadership position. In the past, entities like the Dairy Board provided offshore placements to young New Zealanders. Those opportunities have largely vanished yet the knowledge they enabled people to build is more necessary today than it ever was. The suggestion was made that it would be worth investing in our brightest emerging leaders early and giving them immersive offshore experiences for extended periods so they can build a detailed understanding of markets and networks, which will assist them later in life. It was suggested that this could be run as a structured OE programme, allowing time for young people to live life while also taking part in planned educational activities.

38



Professionalising the industry inside the farm gate.

The sector has prospered for decades without formal learning requirements for farmers and growers. Learning and development has been informal: over the fence, through field days, at the pub or through reading some of the material farmers receive by mail. That system worked before the onset of the 24-hour news cycle and the increasing focus of the wider community on the sector's environmental and ethical performance. Today, the sector can no longer rely on informal upskilling. It was suggested that the time has arrived to introduce a continuous professional development system, similar to that used by other professions, covering themes like ecology and soil science, business, people management and animal welfare. It would indicate clearly that working the land is a true profession: one committed to ensuring its practitioners consistently seek to utilise the latest available thinking in operating their businesses.



39



Equipping producers to maximise their roles in the value chain.

For decades, farmers have been encouraged to focus on enhancing productivity and growing volume and leave what happens beyond the farm gate to the cooperative, processor or exporter. This has left many producers not knowing who their consumers are and unable to understand the volatility inherent in the returns they receive. Whether it is via value-chain partners, industry-good organisations or academic institutions, programmes are needed to enable producers to understand more about the value chains in which they participate, how these are evolving and the options available to them for maximising value. Farmers and growers need to have the knowledge that enables them to think more widely about the options for their businesses.





Fatima Imran from Mt Albert Grammar School

Inquisitive and open-minded, Fatima Imran of Mt Albert Grammar School in Central Auckland, has a foresight on the future of agriculture far beyond her years. Appreciating the innate potential inherent in the New Zealand agri-food sector for diverse and challenging careers she initiated her first step on a path to a career in Agriculture in year 10.

Aspiring to show her peers, the future leaders of New Zealand, that agriculture has the potential to offer more than physical work on a farm, she permeates enthusiasm and excitement for the sector. "Agriculture has such wide applications, I have been studying alternative proteins with crickets and the sciences in agriculture, it isn't all about traditional farming" encouraging those around her to follow her footsteps and study careers in Agriculture. She also highlights the opportunity to integrate her interest in business and accounting into her study programme.

With no agricultural connections in her family, Fatima stepped out of her comfort zone to study the subject but saw the infinite opportunities. "My Grandfather studied English and languages, my mother was a primary teacher, and my dad was an accountant. When we came to New Zealand I had never been exposed to anything to do with farming. I think my parents expected me to look at normal career options like becoming a doctor or accountant. In year 10 I decided to take agriculture as a subject. We had a farm on the school grounds, which is so exciting, no other school has this. No one else took agriculture and I thought it would be fun and it turned out to be very challenging too!"

Sparking a fire for the subject has increased awareness among her peers and she has found herself speaking at events with senior leaders in the sector, including the recent New Zealand Agri-Investment Week Future Leaders event in Palmerston North

Highlighting the breadth of the industry; Fatima notes that business, science, technology and marketing are all attractive opportunities in agriculture that most don't associated with the industry.

Against the grain of what her friends considered a "cool" course, Fatima has embraced the subject as the unexploited opportunity for students in Auckland. With the support of her parents to "never drop the subject as New Zealand needs Agriculture" she has committed to continue her studies and wishes for a future in agri-food.

"Everything starts with agriculture – the land, the people, our food. People become so obsessed with careers like becoming a doctor or a lawyer, but agriculture encompasses so many professions and brings them all together".



40



Educating the industry about core Māori values.

Most of the ideas about enhancing our learning systems are things that any country could choose to do. While they help in identifying and nurturing talented people, they may not differentiate New Zealand in the market. During our conversations, it became apparent that the way we differentiate ourselves is by building capability around core Māori values like kaitiakitanga, manaakitanga, mauri and whakapapa, together with the protocols that surround the culture. These concepts are unique to New Zealand and provide a valuable lens for shaping our thinking about how we use our land and water, build relationships with people and present them with solutions to their problems. The reality is that too many New Zealanders are uncomfortable with our indigenous culture and fail to recognise the point of difference it can deliver to all. Every organisation needs to work to lift their people's competency and confidence in these core values, whether they are based in New Zealand or not.



Pursuing
sustainability first —
no debate!



RELEVANT SURVEY RANKINGS TO THIS THEME:

2017 PRIORITY RANK NUMBER:

11th



Penalties for those that don't protect animals

2016 PRIORITY RANK NUMBER: N/A

2017 PRIORITY RANK NUMBER:

17th



Schemes to regenerate native ecosystems

2016 PRIORITY RANK NUMBER: 17

2017 PRIORITY RANK NUMBER:

37th



Implement water costing mechanism

2016 PRIORITY RANK NUMBER: 35

The impact that the agri-food sector has on our natural environment was a dominant theme in many of our conversations this year. We came away from the discussions with little doubt that the majority of our contributors recognise that the future prospects for the industry are inextricably linked to its stewardship of the environment and water. It was also apparent that, for most leaders, sustainability is a bigger conversation than just that about the land and water; it is also about the role they take in ensuring their animals live good lives, and their employees are treated respectfully and kept safe, and in contributing to making New Zealand a better place for all New Zealanders.

Recognition that the industry's licence to operate is no longer guaranteed is shaping the thinking of many of our contributors on how their organisations and industries need to act to become truly sustainable. They acknowledge that, as the contribution that the tourism sector makes to the economy increases, perception grows that the dependency on the wealth generated from agri-food is waning. The implication of this is simple; the wider community is increasingly comfortable with tougher regulations if they preserve our natural environment. They recognise this will protect the ability of the tourism sector to continue to grow its contribution to the economy.

The takeaway from our research for this year's Agenda is really simple; it must be sustainability first in everything that every organisation in the agri-food sector does every day and we cannot continue to debate this. When an organisation tries to defend what the wider community perceives to be indefensible with science and logic, it weakens trust and leaves many feeling that the farmers and growers around the country are just ignoring the places that are important to them.

Attachment to place is not something that can be measured easily. It is the emotional connections we each hold to the places, people and events that make us who we are today. Māori articulate this beautifully through the description of their whakapapa but, whether a person identifies as Māori or was born in Asia or Europe, we each have our own personal whakapapa that we want to see preserved and respected. When we perceive somebody to be failing to respect or, even worse, damaging the places that are central to our own stories, statistics will never make this right; they just reinforce perceptions of arrogance and widen the divide in our community.

This divide, which is often referred to as the rural/urban divide but is, in reality, much greater than this as it is a primary industries/New Zealand divide, is inexorably growing larger and proving to be more difficult to bridge. It can no longer be ignored. It has become a major roadblock to industry, capturing value as it leaves many attempts to tell a sustainability story looking shallow and insincere. The challenge for the sector is to commit to engaging with the wider community on sustainability at an emotional level: a level that respects and enhances the whakapapa of every New Zealander.



43



Curtailing the development of sensitive land.

One contributor, reflecting on a recent trip to Europe, highlighted that it is apparent that, increasingly, sector leaders in Europe are regretting their failure to take action to curtail development of sensitive land before it was too late. Some farmers around New Zealand are constructing barn-based farms or feed pads in response to environmental compliance issues; however, these solutions cause irreversible damage to the environment and can eliminate the ability to regenerate an ecosystem. It is time to be serious about protecting our sensitive land and ecosystems; a number of contributors suggested that this means there is a need for a national land-use plan and the associated planning constraints that would come with this. This will mean that some landowners will face restrictions on how they use their land but failing to take action will increasingly challenge our ability to secure premium prices for the products we supply to the world.

41



Making bold commitments on how we operate.

It was suggested, politely, that too many in the primary sector have rocks in their heads if they believe that the solution to securing their licence to operate will be achieved by pushing back against and trying to discredit every negative media story. The reality is that the environmental conversation is currently owned by environmental pressure groups. Rather than being stuck in a blame game, it would be better to focus on how the sector can re-engage with the wider community. This needs bold thinking and actions that are sufficiently distinctive that they reposition the whole argument; these may be pledges on becoming carbon neutral, pest eradication, regenerating native land or paying a living wage. It is time to kill the victim mentality, recover pride and shift community perception of the sector from villain to hero.

42



Appointing sustainability ambassadors for New Zealand's agri-food sector.

Steve Irwin changed the world's perception of salt-water crocodiles by helping people to understand them in a way to which they could relate. Jamie Oliver has created a debate around healthy eating in schools. Both have made the topic that is important to them fun, informative and accessible to the wider population. The agri-food sector needs to identify its own Steves and Jamies, and enable their passion for the industry and its stories to shine through to the New Zealand community and beyond. Identifying a select group of industry ambassadors and providing them with the platforms on which to share their stories and engage with New Zealanders are important steps in closing the gap between them and us.





44



Moving with velocity to deliver on the community’s desire for swimmable water.

As we noted in the summary of the survey results, it was very clear during this year’s conversations that many industry leaders believe swimmable must mean swimmable as it would be understood by anybody in the community. Taking until 2040 to deliver scientifically swimmable water will not be acceptable for most members of the community and will allow an open sore between the sector and the rest to fester for another 23 years. The call was made that the agri-food sector needs to develop its own action plan for water quickly with more ambitious targets and a shorter implementation time frame.



45



Avoiding policy frameworks that grandfather adverse environmental outcomes.

As each region develops environmental management policies, one common issue arises every time: How will nutrient loading be allocated between farms in a water catchment? It is clear from our discussions that this is a highly divisive issue given the impact the allocations can have on land values. It was highlighted that policy frameworks should not reward those who, historically, have failed to meet environmental obligations by grandfathering current nutrient loadings. Rules need to respect the investment people have made into their land but should not penalise those who have achieved better environmental outcomes over time by devaluing their land. Trading mechanisms within catchments must be incorporated into frameworks to provide farmers with time to transition their farming systems to operate within the confines of their loading limits.

46



Exercising the obligation to shape what happens on farm.

The processor/exporter that sits between the producer and the market benefits directly from being part of a premium, high-value industry. They are in a unique position, being required on a daily basis to understand emerging market trends and the value consumers attach to specific product attributes. The view was expressed that exporters have an obligation to translate market signals into pricing programmes that support farmers seeking to make their businesses better for themselves, the community and the environment. The counter-argument to this is that they must be equally resolute in refusing to tolerate suppliers that fail to aspire to do the right things; there should be no shelter for those that choose to hide from consumer expectations.



47



Requiring an integrated report on performance.

With a few stand-out exceptions, the majority of New Zealand organisations are not keeping pace with the rest of the world in terms of the sophistication applied to reporting their performances. The annual report remains focused on financial metrics. Best practice internationally sees companies using a wider spectrum of measures of analysis and reporting of their results. To increase accountability to the community and better inform potential consumers about the steps taken to deliver them safe, sustainable food, more organisations need to publish comprehensive reports that provide quantitative and qualitative analysis of all aspects of their operations. If organisations are unwilling to take this step voluntarily, it was suggested the government could mandate reports from organisations actively engaged in the utilisation of New Zealand's natural capital.

48



Accelerating actions to address climate change obligations.

While the Trump administration has taken a sceptical position to man-made climate change, the rest of the world is operationalising the commitments they made in the Paris Accord in 2015 and accelerating their transitions to low-carbon economies. Given New Zealand's greenhouse gas profile, meeting our commitments requires a significant contribution from the primary sector. New Zealand should aspire to lead the world in mitigating the impacts that agriculture has on human-induced climate change but to achieve this requires financial signals. The suggestion was made by a number of contributors that the agri-food sector should welcome its early inclusion into the emissions trading scheme, with a framework of incentives and penalties to encourage the right behaviours.



49



Creating a land bank that funds environmental enhancement.

Many of the banks offer products that support their customers to complete investments which enhance the sustainability of their businesses but, with the dairy downturn, innovation in this area has slowed. The environmental expectations of the wider community together with the need to address climate change means the rate of investment in such programmes will need to increase and some of this investment will need to be carried out because it is the right thing to do rather than because it delivers a return to the bottom line. There is the opportunity for banks, processors, iwi and sovereign investors (like the Super Fund and ACC) to come together and create a land bank that provides long-term finance to support landowners to make the investments necessary to preserve their licences to operate at a pace that would not happen if strictly commercial considerations were applied.



Sustainable farming

Adapting to changing consumer expectations and doing what is right by their land has seen the Gordon Stephenson Trophy and supreme winners of the Auckland Balance Farm Environment award for 2016, Dianne and Richard Kidd continually seek to redefine what it means to be sustainable farmers.

Farming at Whenuanui Farm at Helensville, North of Auckland since 1978, they have consistently focused on grasping opportunities to shift from volume to value.

Dianne explains that “transparency, traceability and telling our food story is a large part of the sustainability approach we take at Whenuanui. This is not only a crucial element for food producers, but anyone in the sector”. The Kidds are very clear that the sector needs to reconnect with the wider community and consumers to know about their food products and how they are produced.

The Kidds have been driven by a desire to farm to the highest standards of sustainability for nearly four decades. More recently they have focused on how sustainable farming can assist in capturing more value from the food they produce.

Richard notes that “by creating a situation in which there is less pressure on stock and on the environment we have developed a model to grow quality food products without compromising the environment”. He points to their early action to fence off marginal wetlands and native bush to ensure they are working with good quality pasture has assisted productivity, improved sustainability and made the farm safer for their team to work on.

The Kidds also recognise it is important for farmers to share their stories with community and have become interested in consumer education. “Most children grow up thinking their milk comes from the fridge, education around farming and

the environment is a crucial element to creating a sustainable future for the sector”.

Richard explains his belief that creating premium food products requires systems to be operated below the maximum capacity of the land. The Kidds have worked with likeminded farmers in their region to create Kaipara Lamb, a high quality grass fed lamb supplied to Countdown stores in the upper North Island. Dianne adds that so much of what is the story we wrap around our natural proteins. They believe premiums and incentivisation for producers are effective and efficient ways to create change quickly. Being out in the lush green grass is a great story but that’s only 80% of the story. Farmers also need to diversify, brand themselves and story their products locally and regionally.

As part of their prize for winning the Ballance award, the Kidds have recently visited Europe. During their visit they explored the Origin Green approach in Ireland. Dianne notes it is successful, “although we have better farms in New Zealand, they have an enviable national collaborative food strategy across the supply chain with government, industry and farmers”.

They also observed that we are currently placing a significant focus on water quality in New Zealand, but overseas there does not appear to be this same emphasis. The impression the Kidds left Europe with was that the primary focus there is saving biodiversity and also carbon footprint.

The passion the Kidds have for their farm is clear from talking with them as is their message. With a historic focus on volume in New Zealand, we need a cultural and strategic switch to focus on value. We have the technology to drive innovation and productivity – we just need to ensure change is effective and timely.

50



Introducing incentives to optimise the use of water.

Like the carbon footprint, animal welfare certifications and proof of not using child or slave labour, the water footprint is becoming a ticket you need to have to sell to premium markets. This presents an issue as New Zealand farmers have never focused on how to optimise water use in their systems, since we are a country that generally has more water than we need, in most regions, most of the time. However, wasting water, even if we have an unconstrained supply, will not be acceptable to customers in water-constrained countries. The need to incentivise producers to adopt world-class management practices, for instance, in grey water recycling, precision irrigation and water-storage technologies, was highlighted. It was suggested that the most effective way to encourage a shift in water optimisation would be to announce the introduction of a water charging regime with a phased implementation plan.



Adopting and utilising technology quickly



RELEVANT SURVEY RANKINGS TO THIS THEME:

2017 PRIORITY RANK NUMBER:

4th



Deliver high speed rural broadband

2016 PRIORITY RANK NUMBER: 4

2017 PRIORITY RANK NUMBER:

34th



Initiating Genetically Modified field trials

2016 PRIORITY RANK NUMBER: 37

2017 PRIORITY RANK NUMBER:

40th



Reforming levies to enable multi generational projects

2016 PRIORITY RANK NUMBER: 40

Previous Agendas have highlighted New Zealand's position as the only developed country in the world that relies on the biological products it grows and sells to create the wealth that pays for key social assets like schools, roads and hospitals. This position has been achieved through progressive adoption of innovation, which has driven productivity and enabled us to capture more value from the country's natural environment and favourable climate. The current challenge facing the industry is that these successes have been achieved against a background of low innovation across the global agri-food sector; this is something that is changing very rapidly.

The emergence of technologies that can fuse physical, biological and digital elements to create solutions that, previously, were confined to the realms of science fiction means the innovation game has irreversibly changed for the agri-food sector. Combine these solutions with a huge injection of financial resources coming from new investors into the sector (including angel investors, venture capitalists, private equity funds, and chemical and pharmaceutical companies) and the speed at which change is able to occur causes us to believe that the world is entering the first global agrarian revolution: the most significant period of change in the global food system in centuries.

The implication of this is simple. The evolutionary innovation approach, which has delivered so much benefit to New Zealand's agri-food sector since the removal of subsidies and price support in the mid-1980s, will not be sufficient to deliver future competitiveness. Emerging biotechnologies are shortening the breeding cycle for a new cultivar with desired traits from decades (with a bit of luck) to a few years and uncertainty is largely removed. Evolving digital technologies make it simpler to integrate numerous data streams to augment the intuition of farmers, regulators and customers. These and other innovations make it critical that the sector challenges itself over the ways in which it identifies, assesses and utilises all emerging, disruptive technologies.

There were two clear themes that stood out during our conversations in relation to innovation: one relating to the way that New Zealand as a nation understands and assesses the opportunities inherent in bioscience (a theme discussed earlier in this Agenda in the survey results section) and the other to the approach organisations are taking to sharing data. There are significant concerns around how we are leveraging data as a country, with the view being expressed that we are moving backwards in comparison to other nations as organisations are not prepared to share data. It was suggested that companies are choosing to keep tight control over their data until they understand what financial benefits they may be able to extract from it; thus, they are not recognising that, without collaboration, the benefits may be negligible.

In a future where change will be the only constant, the ability to identify and adopt emerging technologies quickly and early will be critical to maintaining an edge in premium markets. While our history of innovation demonstrates a comfort with change, the speed and nature of change in front of us requires organisations to rethink all aspects of their innovation processes to create a culture that thrives on the challenge of uncertainty.

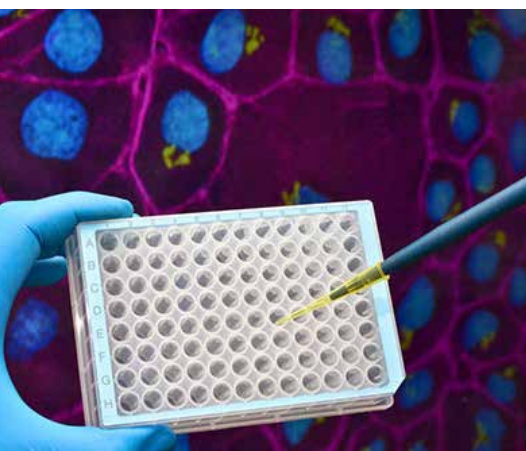


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Making sure we have rapid access to the best technology in the world.

With so much innovation occurring in the agri-food sector, one of the biggest challenges for many organisations, particularly smaller businesses, is keeping up with the innovations being brought to the market and identifying what is relevant to them. In previous Agendas, we have noted our belief that universities and crown research institutes should be focused increasingly on seeking out relevant technologies for the country rather than seeking to deliver all the answers from their own research. However, the more organisations that are focused on scanning, analysing and identifying relevant technology for their industry and stakeholders, the more likely we are to find and secure access to the best solutions available globally. It was suggested that industry-good organisations, processors, exporters and business partners should all be active contributors to the ongoing search for game-changing technology.



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Delivering express, reliable connectivity to all regions across the country.

While the issue of connectivity did not feature as prominently in this year's conversations as it has done in the past, the priority for fast national connectivity retained its number-four ranking in the Agenda leaders' survey. There has been progress made in delivering fast connection speeds to more people in recent years but contributors commented that there is still much more that can be done. We must continue to work to make sure that connection speeds are never a barrier to the adoption and use of the latest technologies. Given the geographical challenges of coverage and the associated economics of building the assets, it is likely that ongoing government investment will be required to support the roll-out of faster rural infrastructure. We should not be afraid of exploring public-private partnerships, if such arrangements accelerate the speed of connectivity in remote areas.

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Collaborating to capitalise on the inherent potential of data.

Numerous leaders commented on the exciting opportunities in emerging data and Internet of Things technologies; however, they noted that turning the collected data into something useful is a significant challenge. Two key themes around data collaboration emerged: the need to create a platform that allows effective sharing of data; and the need to involve the right capabilities in building algorithms, if we want them to be transformational. The suggestion was made that a single, industry-owned data depository be developed with the partners that contribute their data having rights to access and utilise all the data in the depository. It was suggested that, if a commercial solution cannot be reached, the benefits inherent in data may ultimately require a regulatory response that results in the government collecting and providing critical data sets. The need to incorporate detailed knowledge of biological systems into the solutions being developed was also highlighted. This would enable algorithms to move beyond providing answers to single questions that are sought by individual organisations and, instead, provide more comprehensive solutions relevant to numerous organisations and all aspects of a farming system.



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Accelerating the incorporation of blockchain solutions into consumer integrity plans.

The potential application of blockchain technologies to the agri-food sector has come into sharp focus during the first months of 2017. Blockchain, a technology developed to support digital currencies like Bitcoin, was initially viewed predominately as a financial services tool. However, its ability to track an item through a value chain, attaching information to it that supports its provenance, has meant that many agri-food organisations are looking at the applicability of the technology to their businesses. The technology would require a significant uplift in data-management capability across the value chain but rapid adoption could differentiate a product in the eyes of a consumer. The technology would impose cost onto input providers, farmers, processors and exporters, but the greater integration between these businesses would reshape the way that agri-food value chains work.

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Incentivising rapid adoption of new technologies through the tax system.

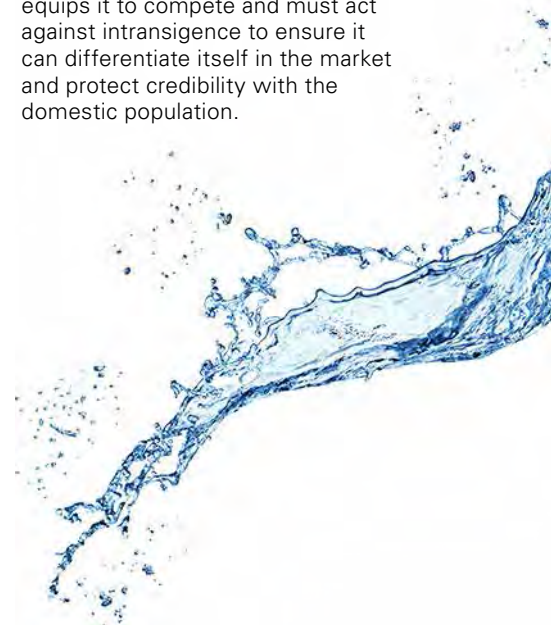
While the benefits of new innovation are often apparent, the challenges and uncertainty of change mean that many choose to adopt technology slowly or not at all. As a consequence, the potential economic, social and environmental benefits of an innovation are never realised. Current government innovation incentive schemes offer support to businesses developing technology solutions but provide little or no support to organisations that are prepared to take on the risk of being early adopters of technology. The suggestion was made that the government could provide accelerated tax depreciation on innovations that have both economic and environmental benefits, so that companies that adopt an innovation within a defined period from its commercial launch (say, 18 months) could claim a full write-off of the cost within the year of expenditure for tax rather than over three, five or 10 years. Such a scheme would help incentivise the rapid adoption of beneficial innovation by providing a tax subsidy to offset the financial impacts that come with changing well-established and effective processes.

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Mandating adoption of technologies with significant environmental benefits.

One contributor suggested that the agri-food sector is currently some distance from being able to claim to be truly sustainable yet there are technologies that already exist that, if they were widely used, would provide a platform to enable the industry to claim to be sustainable. One example given was the use of variable-rate irrigation technologies on pivots in Canterbury. Only around 20 percent of installations use the technology despite full installation being estimated to have the potential to save 250 billion litres of water per annum and avoid the associated nutrient leaching. Economic payback on this technology makes sense for most farmers before any allowance is made for the social and environmental benefits. The suggestion was made that it may be necessary, on occasion, to mandate, through regulation, the use of technologies that have strong environmental and economic benefits. The industry needs to support innovation that equips it to compete and must act against intransigence to ensure it can differentiate itself in the market and protect credibility with the domestic population.



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Recognising the increasingly nuanced conversations surrounding biotechnologies.

The rapid evolution of bioscience and genetic technologies was raised in many discussions this year. It was highlighted that emerging technologies present significant opportunities to businesses around the world but there remained significant perception issues, particularly with premium customers. Some of the diverse science caught under New Zealand's GE categorisation is becoming increasingly acceptable to consumers (particularly Millennials who recognise the technology can help address both environmental and malnutrition issues) and we cannot afford to ignore it. It was suggested that the technology is also a prerequisite to securing (or retaining) some of the best scientific brains in the world. Concerns were expressed about the regionalisation of policy in this area, particularly as the diversity and complexity of the science increases. The prevailing view expressed on this theme was a desire to ensure each genetic advancement is considered on its merits rather than being subject to a blanket restriction that regulates the process and does not make a specific assessment of whether or not the technology would ultimately benefit New Zealand.

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Embedding our leading science practitioners into corporate organisations.

Science activity in the agri-food sector is still dominated by the government, which funds close to half the bill and 'owns' the majority of the delivery agencies. The government has indicated that it would like to see companies take on a large share of funding for a more commercially focused sector; however, the low returns generated by many businesses make investment in innovation a variable cost that can be turned on and off with performance. One suggestion made was that the government should move away from core funding science delivery agencies and towards seconding leading science practitioners into companies to increase their connection to the commercial problems that need solutions. One contributor suggested the focus should be on transitioning to a science system that celebrates work that has a significant impact for New Zealand rather than retaining one that celebrates when a funding grant is secured for a project.



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Exploring the opportunities inherent in emerging proteins

We have been tracking the emergence of alternative proteins with great interest over the last year. The positioning of these products as 'clean food' rather than 'synthetic food' is a master stroke as it highlights their core attributes, which are often more sustainable than are those of traditionally grown food. While the alternative protein sector remains niche, the signs are that its growth is accelerating and it is attracting significant investment from established protein companies. Substitution will start to occur as people swap increasingly expensive animal proteins for cheaper alternative products. Any disruption creates opportunities and it is critical to New Zealand's future that our eyes are open to what these may be for our agri-food sector. It is equally critical that we are not complacent; as noted earlier, the current state of the wool industry is a cautionary tale of what happens if you choose to put your head in the sand and try to ignore disruption.

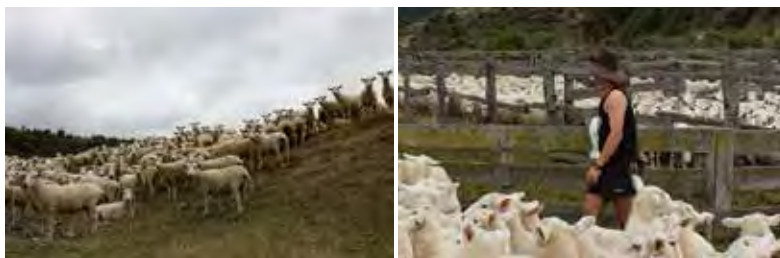


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Maintaining a sufficiently agile regulatory framework to respond to innovation.

The speed at which technologies, processes and products are being released to the world is challenging the capability of many regulators to assess an innovation and respond with well-considered regulation on a timely basis. As time frames for review and appraisal extend, the ability for a company to gain a strategic advantage erodes, opportunities to be an early adopter are lost and consumers have the choices available to them restricted. Many of our contributors highlighted the inflexible approach we adopt to regulating new biotechnologies as a good example of a poor regulatory framework that starts with a presumption of unacceptability. Ensuring that we have sufficiently agile agencies and rules to enable regulatory decisions to be made quickly is critical to maintaining a vibrant innovation sector. The harder it is to seek regulatory approval, the more challenging it will be to attract and retain world-class innovators.


www.figured.com


Smart, simple, farm financial management software

Partnerships and collaboration are at the core of Figured's value proposition. The farm financial management solution was created based on the idea that farmers don't just need another accounting tool, but need a better way to connect and work with their key financial advisers.

This idea inspired the "Farming Team" concept - using online functionality to unite the whole team - farmers, accountants, rural bankers and farm consultants - enabling collaboration from wherever they are working. Historically, farming software has been desktop based, meaning that data is siloed, and farmers, their accountant and their banker are all looking at different information. "By combining Figured and Xero, the whole farming team now has access to the same farm financial data in one system, which then becomes a single source of truth", explains Figured General Manager New Zealand, Sarah Foote.

Recently relocated from New Zealand to pursue significant growth opportunities for the company in the United States, Figured Vice President North America, Sophie Stanley, articulates that partnerships with a farmer's key advisers are critical to the adoption of the technology. "The market is crowded, and many farmers are wary of trusting an IT solution. They don't know who to rely on, making the recommendation from a trusted partner crucial".

Figured has therefore built strong relationships with key partners, including banks and accountants, that deliver further market insights, and ultimately provide an opportunity to scale rapidly through becoming a trusted part of the farmer's team. "Because farmers have immediate online access to the support and advisory services of professionals, we're seeing that farmers are engaging with their finances, establishing budgets, and monitoring their financial performance regularly, rather than waiting until the end of the year, when it's too late to make any changes," Sophie Stanley explains.

Pushing their products to market fast in response to customer feedback is a focus area for Figured. "With an agile development team we get a minimum viable product to market with speed; we then rapidly build on products and prototyping, initiating an instant feedback flow".

An online forum offers certified users the opportunity to provide feedback or feature requests; no matter how big or small. Pushing out any changes as soon as they are ready provides continuous improvements to Figured's users. Stanley notes that providing quick wins to users, creates confidence that Figured listens carefully and implements what the farmers prioritise and value most.

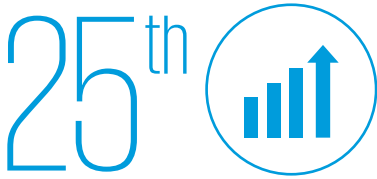


Reinventing operating models to build a prosperous future



RELEVANT SURVEY RANKINGS TO THIS THEME:

2017 PRIORITY RANK NUMBER:



Evolving capital structures

2016 PRIORITY RANK NUMBER: 16

2017 PRIORITY RANK NUMBER:



Reducing debt and enhancing cash-flow

2016 PRIORITY RANK NUMBER: 25

2017 PRIORITY RANK NUMBER:



Restricting foreign land investment

2016 PRIORITY RANK NUMBER: 44

A number of our contributors reflected on whether or not the sector has the capability and capacity to be able to realise fully the opportunities available to it in global agri-food markets. Challenges with governance, the constraints of historical investments in stainless steel, the availability of capital, ownership structures and regulatory limitations were all identified as issues that could derail the ability to capture value. It was noted that, too often, our thinking is anchored by the institutions and practices that we see in front of us rather than being more aspirational in challenging ourselves about what is possible.

The reality is the established institutions, regulations and protocols by which the industry operates today were never designed for a world where meat can be grown in a laboratory and where milk comes from plants rather than four-legged animals. If our ambition is constrained by the gravitational pull of an establishment that sees the future only through a lens that applies the rules of today, our ability to capitalise on the opportunities in front of us will be constrained. Capturing the future that industry leaders articulate to us relies on our being able, respectfully, to challenge some of the industry's 'sacred cows' and on our confidence to experiment with new, and at times very different, ways of doing things.

Challenging the status quo does not mean that what came before was flawed or is even broken today, it just means that times have moved on and the customers, markets and products that we are supplying have evolved. As a consequence, there are alternative ways to do things today that offer the potential to realise more value than we have been able to realise traditionally.

It was apparent from some of our conversations that some leaders see cooperative ownership as the root cause of a lack of ambition and agility in the sector while others consider collective ownership by farmers of critical processing assets to be the greatest gift that past generations have bequeathed to today's industry. A more pragmatic outlook recognises that, in a world of virtual businesses and tailored partnerships, there remains a role for producers being connected to their customers but the vehicles through which this could be achieved may be very different from the institutions of the past. While industry leaders may be emotionally attached to one side of the discussion or the other, it is important that they are open to exploring ideas and learning from the way that the world is evolving around them.

Recognising what we have achieved in the past but avoiding past success becoming an anchor on change is critical if we are to build a country with the ability to create the prosperity necessary to deliver wealth, jobs and opportunities for all. This needs leadership from government, companies and individuals that looks beyond self-interest to explore solutions that are optimal for our circumstances today and align with our aspirations for the future.



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Breaking the ownership link with assets that do not differentiate our products.

Our work in understanding what supports a premium price position in a market consistently indicates that the experience built around a product helps secure the premium. While safe, consistent processing is undoubtedly important to providing a great experience, it is the brand and story attached to a product, the packaging, the in-store presentation, and the innovation in terms of taste, texture and ease of use that are more important to the consumer than are the speed or scale at which something is produced. It is becoming apparent that the tendency of the primary sector to invest in processing assets over brands is imposing a high overhead cost on the sector, reducing agility and constraining funds available to invest in product differentiation. Alternative ownership models for production assets should be explored to support a pivot towards the consumer. This could see assets being sold and leased back from real asset investors, pooled into a pre-competitive tolling operation or spun out into stand-alone entities to release capital on balance sheets.



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Exposing producers to a broad picture of the future.

It was noticeable from our conversations that the pressure for significant change in the dairy industry is less intense this year than it was last year. The cyclical recovery in prices has been interpreted as a signal that everything is fixed. The picture from processors is one of a large bubble of demand growth and a smaller bubble of supply growth supporting current volume-led strategies. However, this does not highlight the threat of cultured milk, the EUR12.3 billion Danone has spent acquiring the largest US plant-based milk producer, the uncertainty created by the Trump administration's policies or the shift into the dairy sector we observe from Coca-Cola, Pepsi and pharmaceutical companies. If producers are not exposed to the global context for their businesses, we run the risk of 'group think', where threats are ignored and opportunities to capture value missed. The agri-food sector has a tendency to focus on the season at hand but there is a need to encourage credible people to be engaged to explain the wider, longer-term context for the industry, through study tours, field days, symposiums, Facebook and any other relevant channel. We need to ensure that we retain a balanced outlook on the future rather than seeing only what we want to see.

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Adding expert advisory panels to support directors to make better decisions.

The traditional governance model used in New Zealand is to have a board of directors with responsibility for the performance of a company. Many boards seek expert advice to complement management insights but this, generally, is on an ad hoc basis in response to specific concerns held by boards. However, this is changing; Landcorp has established an ongoing Environmental Reference Group and Zespri has an Advisory Board specific to the Chinese market. These groups, which bring together recognised experts in the focus areas, enable directors and management to gain wide perspectives on the issues facing the businesses. The addition of such a panel to the governance structure highlights a recognition that boards do not hold the answers to every issue they need to consider and, in a rapidly changing world, gaining insights from those much closer to an issue can provide a competitive advantage. The point was made that many organisations could benefit from targeted advisory panels to ensure appropriate decisions are made to benefit from strategic opportunities.



Identifying new models to support young people to go farming.

The goal of farm ownership is harder to achieve today for young people with a desire to go farming as land prices have risen. In the absence of benevolent parents with the capacity to pass down the family farm, it is difficult for a young person to amass the equity needed to purchase a farm. Farm ownership has been a key factor in attracting and retaining people to the industry. The connection of an owner to their land has been a driver of productivity growth. The point was made that now is the time to think creatively about mechanisms that can be used to give more young New Zealanders the opportunity to own their own farms. Ideas suggested include tax incentives for retiring farmers to leave equity in their farms to support young farmers to buy in, government-subsidised debt linked to on-farm environmental actions and partnerships with equity investors that support young farmers to build stakes in their businesses using sweat equity, amongst other things. Mechanisms that will retain ambitious young farmers in the sector are critical to achieving a step-change in culture, so thinking needs to be directed rapidly towards an industry response to this issue.



Being prepared to back entrepreneurs with a global vision.

New Zealand is a nation of small businesses driven by boutique entrepreneurs. Some are comfortable with the scale available to them in the domestic market while many want growth but are challenged by having to look offshore earlier in their life cycles than do companies that emerge in larger markets. While most contributors were clear that they do not like subsidies, there was much they believed the government and established international companies could do to support these entrepreneurs, including: providing landing bases for them in market, implementing tax breaks for market development expenditure and low-interest debt schemes; supporting collaborative market insight work or engagement with global experts; and, even, taking short-term equity positions in the businesses while they take their first steps offshore. The purity of our trade policies means we tend to shy away from some of the initiatives that governments around the world take to support their businesses meaningfully; the suggestion was made that we need to unleash ourselves to keep successful businesses in New Zealand.

66



Reaching the answer on foreign investment quickly.

It was noted that the Overseas Investment Office (OIO) application process and the expectations placed on purchasers are increasingly well understood, but either the resource level is wrong or politics have a tendency to interfere as the time frames for decisions are just too slow. Certainty is critical to attracting foreign capital but, in a rapidly evolving market, with many opportunities available to investors around the world, so is speed. We are kidding ourselves if we believe we can take months longer than do other countries to reach conclusions on an investment, particularly when the assets being traded are often between two foreign investors. Investors faced with delays have a world of opportunity in front of them and will choose to deploy their capital elsewhere. We need to ensure that regulatory agencies, like OIO, are fully resourced to complete their analyses quickly to ensure that opportunities can be capitalised on for the benefit of all New Zealanders.

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Challenging competition regulation that misses the bigger picture.

A number of our conversations focused on what is constraining industry ambition, particularly when it comes to creating organisations with the scale to dominate their markets globally. One reason for constraint that was raised on a number of occasions is the fear that the Commerce Commission might determine that a business is working too closely with a competitor. It was noted that the role of the Commission is only to protect domestic consumers and its myopic focus on this goal means that, ultimately, it ends up preventing organisations exploring mergers that would benefit 95 percent or more of their businesses, their stakeholders and the wider community because of the limited risk that consolidation could impact pricing in domestic markets. This constrains the ability of New Zealand-based exporters to control their destinies more effectively in global markets: something that seems counter-intuitive when size is a constraint on many organisations. The suggestion was made that a regulatory change is required to prevent the Commission from making domestic decisions that compromise our global competitiveness. More transactions would be explored if credit were given to proposals that increase the ability to influence market prices globally.

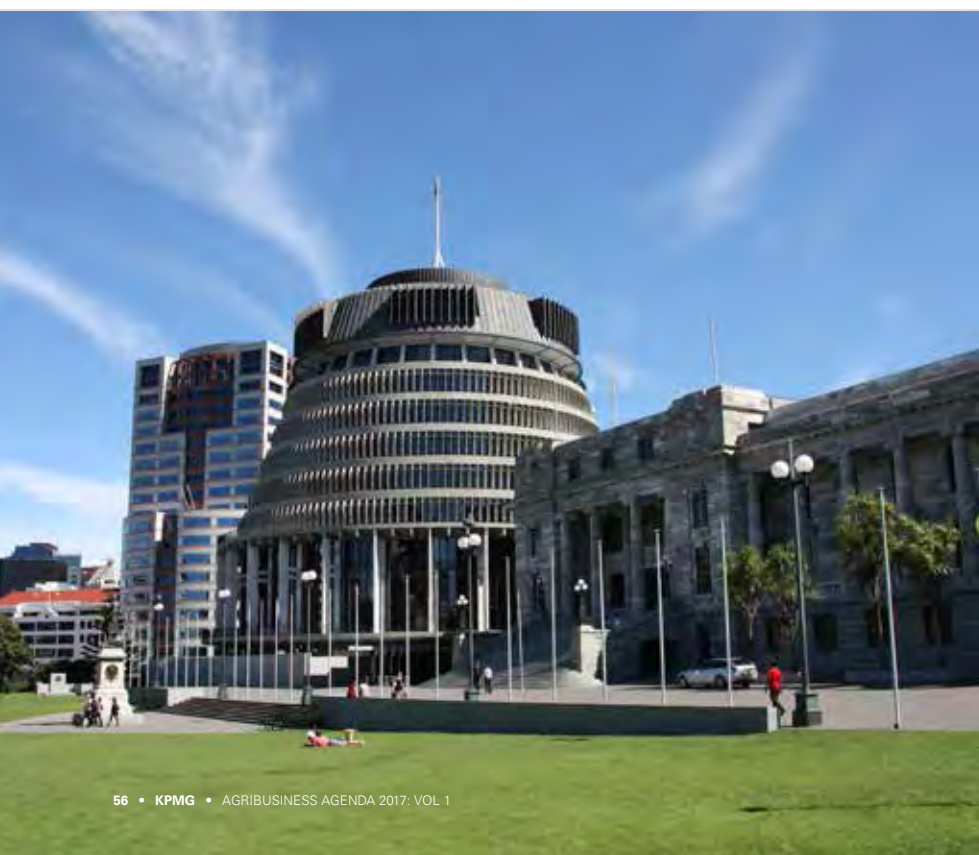


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Establishing a Chief Agri-Food Advisor role within government.

The government has appointed specialist commissioners and advisors on a range of policy areas, for instance, the Parliamentary Commissioner on the Environment and the Prime Minister's Chief Science Advisor, who are able to bring specialist insight and knowledge in their specialist areas to the table to support decision-making processes. These roles are in addition to the resources and officials embedded in the relevant Ministries. It was highlighted that there is not a similar role for the agri-food sector. The suggestion was made that it is the right time to appoint a specialist agri-food advisor to the government: somebody who can provide foresighted perceptions on the evolution of markets and innovation across the sector and also help to connect the right parts of government and industry together. A nominee with mana will ensure that the opportunities and challenges facing the agri-food sector are highlighted at the highest levels of government and addressed appropriately at national, regional and local levels.





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Evolving traditional co-operative models for the fourth industrial revolution.

The future role of the cooperative in the agri-food sector has been raised during a number of our conversations, as it has been in previous years. During the last year, we have seen Silver Fern Farms evolve its cooperative structure by entering into a partnership with Shanghai Maling Aquarius, providing both capital and market access to enable the business to pursue new growth opportunities. The historical challenge with cooperatives has been in securing the capital necessary to fund significant growth opportunities and this is even more challenging when profitability is variable; this means that shareholders are focused on bringing every dollar back into their businesses. Given the current level of change, the demands for funds to invest in solutions right along the value chain is only going to grow. Cooperative leaders will need to review funding models continually to ensure cash is available to enable them to stay relevant; this could include reviewing the ownership of processing equipment, splitting processing and marketing activities, entering into partnerships or bringing in cornerstone investors. Farmer connection to the market is critical in the future and the way in which this is achieved will be an area of innovation over the coming decade.

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Reinstating the rural affairs portfolio for better rural outcomes.

The current government chose to discontinue the rural affairs portfolio when it came into office in 2008. While the rural population is diverse, people living in rural areas represent the second-largest demographic group in New Zealand. The distribution of people in rural areas makes service delivery a challenge and, as a consequence, the connection between government and citizens is weaker in rural areas than it is in urban areas. The concern was also expressed that, without a rural affairs portfolio, there is no formal lens being applied to policies being created across government to consider how they will work in rural areas and interact with regional council policy positions. The existence of a rural affairs portfolio would help to ensure that social investment policy is applied in some of the most deprived areas of the country, innovative service delivery models are developed for rural areas and government efforts to drive social and economic prosperity in rural areas are maximised.





Collaborating to create impact and scale



RELEVANT SURVEY RANKINGS TO THIS THEME:

2017 PRIORITY RANK NUMBER:

13th



Lift commercial collaboration

2016 PRIORITY RANK NUMBER: 12

2017 PRIORITY RANK NUMBER:

28th



Licensing to accelerate market access

2016 PRIORITY RANK NUMBER: 28

2017 PRIORITY RANK NUMBER:

39th



Creating single open access data platform

2016 PRIORITY RANK NUMBER: 32

The most significant finding from the workshop session we ran with a group of emerging primary sector leaders in September 2015 was the importance that they placed on trust between people and organisations. They saw trust as being necessary for effective collaboration to occur and their vision of the sector’s future without this collaboration was fairly bleak.

Their perspectives around what constituted effective collaboration were very clear; collaboration was about entering into business arrangements that expose critical parts of a business to a collaborative venture when there is the potential for one plus one to equal significantly more than two but with no certainty of success. Their model of collaboration was very much about sharing risk with trusted partners.

This is in stark contrast to the traditional view of collaboration in the agri-food sector, where a company enters into a joint venture or partnership in relation to a non-core part of their operations but continues to keep the key drivers of value under tight control. Collaborative initiatives rarely relate to a high-risk part of a business, with the responsible executive often sitting well down the organisation hierarchy. They would rarely attract the attention of the board and, as a consequence, you can often question why an organisation would bother to continue to pursue the business.

While any prediction about the future is only ever a guesstimate, it is becoming apparent that organisations around the world are evolving their business models from those where they own every stage of the value chain towards more flexible models that see them partnering with different organisations at various steps along their value chains. Organisations are looking for collaborators that can bring performance efficiency, greater functionality or more scale to the table in order to build stronger businesses mutually.

We also observe that collaborative arrangements are progressively less linear; many organisations appear comfortable taking positions in networks where they have broad webs of relationships within commercial ecosystems, thus creating more complex but infinitely more flexible businesses.

During our conversations, there were examples of organisations that have come together and are collaborating effectively; examples included a number of the Primary Growth Partnerships and Primary Collaboration New Zealand, which is based in Shanghai. However, the prevailing view was that, historically, we have not collaborated effectively and many organisations are still focused on patch protection and trying to block their competitors rather than on looking for ways to unlock greater returns by focusing on a bigger picture. Successful collaboration needs leadership from the top of an organisation to ensure alignment to its wider vision and purpose.

It was also suggested that much of our focus, when thinking about potential collaborative partners, tends to be on what partners do today, rather than on why they are doing it and how it could be done better in the future. Collaboration will reshape global businesses; we need to recognise this and ensure that we have the skills and competency to avoid being left behind.



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Seeking opportunities to minimise the cost of serving consumers globally.

While we believe New Zealand's geographical location is increasingly a competitive advantage for the provenance of our products, when it comes to logistics and the cost of serving customers, there is little doubt that being a small island at the bottom of a big ocean adds to the bill. While the personal aspects of servicing customers can be a point of differentiation, much of what happens to move a product from here to China, Singapore or Los Angeles is fixed cost that is impacted by the scale of activity. The point was made that it makes sense to look collaboratively for ways to minimise the cost to serve, building on the Kotahi model that Fonterra and Silver Fern Farms set up some years ago. Removing cost from areas that do not differentiate a product in the eyes of the ultimate consumer provides more resources to be directed towards activities that are value accretive. Organisations should regularly challenge their supply chains and seek collaborative opportunities to reduce costs for activities that do not directly contribute to the consumer experience or the value generated.

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Building hubs that showcase New Zealand to the world.

The Te Hono Movement started in 2012 with the first Stanford Bootcamp as a way of building connections and trust between the leaders of the largest companies in the primary sector. The Movement has grown significantly with the sixth Bootcamp group due to head to Stanford in July and there is no doubt that people who did not know each other six years ago now do and are engaged in active projects to lift the value the industry contributes to the economy. A good example of a project initiated through Te Hono is the Primary Collaboration New Zealand (PCNZ) hub in Shanghai, which features in the case study. The suggestion was made that the PCNZ model of an industry-owned-and-led hub, which companies can use as a platform to build their businesses in a market both individually and in collaboration with other New Zealand companies, should be explored in other key growth markets like the US, India, the Middle East and Brazil. The hubs could not only provide combined office space but could be developed as showcases of New Zealand products and as homes for Kiwi-focused retail and dining experiences.

72 |

Creating a big impression at large international trade shows.

It was raised during a number of conversations that New Zealand companies are attending and exhibiting at major trade shows, particularly those held in Asia, but, often, companies are taking stands of their own and are struggling to be noticed. The point was made that companies from other countries appear to pool their investments better: building national pavilions and, as a consequence, multiplying their impact. The work done by New Zealand Winegrowers in enabling smaller wineries to be part of a substantive footprint at a show was highlighted as a successful model, although it was noted that even these efforts are struggling to secure New Zealand Trade and Enterprise (NZTE) investment as the focus switches to supporting companies directly. Attending a show involves significant cost; thus, taking any advantage to maximise its impact makes sense. It was suggested that NZTE should focus on working with organisations and industry bodies to create New Zealand zones at major shows; these could feature cultural displays and New Zealand cuisine to amplify the benefits the industry extracts from an event.





Co-investing to find the X-factor that makes our products unique.

One of the stories that stood out during the last few months was the launch of a range of free-range milk products by Asda in the United Kingdom. On its own, this was not very notable until we read the free-range claims being made for the premium-priced milk: that the cows had access to grass 50 percent of the time. It again highlighted how we often underplay, or even ignore, the unique attributes of our products in the race to find any buyer (our lamb and green-lipped mussel sectors are noted as the classic examples). The suggestion was made that companies need to collaborate to articulate clearly the X-factor attributes of the goods they produce, whether that is in how they are produced (as with our free-range, pasture-raised milk), their nutritional attributes (as is the case with mussels or honey) or their provenance. The suggestion was made that Primary Growth Partnership investment should be prioritised towards projects where companies collaborate to identify and monetise the value inherent in their X-factors. Only when we have confidence that an X-factor will sustain a premium will organisations commit to the pivot from volume to value.



Partnering in market to provide the necessary scale to work with large customers.

Big in New Zealand does not mean big in the world or even big in the market niche in which a company chooses to compete. While there are potentially lucrative opportunities for being niche in a niche market, the reality is that most value will be created by working with the organisations that connect you to more of the highest-value consumers. For many of our agri-food companies, their minimum supply quantities of customers are well above anything the company could supply alone. The meat companies have supplied lamb to the North American market collaboratively for years, giving them the scale to talk to Walmart or Kroger, although the products supplied are frozen cuts rather than high-value fresh, chilled products. The opportunity exists for companies with similar ambitions in an identified market to design a collaborative model that pools volumes and promotional resources to deliver the necessary scale and product support to engage with the large players, but still enables each entity to realise its individual value aspirations.



Assessing the future for industry-good activities.

In the 2012 Agenda, we discussed industry-good activities and concluded there was a future for industry good, particularly in intergenerational investment and addressing market failures, in areas like environmental mitigation. If the industry commits to pivoting towards the consumer, much of the research work done historically by industry-good organisations with a focus on increasing volume will be less important. Research undertaken because of market failure, will be performed by commercial organisations, if it supports their value propositions (which would include a strong sustainability platform), and, if it doesn't, there is a question about whether or not the research needs to be done. It was suggested that the focus of industry good needs to shift towards intergenerational activities in collaboration with commercial organisations, to build a platform for future growth. The wine sector is demonstrating this through the Lighter Wines Primary Growth Partnership, which is developing wines collaboratively in response to lifestyle changes, and the proposal to build an industry research centre in the Marlborough region.

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Seeking partners beyond the agri-food sector to realise the inherent value in co-products.

A clear global trend in the last six months is the emergence of comprehensive co-product strategies as companies become focused on ensuring that everything produced is used effectively to support their sustainability positioning. Finding the right corporate partners in biochemistry, nanotechnology or pharmaceuticals and human health is significantly easier when major players sit on your doorstep as they do in the US, Europe or Asia. While New Zealand has world-recognised science capability in these areas, we do not have many companies with sufficient scale to partner with our major agri-food sectors. Increasingly, the value of production will reside in effective utilisation of co-products so finding partners with the right skills and strategic alignment becomes really important. The suggestion was made that companies would benefit by collaboratively seeking out potential partners; pooling volume to present a larger potential opportunity to the market may help to attract interest from larger organisations with greater capacity to invest in innovation. Ultimately, co-product activities may be controlled through joint venture entities; however, the value will be realised by having the right partners involved.

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Recognising that knowledge is most valuable when it is used by everybody.

The progress made by the avocado industry during the period since it entered into its Primary Growth Partnership (PGP) with the government has been significant. The value of both the domestic and international markets has grown significantly, companies are working more closely together on creating value and science is being applied to the industry's biggest challenge: the biennial bearing of fruit. While much has been learnt from the programme to date, the point was made that it has not been the learnings that have delivered the value but it has been the application of those learnings by growers, pack houses, exporters and marketers throughout their businesses that has been significant. The avocado story is a great example of what happens when information is shared in an open-access manner. Too many projects do not deliver in the way achieved by the avocado PGP as there is a tendency to protect intellectual property to such an extent that it is never actually used. Developing a wide-access mentality around insights and intellectual property that grows a sector would be a step towards fully realising the value inherent in much innovation (we suggest 'wide' rather than 'open' as, at times, it is appropriate for an originator to be paid for their knowledge).

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Sharing capital assets to optimise utilisation and provide access to emerging businesses.

The agri-food sector has made a significant investment into fixed assets, from on-farm equipment used annually, through processing and storage assets constructed to meet seasonal peaks, to sporadically used labs and test kitchens. Seasonal assets are subject to peaks and troughs and, as a consequence, a great deal of investment sits underemployed for much of the year. This imposes a significant overhead cost on many sectors and this ultimately impacts the returns to producers. In some cases, collaborative assets have been built; the FoodBowl is a good example of an open-access asset for food companies. Around the world, access models are evolving to optimise the use of assets as diverse as cars and hotel rooms, and clothes and tractors, and the suggestion was made that there could be significant opportunity to take cost out of the sector by exploring access models. These could be as simple as leasing out a test kitchen for use by a start-up food entrepreneur on days or evenings when it is vacant, sharing tractors and farm machinery through a web platform or transforming the red meat value chain by introducing collaboratively owned toll processing.





Collaboration to scale businesses in the Chinese Market.

Focusing on seeking to create value by collaboratively embedding capability deeply into the Chinese market and to build understanding and relationships with major customers is a key driver for Primary Collaboration New Zealand (PCNZ). PCNZ is operating as a shared point of capability to better enable the partners to capitalise on the opportunities inherent in a complex market – China.

The idea for PCNZ was hatched in 2012, at the first Te Hono Bootcamp at Stanford University. The triggering moment was when the cohort of leaders realised that they recognised the vast opportunity in China and the level of that knowledge required to be successful in China. A group of leaders challenged themselves to address the issue. The PCNZ model was created to provide in market services, based on getting maximum knowledge and insights through collaborating.

“We needed to close the gap between the limited knowledge companies had about doing business in China and assumptions being made in New Zealand and what actually happens behind the great wall”, comments Kevin Parish, the General Manager of PCNZ. The original partners to the initiative, Sealord, Silver Fern Farms, Mr Apple and Synlait, (who were joined by Kono and Villa Maria and two further apple exporters, Bostock New Zealand and Kiwi Crunch/Freshmax), initially created PCNZ as a holding company in New Zealand. “We knew that to really make things happen we couldn’t do it individually. If we wanted to succeed it had to be supported by collaboration and be industry led”.

The structure of the entity was designed to allow clients to enter the collaboration and then have an option to exit when they reached scale and potentially wanted to establish

their own Chinese entities. PCNZ enables clients to be supported in building relationships with importers, wholesalers and customers. It also offers the opportunity to not only grow relationships with Chinese authorities and New Zealand government agencies in China, but understand the market in a much deeper way that would be possible making a lone entry.

One of the first employees to be recruited, Kevin, met with the shareholders and set up the operating model in Shanghai, which was structured to ensure full compliance in China and New Zealand and manage the risks of doing business in China. Kevin explains he leads a team of 12 people on the ground in Shanghai, supporting their client’s brands. Each client has a Market Manager that provides marketing and sales activities, relationship management, events and brand support. The model provides the opportunity for the team to have regular catch-ups to discuss their collective opportunities across all their clients in market and identifying where we can add value by cross pollinating ideas. By working together on opportunities and introductions, clients effectively get much wider brand reach than they would having a single person in the market.

“We have created a model which we can lift and move to other markets but for now the focus is China. We are open to taking on new clients outside of the food and beverage sector and are actively looking for New Zealand clients that need ‘boots on the ground’ in China to be successful. The most recent company to start working with PCNZ is King Salmon.

Collaboration creating individual success is crucial to the model. PCNZ highlights the capability to achieve more through collaboration.

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Providing public support only for collaborative projects.

It was noted that it is too common in New Zealand to see the government as the solution to every problem and a source of financial support to underwrite organisations undertaking day-to-day business activities. Organisations need to take ownership of their challenges and focus on turning them into opportunities; the government should be seen as an enabler rather than a fixer. Given the size of many of the opportunities ahead, it was suggested that government enablement and co-investment (regardless of the agency that manages the programme) should be restricted to organisations working collaboratively to create success. Support should be targeted only towards organisations working collectively to enhance our natural environment, invest in on-the-ground capability in market, innovate with new and novel products and experiences, and engage substantively with the community. The government should focus on enabling those driving towards a more prosperous future for the country rather than those looking for handouts from the public purse.



Connecting deeply with customers



RELEVANT SURVEY RANKINGS TO THIS THEME:

2017 PRIORITY RANK NUMBER:

3rd



Food safety strategic importance

2016 PRIORITY RANK NUMBER: 2

2017 PRIORITY RANK NUMBER:

10th



Deliver market signals to producers

2016 PRIORITY RANK NUMBER: 3

2017 PRIORITY RANK NUMBER:

20th



Food solutions for the dominant demographics

2016 PRIORITY RANK NUMBER: 11

There is a simple unavoidable truth: no customers means that there is no business. However, historically, we have placed the majority of our focus on maximising production.

Our customer relationships have been transactional, price driven and often conducted with an intermediary rather than the retailer or the ultimate consumer. As a consequence, returns have varied depending on who else has similar product in the market at the same time. Sometimes weather, demand, disease and luck have combined in our favour to deliver premium returns but, most of the time, they have delivered marginal returns. Every now and then they have made life uncomfortable and left businesses reliant on the banks to ensure their survival.

For many organisations, this picture remains all too familiar. They continue to focus on maximising production and then on starting to look for customers to buy what they have produced. However, this is changing as organisations start to pivot from commodity to premium, from volume to value and from price to attributes. The key to this pivot is changing organisational culture to put the consumer of the food, fibre, timber or beverage product that an organisation produces at the centre of everything they do. It also means that there is a need to articulate clearly the role of the farmer, grower or fisherman, who, to date, has been at the core of the business model and had the world revolving around them.

While a pivot towards the consumer will be uncomfortable for some producers, as they realise that they are no longer the reason the business exists, the fundamentals are quite simple; without focusing on the consumer there will not be sufficient profit to sustain businesses indefinitely. To meet the environmental and water standards the community is seeking to impose, there has to be profit to fund the necessary investment in innovation, technology and good farming practice. Without profit, the licence to operate will not be maintained, the operation of businesses will be constrained and the future will be bleak.

The good news is that it was clear from our discussions that many organisations have started their journeys towards becoming customer-centric food or fibre companies. While the level of maturity and sophistication varies significantly, the important thing is that they have recognised that their understanding of and relationships with the ultimate consumers of their products are central to their futures. It was not surprising that much conversation centred on actions organisations can take to build stronger relationships with customers and value chain partners.



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Shifting relationships with customers and consumers into partnerships

In preparing past Agendas, there has been discussion around the key role that good relationships play in cultivating profitable businesses; this is something that many have suggested New Zealanders are comfortable doing. The conversation this year evolved from the importance of relationship to the importance of partnership. A partnership is built on trust, weathers the tough times and is strengthened by open, frank communication. It is not possible to develop partnerships with every customer so organisations need to focus on those entities which have the greatest potential to deliver two-way value. The key to selecting potential partners is taking time, doing due diligence and not accepting the first offer that comes through the door. We need programmes that give leaders the confidence to pause, analyse and respond in ways that enhance their business strategies.

81



Understanding consumers once for the benefit of all.

As Millennial consumers increasingly eat their values, driven by a growing consciousness of inequality, the need to understand the product traits that inspire or prevent a purchase is more important than ever. With a few exceptions, companies work independently to collect similar insights on identical customers in the same markets, resulting in duplicated spend and shallow insights. Organisations should collaborate to create a Consumer Insights Centre of Excellence, pooling spending to secure deeper pre-competitive insights. The centre would be open access so organisations that do not invest can join projects of interest on a commercial basis. MPI's Economic Intelligence Unit is doing similar work, although it was suggested that the natural home for this is outside of government as part of the Centre of Excellence: in particular, to enable recruiting of experienced commercial people, who are unlikely to want to work for the New Zealand government.

82

Creating products that will be tomorrow's fashions.

Food, natural fibre clothing, beverages and, to a lesser extent, timber construction systems all come in or out of fashion over time. It is easy for an organisation or a region, when it has enjoyed sustained success with a blockbuster (Marlborough Sauvignon Blanc is a good example), to become complacent and fail to recognise that fashion is shifting in a different direction. The best time to innovate is on the back of success but it is also the most difficult time to self-disrupt with a new product. The wine industry benefits from naturally innovative winemakers who love to experiment with different grapes and wine styles in a search for the next blockbuster. All sectors need to be alert to changing fashions and to seek insights that will enable them to deliver products to the market that will be tomorrow's fashions.



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Resetting how we do free trade.

Trade policy was a key topic of conversation this year. Concerns were expressed that our traditional approach to free trade will not work in a world that doesn't consider unfettered access to be desirable. The discussions were focused on what we need to do alongside the free trade agreement to ensure that its benefits filter down to provide wider community benefits. We need to continue to seek free trade agreements, with a focus on securing access for higher-value products and developing protocols that enable more rapid resolution of non-tariff barrier issues. However, initiatives to support inclusive growth benefiting the wider community, particularly in regional agricultural areas, need to be part of our trade strategy. These could include such things as technology transfer, training and educational activities, people exchanges, infrastructure development and promotion of fair trade.



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Ensuring we consistently present a professional edge to the market.

There are elements of the 'she'll be right, No. 8 wire' culture that are very appealing to many consumers (it helps make our products cool) but we need to be careful that our laid-back culture does not leave people questioning the professionalism or quality of what we do. We need to ensure that presentation to the market is professional and tailored to the traits that are most important to target consumers in a market. The days of 'doing it the same way everywhere' are long gone as are those of relying on consumers being prepared to look through a lack of polish because of the quality of the product. Premium consumers want products that enhance their lifestyle and the way in which they are perceived by other people. Product solutions and their presentation to the market need to be designed to exceed the expectations of consumers rather than celebrate their New Zealand origins.

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Recruiting fit-for-purpose sales representation.

We have often been told that the best sales ambassadors for New Zealand products are the farmers and growers that produce them. While every effort should be made to take producers into market regularly to meet consumers and see their products being used, the reality is that they also have businesses to run at home. It is critical that careful thought is given to the sales representatives that an organisation deploys in a market as these can impact brand perception and pricing. The case study illustrates the approach Fonterra Foodservice is using in China, which employs chefs to sell to chefs; they speak the same language and can demonstrate practically how to optimise the products. Organisations need to challenge themselves to ensure they are having conversations in the right way with the right people to lock themselves into a customer's business or a consumer's diet.

87



Optimising involvement along the value chain.

In the last Agenda, we highlighted the gap between the agri-food sector's export receipts (around \$38 billion) and the estimated retail value of these products when they are billed to consumers (more than \$250 billion). Strategies to capture more of the value grown were discussed by a number of contributors. The knee-jerk response is to insource logistics, representation and distribution to internalise third-party margins. It was noted that such actions often represent a false economy unless an organisation has the connections and in-market assets to be able to operate more effectively than a third party can. Focus should be directed towards being involved in value chain interactions that create value, rather than towards trying to own the whole supply chain. There is no one-size-fits-all solution to value chain configuration; solutions vary by market. As a consequence, there are no shortcuts to undertaking the detailed analysis to identify the right solution for a specific opportunity.

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Delivering quality 365 days a year.

Building a brand that makes a product become a recurring purchase can take years to achieve and cost significant dollars for a single market. Every day a product is not on sale, the ability to generate a return on that investment is lost, brand recognition falls and, most galling, competitor products may benefit from the investment in category development. The effective way to address this is by making sure the product is available 365 days a year. This presents challenges to seasonal producers who cannot harvest all year round. There are solutions available such as global supply, where tightly controlled quality standards are applied to international growers, enabling a product grown within a system rather than a country to be sold all year round (Zespri uses this model, selling Zespri Kiwifruit rather than New Zealand Kiwifruit). The key to an effective global supply model is the ability to ensure consistent quality and experience regardless of the source of the product; this is easier said than done.



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Listening and responding to insights from social media.

Any organisation selling a product to consumers anywhere in the world can benefit from listening to the feedback available from social media to enhance and target their marketing strategy. Technology is available which can scan tens of millions of social media posts and identify what is being said about your product, your competitors, fashion shifts and emerging products, and it is increasingly easy and cheap to access. Social media provides raw and direct feedback and failing to listen to it will put any organisation at a significant competitive disadvantage. Even not hearing anything about your product is a signal that consumers are ambivalent towards it or the approach used to take it to market has missed the mark. With the availability of instantaneous feedback, the organisations that will prosper are those that are able to reshape their processes to act on the information available to them.



Dairy for life

www.fonterra.com



Fonterra's foodservice market

As consumer demand for high quality, nutritious, great tasting food surges, foodservice providers are having to become increasingly creative to meet these expectations. It is no longer enough to sell a product, customers are looking to be educated on how to use it. They want to understand the provenance; where it comes from, who grew it and if it is socially and ethically sourced.

Working face-to-face in the kitchen directly with the customers who purchase their products, the Anchor Food Professionals teams around the world are ensuring New Zealand dairy products are being used optimally in restaurants. Grant Watson, Director Global Foodservice explains how "throughout our end-to-end dairy value chain, our Fonterra Quality System makes sure that wherever we are operating in the world, we have a clear, consistent framework to deliver quality products and services"

The learnings Fonterra's team collect from being immersed in their customers' businesses are driving innovation across the co-operative to tailor solutions with the end consumer in mind. "Using industry insights paired with world leading research, the Foodservice team endlessly create high functioning, fit-for-purpose dairy ingredients" and through collaboration are educating those at the heart of the kitchen.

Operating in 50 countries, while focussing on 20 markets, China is leading the growth in Fonterra's foodservice business. By executing smarter, more strategic moves, their goal of \$5 billion in sales by 2023 looks likely to be achieved ahead of schedule.

In central Shanghai, a gastronomic evolution is taking place. Chefs are experimenting with exotic ingredients supplied from New Zealand, changing the way dairy is incorporated into popular and traditional dishes. By recruiting and working with Chinese chefs, Fonterra is able to give chefs the confidence to experiment with dairy. The Fonterra team provide mentoring and support where the chef needs it and are there to guide when a trial does not go completely to plan.

Mr Watson notes the "increasingly urbanised middle class in China is adding selected high quality Western foods to their diet"; but they are seeking out high quality, naturally sourced, trusted products. With an emphasis on safety and quality through to the point of service, Fonterra's end-to-end value chain delivers on these expectations.

He attributes Fonterra's success as fundamentally being based on having the right people in market. "We have invested in local teams that unite chefs, channel experts and sales professionals. With dedicated centres developing industry leading technologies and products we are delivering solutions designed for our customers."



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Offering a larder rather than selling a product.

Consumers rarely buy a single product; they buy a meal, the ingredients to make a meal or a basket of products for making a week's worth of meals. A lack of connectedness across the agri-food sector means the opportunity is being missed to present the consumer with a larder of New Zealand food and beverage products rather than a series of unconnected products. Focusing on how products can be used together offers the potential to pool marketing budgets to amplify their impact, and encourages collaborative innovation programmes and investment in technology platforms. Creating an online market place in which to sell a wide range of New Zealand products presents significant opportunities as more consumers shift to online purchasing. The market place, call it the Farmer's Larder, would better enable the story and provenance of products to be articulated and for combinations of products to be presented in curated forms to consumers.



THEME

9



Learning from the world



RELEVANT SURVEY RANKINGS TO THIS THEME:

2017 PRIORITY RANK NUMBER:

5th



Innovate with customers

2016 PRIORITY RANK NUMBER: 6

2017 PRIORITY RANK NUMBER:

27th



Sourcing and utilising global innovation

2016 PRIORITY RANK NUMBER: 22

2017 PRIORITY RANK NUMBER:

28th



Licensing to accelerate market access

2016 PRIORITY RANK NUMBER: 28

We need to be realistic. New Zealand is a very small country a long way from the world's major population centres. Most people in the world know little or nothing about New Zealand. Even if the number of visitors continues to grow at the current annual growth rate of just under 9 percent per annum, it will take until 2032 for just 1 percent of the current global population to visit New Zealand (assuming every visitor makes only one trip here). It is reasonable to assume that, for at least the next decade, 99 percent of the global population will never make the journey here. As a consequence, their contact with New Zealanders and the products we grow will come from us as we reach out to them physically or digitally.

We have talked about the 1 percent:99 percent conundrum a great deal over the last year. This is the idea that, given the financial resources and intellectual capacity available to New Zealand-based organisations, we can never expect to come up with more than 1 percent of all the good ideas generated globally (and even achieving this would see us batting well above the global average for innovation per capita). To succeed and, more importantly, stand out in the world, we need access to the other 99 percent of good ideas that are generated across

the world. To achieve this, we have no choice but to be connected and open to learning from anywhere at any time.

We still hear people talking about the tyranny of distance and the physical challenges associated with doing business from New Zealand, as if they have never heard of the internet or jet planes. They highlight the challenges of working with people from countries with different languages, cultures and business practices. They appear to be seeking reasons to dedicate themselves to being world famous in New Zealand rather than to building businesses founded on an aspiration to be truly world famous.

Thankfully, the majority of contributors to the Agenda recognise the importance of being globally connected and the opportunities that this delivers to create value. They acknowledge the ease with which this can be achieved today, thanks to digital connectivity and the proliferation of travel options available to cities around the world.

It was highlighted that there are organisations in the agri-food sector that are just a little bit arrogant. They are confident they have little to learn from the world to assist them in creating more value from the products they grow or sell. Often their confidence is linked to the efficiency of their processing assets: perhaps the largest milk powder drier, the biggest fishing vessel or the fastest killing chains.

Such confidence is often a false confidence as efficient processing assets do not differentiate our products in the minds of consumers. The reality is we create value by delivering standout solutions to consumers; it is not the processing asset that makes a product stand out but the brand, innovation, people and tailoring put into the product. These solutions can be developed only if we take the time to listen and learn from the market.



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Using the world to help solve our most important problems.

It was Albert Einstein who suggested it is very hard to solve a problem using the same kind of thinking that created it. The implication is that exposing an issue to a broader range of perspectives is more likely to generate a wider variety of possible solutions. Historically, we have had a tendency to keep our problems to ourselves; however, globally, more organisations are seeking to leverage the power of the crowd in seeking potential solutions to the biggest challenges that they face. It was suggested that the industry should consider developing a collaborative laboratory initiative involving people from New Zealand and every country with which we trade to facilitate crowd-sourcing solutions to our most significant challenges. Recognising that literally working with the world is likely to generate better solutions could be a game changer for New Zealand business.

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Attracting the world's most innovative companies to New Zealand.

There is no shortage of good ideas generated in New Zealand; the challenge we face is in providing pathways for those ideas to be developed into commercialisable products and investable businesses. It was highlighted by a number of contributors that a key pathway for ideas to find a commercial pathway around the world is the availability of corporate R&D functions, which are constantly looking for early-stage opportunities that could enhance their market offerings. The suggestion was made that the government, universities and crown research institutes should initiate an active programme to attract global agri-food companies to locate some or all of their R&D capability in New Zealand. This may include offering the companies and their staff some financial assistance for relocation, tax incentives for the costs they incur (similar to the arrangements currently offered to movie producers) and access to the capability inherent in our existing institutions. Such a policy would lift the size of the innovation sector, grow opportunities for ideas to be commercialised and position New Zealand as a globally recognised centre of research excellence in agri-food.

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Moving in the right circles globally.

While we don't accept that the tyranny of distance is a valid argument for inactivity, we do recognise that our distance from the rest of the world does not mean that, as a community, we may not sense disruption emerging in the left or right field as quickly as would people who live in regions like North America, Europe or Asia. At best, this means that we can, at times, be too complacent about the security of our current markets and customers while, at worst, we miss a shift in our markets that leaves us irrelevant. As a consequence, it is critical that we work extremely hard to keep our eyes open and ears to the ground to ensure we sense the seeds of disruption as early as possible. This means we need to invest heavily in moving people offshore and attending major industry events, building networks and sharing intelligence. We also need to ensure that we bring thought leaders to New Zealand and that their messages are heard widely. While the obligation to make these investments falls on individual organisations to protect their businesses, initiatives like Te Hono offer the opportunity for costs to be shared and the impact scaled.



Embracing vulnerability.

Most people who consume the products that we supply to the world are from different cultures and backgrounds from those of our industry leaders. The point was made that the only way leaders can learn deeply about their consumers is by truly exposing themselves to vulnerability and going to live in somebody's house for a period of time to listen, watch and learn from them. Only by walking away from their day-to-day support networks, the direct reports and communications people can senior leaders expose themselves to unencumbered feedback from their consumers. This can be confronting but, ultimately, should assist in shaping key strategic business initiatives. Executives should seek out opportunities to disconnect from their routines, immerse themselves into their markets on a regular basis and embrace the resulting vulnerability.



Providing stepping stones into international markets.

While there are relatively few companies in the agri-food sector that have set up networks of global offices, there are many companies which have offshore shareholders and the New Zealand government has on-the-ground representation in around 50 countries. The suggestion was made that there is an opportunity for government and industry to work together to provide landing pads for New Zealand companies looking to enter into new markets, thus expanding on the services already offered by NZTE and its Beachheads programme. Having a desk, practical local knowledge and some warm introductions would enable companies to assess opportunities in markets more quickly and determine whether or not they are worthy of further investment. It would also provide the opportunity to explore whether or not there is the potential to collaborate with other New Zealand companies to present a wider product offering in a particular market.



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Creating the world's largest collaborative agri-food solutions fund.

Being on the leading edge of innovation will contribute to securing a more prosperous future for New Zealand. As we will never have all the game-changing ideas, there is a need for a mechanism to secure access to the world's most innovative solutions and organisations at an early stage in each solution's life cycle. Globally, many large companies are creating corporate venturing entities to enable them to take equity positions in early-stage solution companies; however, many New Zealand companies are too small to have their own fund and, as a consequence, are not exposing themselves to a broad spectrum of early-stage innovation. We believe that New Zealand organisations, together with the government and some of its sovereign investment vehicles, should explore setting up a collaborative investment fund to secure access to relevant emerging agri-food technology. A fund of \$1 billion targeted at some of the most innovative agri-food start-ups globally could provide our organisations with access to solutions that change the game for them, their suppliers and the wider New Zealand community.

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Mentoring for commercial success.

It is noticeable that a number of contributors recall the days of the New Zealand Dairy Board with significant fondness: before it was integrated into Fonterra. They recall the opportunities they had to work in international markets, often leading sizeable businesses when they were relatively young; they recall the networks they built and remember what they learned from the previous generation of industry leaders. The mentoring they received helped shape their careers and the leadership styles they practise today. Although we no longer have the Dairy Board, we still have the need for mentoring and supporting emerging leaders to build the skills and understanding of international business that are necessary if they are to be successful into the future. The industry needs current leaders to be prepared to give up small amounts of their time to act as mentors and pass on their experience. The suggestion was made that organisations could collaborate to create an industry-wide international business mentoring programme, where leaders share insights and act as sounding boards for emerging leaders in their organisations and others.



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Leading the shift towards a low-carbon economy.

Regardless of the posturing from various politicians around the world, our observations suggest that most organisations recognise that doing what they can to mitigate their impact on the environment is just good business. The reality is that many New Zealand organisations have been reticent about taking tangible actions to pivot their businesses towards low-carbon opportunities. Increasingly, customers are looking at the actions that companies are taking to transform their businesses when they are determining whom they choose to deal with. The agri-food sector needs to step up and take more of a lead in New Zealand's transition to a low-carbon economy. This is not about arguing that food miles claims are empirically wrong; it is about identifying and deploying low-carbon solutions to all aspects of the business. Ultimately, low-carbon businesses will be the businesses that prosper and it makes no sense to fall further behind.



100



Being brave enough to make ourselves truly memorable.

The world's most valuable companies generally own some of the most well-known brands rather than the most expensive tangible fixed assets. Historically, the majority of New Zealand organisations have been comfortable investing in stainless steel while minimising spend on their brand and the associated experiences. (Zespri is the obvious exception to this, where the company's focus from establishment was maximising the value from kiwifruit intellectual property and the associated brand.) Spending on intangibles like brand, innovation, consumer experience and people comes with bigger risks than does buying new equipment but has greater potential upsides.

'Memorable' is defined as "easily remembered... because of being special or unusual"; the challenge for the whole industry is to lift its game so that it is both special and unusual. We should never forget Oscar Wilde's quip: "there is only one thing in life worse than being talked about, and that is not being talked about". Let's be brave, stand out and ensure the world is talking about our food, beverage, fibre and timber products.

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Recognising that we might do better taking on the world with the Australians.

We will never be able to feed the world on our own yet, at times, it feels as though we are more comfortable as the 'Kiwi battlers' (celebrating the David-and-Goliath image of little New Zealand fighting our battles alone from the bottom of the South Pacific) than we are being viewed as a valued and professional partner to the purveyors of the finest-quality food to world's most affluent consumers. Given we are such a small cog in the global food system, we need to work with other organisations to make an impact in a crowded, noisy market. The suggestion was made that our first step should be building stronger relationships with the Australian primary sector. Both countries are net food exporters and both are targeting premium consumers, often with compatible product offerings. There is more in common between the countries than there are issues that divide us and the global market has so many opportunities; we need to move beyond our battler mentality and be open to commercial partnerships with the Australians.





Storytelling in a multi- channel world



RELEVANT SURVEY RANKINGS TO THIS THEME:

2017 PRIORITY RANK NUMBER:

8th



Increasing rural / urban understanding

2016 PRIORITY RANK NUMBER: 23

2017 PRIORITY RANK NUMBER:

29th



Engaging with communities

2016 PRIORITY RANK NUMBER: 39

2017 PRIORITY RANK NUMBER:

37th
EQUAL



Practical steps to minimise food waste

2016 PRIORITY RANK NUMBER: 38

When we googled ‘what makes a good story?’, the first image that came up was an infographic that identified seven traits of a really good story: trust in the teller, drama, relatability, immersion, simplicity, agency (the ability to work out what happens) and familiarity. Seeing it laid out on one simple page highlighted an issue that was discussed during many of our conversations this year: the sector’s inability to construct and tell really good stories to the wider community despite having some deep and very engaging stories to tell.

If you think about it, in the terms suggested above, the trust in the teller is missing; there is no shortage of drama but there is a lack of relatability as more people in the community become disconnected from the land. The consequence of this disconnection is that the stories told by the agri-food sector don’t immerse people; very often, they utilise language and arguments the audience don’t want to take the time to understand. The implication of this communication style means that the stories are not simple, it is not easy for the audience to work out what is actually happening (let alone what might happen) and the stories are in no way comfortable for or familiar to most people.

The simple reality is that, with the exception of their drama content (and this is not always the sort of drama we want to profile – biosecurity incursions, animal welfare failures, flooding, food safety scares), most of the stories being told by or about the agri-food sector fall well short of the threshold of really good stories. Consequently, the majority don’t attract any attention from the wider community (except for those with a good dose of unfortunate drama).

A really good story is not enough on its own to earn the attention of the wider community. The story needs to bring together relatability, immersion and familiarity to give it a strong emotional appeal. The stories that receive traction today are those that appeal to the heart in favour of the mind. Just look at The New Zealand Herald almost any day; the headline will not be about monetary policy and interest rates but will feature young people struggling to buy a house or the latest million-dollar suburb. Both approaches tell fundamentally the same story but one sells newspapers and other is read by economists (and there are not too many of them around).

Even if you have a really good story with a strong emotional connection, there is still the challenge of achieving cut-through in today’s disrupted media market. It is not enough to have your story placed in the newspaper or even to secure air time on the national news as most people will probably not be reading the mainstream press or watching prime-time television. The story needs to work for people consuming information on a smart-phone and through social media in bite-sized chunks, and be compelling enough that they will share it. The goal for the sector has to become creating viral content that educates, entertains and engages the community and the world about the really good stories that are contributing to the prosperity of our country every day.



103



Focusing on winning the hearts rather than the minds.

Uncertainty surrounding the values of many primary sector organisations means the wider community does not believe the claims made about the contribution they make to the economy. The industry is frustrated because many widely held perceptions are not always fair but, as noted in previous Agendas, perception becomes more important than reality as, ultimately, it shapes government policy. Historically, the industry has focused on trying to win the minds of the community using logic and data. The observation was made that the focus should be on emotionally connecting with and winning the heart of each member of the community. The implications of this are significant and things that are perceived to be broken (even if the data suggests that they are not) need to be fixed. The industry needs to deliver on the pledges that it makes to do things and tell people when they are done. At the same time, the industry needs to make progress on addressing the root causes of the issues it faces, even if these don't have an immediate impact on community perception, because, over time, these actions will build trust and deliver results.

101



Encouraging every farmer to tell their story through social media.

A clear message from many of our conversations was that absolutely everybody engaged in the industry has an important role to play in changing the perceptions the wider community holds of the agri-food sector. If every farmer, grower, winemaker, fisherman, processing plant worker, rural banker, marketer and anybody else that makes their living from the sector took to Facebook, Twitter, Instagram or LinkedIn and shared stories and videos about the work they do, the contribution that it makes to their family, their community, their country and people around the world, it would help people to understand that the agri-food sector is not made up of faceless entities but of hundreds of thousands of Kiwis who want to do the best for their land, their children and family, and the country. It would put real faces on the primary sector in the minds of the urban community and give the opportunity for rural and urban people to communicate directly with each other.

102



Raising the sophistication of the industry's public face to the world.

A number of our contributors suggested that the industry needs to be smarter in all aspects of its communication to the world and could benefit from some central coordination. Currently, most organisations in the agri-food sector do their own things when it comes to communication, whereas the challenges often come in a highly coordinated manner; the result is that the industry looks confused while the challenger appears credible and consistent. Coordinating messages and responses would help to ensure that there is a positive and proactive communication strategy in place. An umbrella messaging entity would assist in delivering such a strategy. Such an organisation could also arrange industry forums to plan media engagements, provide training and work with media organisations (both domestic and international) to understand better the types of stories and content that will appeal most to their specific audience demographics.



104



Avoiding being overly defensive when under challenge from activist organisations.

The industry regularly comes under challenge from organisations that focus on addressing a single issue. From our conversations, it is clear that many leaders do not believe that they receive a fair hearing when trying to respond to many of these challenges. This has given rise to a siege mentality. The point was made that some activists are so passionate about their causes that they see no role for a balanced conversation; they consider any data that is presented to respond to their views as little more than 'alternative facts'. Ensuring that the response to claims is balanced and respectful is critical in order to avoid inflaming difficult situations. If the facts presented are wrong, correct information should be offered but, if any of the claims are valid, these must be acknowledged and detail provided on what is being done to enhance long-term performance.



105



Securing air time on mainstream television for realistic stories.

Reality television dominates programming schedules across the world; it is suggested that many people enjoy watching the shows as they are able to build empathy with the cast over the course of a season. *Country Calendar* has done a great job of attracting an audience in a prime-time slot over the decades, although the point has been made that the farms being featured recently have, increasingly, been operating outside of mainstream farming practices. *Country Calendar* attracts a mature demographic but does not necessarily appeal to younger people who are looking for sharper, more edgy content. Shows like *Deadliest Catch*, produced by the Discovery Channel on the Alaskan fisheries, appeal to younger audiences as they illustrate a more realistic and exciting view of how food is produced. The industry needs to support the development of content that tells stories in a compelling way, enables the audience to build empathy with the cast and better understand the highs and lows of delivering premium food products to the world's most affluent consumers.

106



Helping the community to respond to new technologies.

The point was made that, as new technology emerges, its disruptive potential challenges many people, with many laughing at it, trying to regulate it or desperately trying to ignore it to begin with. This will not be an option for the primary sector as it faces up to the global agrarian revolution. As we have highlighted on many occasions, the industry is facing an extended period of significant technology-driven disruption as everything from what a farm looks like, through the products grown, to how that food is processed and distributed to consumers changes. Companies and farmers will need to learn to handle technological change to survive. The change-management capabilities developed to cope with technological disruption will be transferable to the wider community. Telling stories about how being open to technology can deliver increased value, better environmental outcomes and safer working environments will assist in breaking down natural resistance to change.

107



Highlighting the uniqueness of our foods with geographical indicators.

Communities in Europe understand what farmers and growers are doing in their regions because the products that they grow have been given the legal protection of geographical indication. A whole region benefits from higher prices for its products, higher land values and a global reputation that attracts tourists and business to the region. The government is in the process of providing Marlborough Sauvignon Blanc with geographical protection to support its global reputation as a unique, premium product. International experience suggests that helping the Marlborough community to understand that the region really does produce something unique will strengthen industry/community connectivity. The suggestion was made that we should seek to secure more geographical protections for our products: to provide some level of legal protection but also to help local communities to understand that their regions are providing unique, premium food products to the world.



108



Accelerating the pivot towards food by renaming the Ministry.

The point was made by a number of contributors that the wider community does not really understand what 'primary industries' actually are. While some connect the term to farming, forestry and fisheries, many will think of oil extraction and mining. Few will connect it to the sustainable production of food and nutrition but it is important that this connection becomes more apparent in the minds of the majority of the population. The suggestion was made that the Ministry for Primary Industries needs a name change to something that will resonate with the wider community; one name suggested was the Ministry for Food. While it is recognised that the name needs to be appropriate to the competent authority, many believe we could find a more compelling name than the one that we currently have.



110



Making the story real through immersive experiences.

While farm visits provide the opportunity for a visitor to gain a deep understanding of what happens on a single farm, they do not provide a full perspective on the breadth and complexity of the agri-food sector. The suggestion was made that we should explore holding events that make it easy for the wider community to engage in immersive ways with the full breadth of the agri-food sector to obtain a comprehensive understanding of what is done and how it is done. The recent success of the New Zealand AgriFood Investment Week in Palmerston North (which incorporated the New Zealand Rural Games) demonstrated that there is potential in combining events to boost their profile and gain greater engagement with the wider community. The suggestion was made that the industry should host a series of 'agri-food in the city' events in major centres over the course of a year, perhaps around the times when established major events are held, to engage more effectively with New Zealanders where they live and play.

109



Supporting farmers who are prepared to open their farms to the community.

For residents of Auckland, it is increasingly difficult to find an opportunity to visit a farm and see what really happens on a well-run commercially operated farm. Federated Farmers and some of its members are to be commended for the Farm Open Day programme that they run but the view was expressed that the industry has to do much more to create more opportunities for members of the wider community to visit farms. Having visitors on farms not only helps them understand more about how food is grown, it also helps the farmer to understand the perspectives of the urban community better through the questions they ask and what they are interested in seeing. The wider industry should be supporting farmers who are prepared to open their properties in this way by providing manpower and money to enable them to present safe, well-organised events to the community.





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We have again received extensive commentary and insights from our contributors in preparing this edition of the *Agenda*. In total our contributors provided us with over 250 ideas from which we have created this Recipe for Action.

We trust that we have again created a useful narrative to accelerate the pivot from producer to consumer, from volume to value. The potential for New Zealand Agri-Food to grow its contribution to our country is significant – every leader we talked to has a desire to realise this potential.

We would like to thank each and every one of our contributors who gave their time and their opinions so freely – without your input we would be unable to produce the *Agenda*.

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We would like to offer special thanks to the people and following organisations featured in the business snap-shots in this volume of the *Agenda*:

Hiakai	Mount Albert Grammar School
Dianne & Richard Kidd	Primary Collaboration New Zealand
Figured	Anchor Food Professionals, Fonterra

Foreword
Hon. Nathan Guy

Business snap-shot author: Emma Wheeler
Design and creative: Adam Herlihy

KPMG primary sector leaders

We asked our sector leaders what New Zealand food they enjoy the most, or what New Zealand food they are most proud of.



Ian Proudfoot

Global Head of Agribusiness
KPMG New Zealand



"I was lucky enough to experience one of Monique Fiso's meals at the recent Te Hono Summit. The Kawakawa Ice Pop sticks clearly in my memory, a truly unique tasting surprise in the middle of a fantastic meal packed with authentic New Zealand flavours."



Emma Wheeler

Manager, Agri-Food
KPMG Auckland



"Growing up with a passion for nutrition and health, I love having access to fresh organic produce here in New Zealand, knowing that what I am eating is nutrient rich and full of nourishment."



Robert Lee

Partner, Enterprise
KPMG Tauranga



"You can't beat Avocado on toast with tomato, it's made even more special as the avocados come from my very own orchard."



Patrice Feary

Director, Enterprise
KPMG Christchurch



"I look forward to the Bluff oyster season every year! Each year the season rolls in they never disappoint. Whether enjoyed lightly battered with the family on fish and chip Friday's or with a little more sophistication and ceremony at a restaurant... they are worth every cent and some!"



Roger Wilson

Partner, Enterprise
KPMG Hamilton



"My meal of choice is a medium rare succulent eye-fillet of beef or venison, accompanied by brown sauce, roast kumara and seasonal vegetables."



Ian Williamson

Partner, Supply chain
KPMG Auckland



"Fresh new Zealand grown Avocado smash on toast starts my day off perfectly."



Brent Love

Director, Farm Enterprise
KPMG Timaru



"BBQ covered with all of the red meat that NZ agriculture provides, we are lucky to have it at our gate, the rest of the world has to wait for our farmers to get to them."



Andrew Hawkes

Partner, Enterprise
KPMG Christchurch



"As a born and bred Cantabrian, I cannot beat the festive season. New potatoes, roast Canterbury lamb or fresh Akaroa salmon. Picking raspberries and strawberries and shelling freshly picked peas is an enduring childhood memory and one I enjoy again with my children, even if more end up in mouths than in the bucket for Christmas day."



Simon Hunter

Principal, Advisory
KPMG Auckland



"Our NZ Food story is something I have incredible pride in. As an industry we need to show courage, unity and a common purpose so we can lift above any challenges to allow our produce to be a star its own unique way."



Julia Jones

Farm Enterprise Specialist
KPMG Hamilton



"As a kid I thought eating mussels Dad had collected, and fresh meat from the neighbour's farm meant we were poor. I now appreciate this meant we were very privileged."



Tuhi Isaachsen

Director, Strategy
KPMG Auckland



"Whole natural foods are a priority for me and my family, living in New Zealand we are lucky to have access to whole grains and fresh greens which are a family favourite. Our desire is to feed our bodies with pure nutrition directly from nature."



Gary Ivory

Partner, Deal Advisory
KPMG Auckland



"I have extensively travelled the world but never found a wine to match the exquisite body of a New Zealand Pinot or Shiraz."



Dylan Marsh

Associate Director, Customer & Pricing
KPMG Auckland



"You just can't beat a beautiful piece of venison rump, cooked medium rare, swinging more towards rare."



Joe Hanita

Associate Director, Advisory
KPMG Hamilton



"My most special whanau memories feature kaimoana, sitting around the kitchen table as a young fulla with my Dad and Pop, newspaper spread out, kōura (crayfish) cut in half, trying to get the last bit of flesh out of the legs."



Riria Te Kanawa

Director, Advisory
KPMG Wellington

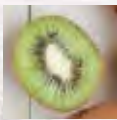


"Nothing quite like some thinly sliced flash fried paua, in a touch of our fabulous NZ butter, a hint of garlic and a few spring onions. Mussels on the BBQ and fresh gurnard are close behind. This kai brings back fond memories of whānau holidays at the beach."



Justine Fitzmaurice

Manager, Advisory
KPMG Wellington



"My favourite New Zealand food is kiwifruit, both green and gold. It's instantly recognisable as from New Zealand and is the perfect nutritious and tasty snack."



Louise Webster

Founder & CEO
NZ Innovation Council



"Cherries are my favourite food. The juicy rich taste of a hot central Otago summer as a child... to me some of the best innovation happens in nature."



Vanessa O'Neil

Director, Enterprise
KPMG LAuckland



"Earliest export memory. In 1998 I was in London doing the traditional kiwi OE, I funded my next trip by joining the Marks and Spencer UK Food & Wine team. In my interview solely on the basis I was from New Zealand they had expectations of me being their next sauvignon blanc sommelier. I knew then that New Zealand wine had a strong global reputation. Luckily for them (and the NZ Wine industry) I went into the marketing team not the wine one."



Mike Clarke

Partner, ITA
KPMG Auckland

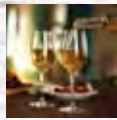


"Being English I am partial to a great cup of tea but now I live in New Zealand I like to give it a bit of kiwi sweetness, so I add a spoon of Manuka honey to every cup."



Andrew Tub

Partner, Performance
KPMG Auckland



"After spending years living in Wellington and having the quality wine country of Martinborough just over the hill, I became partial to the full bodied creamy mouth feel of a Martinborough Chardonnay."





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