

# A VISION FOR NEW ZEALAND'S PRIMARY SECTOR

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some thinking presented by food and fibre industry leaders

November 2017

# Our Food and Fibre Future

- Twelve months ago MPI hosted three Food and Fibre Future workshops with primary industry leaders, at which industry leaders considered emerging trends, related challenges and opportunities, and how we can best position ourselves to respond to future change.
- Over the past three months a Food and Fibre Future Industry Working Group has met, tasked, from the workshops held last year with prioritising some key actions from the longer list of ideas the workshops generated.
- Participants in the Food and Fibre Industry Working Group included: Beef and Lamb, Synlait, Greenlea, Scion, Federated Farmers, Fonterra, Kono, Sanford, Plant and Food Research, Wakatu , KPMG, Te Puna Farms, The Plus Group, and Directors of food and fibre companies or organisations.

# We agreed we need a pan-sector vision

- We need to look forward, and consider where we want to be in 30-40 years time.
- We need to pro-actively consider longer term time frames, rather than react to other, shorter, cycles at play.
- We need to articulate New Zealand's unique positioning.
- We need to tell a story that resonates with people (both our customers, and the New Zealand public).
- We need an inspirational vision that pulls us forward, and compels us to create our future.
- We need to set out our vision of how we can create the future we want, in a way that allows people to engage with our journey.
- We need to develop a culture of collaborative thinking within existing organisations and sector bodies.
- If WE don't develop our own Vision, to set our strategic direction, **who are we leaving it to?**

# What will a vision do?

- A vision will articulate where we want to get too, and outline the existing barriers preventing us from getting there.
- Cross-sector collaboration on a shared vision will provide thought leadership and promote a concise and united message about the aspirations of companies working across the food and fibre value chain.
- A vision will set out our strategic challenges and explore vehicles through which we can deliver solutions.
- A vision will enable aspirational discussions and debate on the difficult issues that others may not want to champion (e.g. GE).
- A vision will provide a long-term durable message, which will stand above other short-term changing influences.
- A vision will help us to address the reputational challenges we face (domestic and international)

# The problem definition

- Are our food and fibre industries heading for a reputational CRISIS?
- We're spending too many resources duplicating activities.
- We are good at collaborating within our sectors, but need to collaborate more across our sectors. This is also relevant across government and CRIs.
- A pan-sector "New Zealand Inc." strategy might support the creation of pan-sector systems and processes that we need (e.g. funding).
- There is no over-arching pan-sector thinking guiding our collaborative work on threats and opportunities
- Not all companies have the time and resources to think about big strategic problems and opportunities. We need to leverage each other's inputs.
- Change from disruptive and emerging trends is happening FAST. Are we keeping ahead of our competitors and do we understand how they are responding?
- We are not being brutal enough in acknowledging what could undermine us and 'knock us over.' For example, plant proteins and synthetic foods are not just an issue for meat producers: they will affect all stages of our value chain.
- Government needs to enable and facilitate, or, get out of the way.

# Who will deliver the vision?

- We don't know yet!
- The challenge is: what is the right vehicle to make this happen?
- How can we channel our various thinking into a pan-sector position, of influence?
- Who are the players, and how can we best collaborate?
- The vision should be led by industry
- There is a role for government

## **Some examples of other strategic groups and projects:**

- **Industry sector bodies and industry good groups**
- **The Farm Leaders Group**
- **The proposed Primary Sector Council**
- **Te Hono**
- **Project Origin**

# The Essential Components of a Vision

Where do we want to get to?

What is stopping us from getting there?

What can industry do? (What do we need, and why?)

What can government do? (What do we need, and why?)

# What outcomes do we want from our Vision?

An improved reputation

"Goodness"

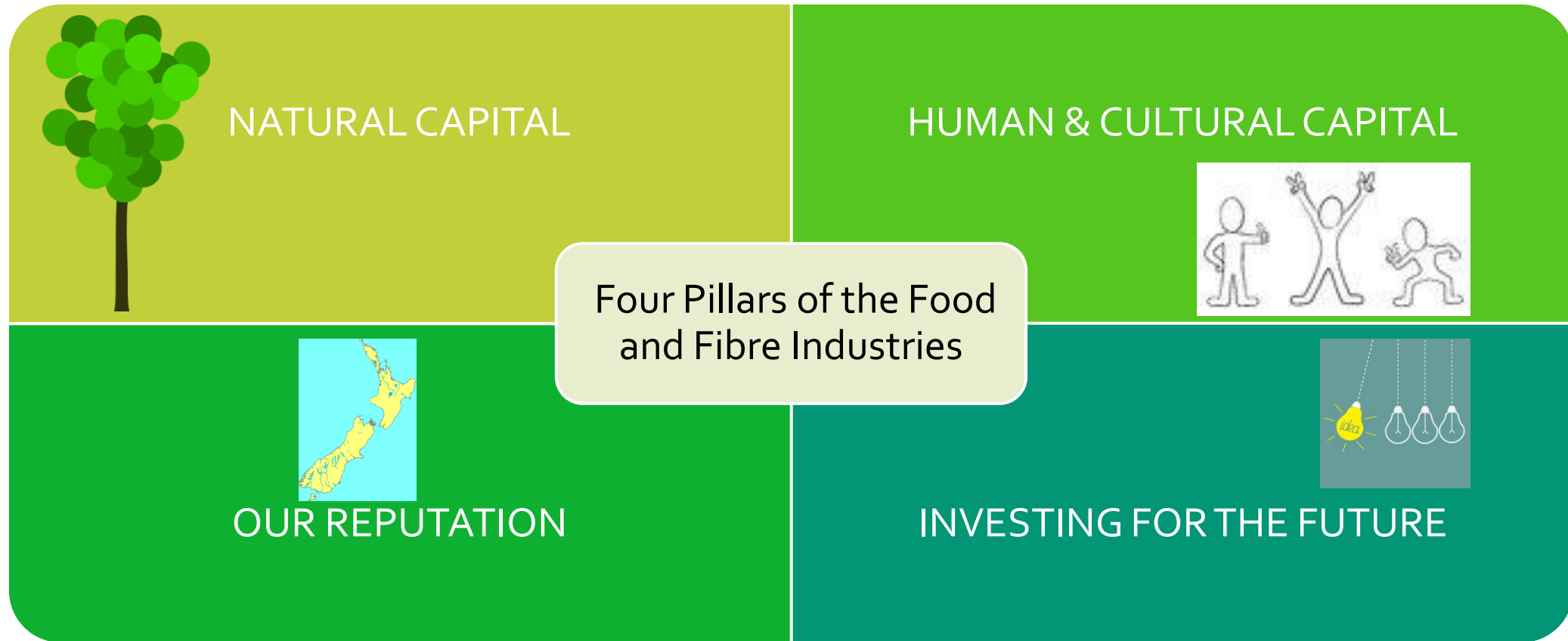
A world-leading position

Wealth (capital and social)

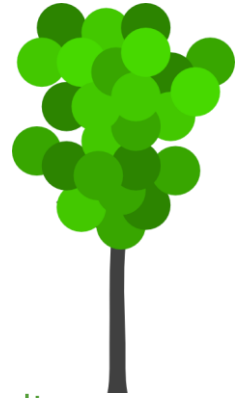
Desire – people want to come here, invest here, and buy our products



# Some suggestions for themes a Vision might include...



# Natural Capital



**WATER • SOIL • ENVIRONMENTAL IMPACTS • CLIMATE CHANGE • OUR OCEANS • BIODIVERSITY**

- How do we best allocate our natural resources?
- Water is a peak indicator: we need to pro-actively embrace this challenge, “own” the issue, and create a baseline.
- We need to better apply the science and technology we already have. For example, how to turn our climate change research into action?
- We need to protect IP and trade advantages associated with our natural assets.
- The environmental behaviours of the primary sector need to ‘walk the talk’ and clearly resonate with urban New Zealand.
- We have reputational management challenges at a domestic and international level.
- We must keep abreast of changing consumer values and preferences – e.g. what does land and water ‘wellness’ mean to our consumers?
- The primary sector, our natural assets, and our tourists’ visitor experiences are inextricably linked. We need to engage with the wider story, because our Vision is part of NZ’s wider reputation.
- National regulatory frameworks have a role to play – are we engaging and influencing the debate?
- Don’t forget that 96% of NZ territory is ocean!

# Human and Cultural Capital



- Have we acknowledged the depth of the challenge around our future labour requirements, and predicted shortfalls, across the primary sector?
- We need to foster an entrepreneurial mind-set in our education systems.
- How do we secure the talent we need to drive innovation?
- Planning for the succession of institutional and industry knowledge in our services sector.
- How can food and fibre industries engage in and facilitate an educational 'lift and shift'?

# Our reputation



There are four areas where we need to build, leverage and protect our reputation. In the four areas below, our reputation is key to creating our points of difference:

1. **Our provenance story**
2. **Our production systems and inputs**
3. **Our market and consumer insight**
4. **Our routes to market**

# 1. our provenance story



- our cultural values
- our producers
- our crafts
- our oceans and landscapes
- our history
- leverage common themes from existing industry specific stories and strategies (e.g. Red Meat Story, Seafood Strategy)
- where do we need to build our reputation in relation to provenance?

## 2. our production systems and inputs



- our sustainable farming methods
- our food and product integrity
- our innovation
- our ability to differentiate our 'unique' natural inputs (e.g. nutritional food and beverages leveraging 'New Zealand ingredients').

### 3. market and consumer insights



- Our point of difference is our ability to **share pan-sector market and consumer insight**, including our in-depth understanding of our customers' changing values and preferences.
- How do we leverage, build and protect this point of difference?
- Note, there is a difference between good data, and good insight!

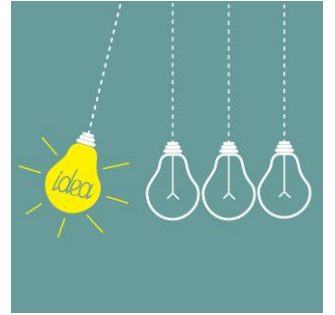
## 4. routes to market



- our geographic location means we are forced to be innovative around our routes to market
  - this should be perceived as an opportunity.
- our ability to embrace innovative new channels to our consumers
- we may be a small and far-away country but we will be digitally accessible across multiple platforms
- our ability to use traceability technology to support our routes to market (e.g. blockchain)
- innovative packaging solutions



# Investing for the future



- Our contestable R&D funding systems feeds a competitive spirit and culture. We need to collaborate more *pro-actively* (acknowledging that collaboration does happens in the re-active space, e.g. biosecurity responses).
- We need to make our 'Entrepreneurial Engine' more connected – it needs better industry-academia-CRI-government links, and must drive future direction and focus.
- Foresight is required to identify key innovation challenges.
- Align the necessary innovation support to meet our key innovation challenges, especially in the \$2-10m range.
- Funding systems are required for robotics and AI priorities.
- HOW do we 'move the dial' and get our companies to invest more in R&D, including staff?
- Share compelling stories and tangible case studies around R&D and adding value successes, including overseas examples (Israel, Ireland).
- Disruption can fuel innovation. We need R&D and funding support to leverage opportunities, e.g. potential for new food and fibre products in new markets, such as the construction industry.
- We don't always have scale potential, so we need to be SMARTER. - We should be creating **solutions** for the world.
- We must invest in (and market) our services and tech sector.
- Foreign investment can play an important role.

# Opportunities

- Our small size supports agility
- We already have a reputation for premium.
- We can be a global leader in terms of how we respond to disruptive trends. E.g. position ourselves as the best protein producers in the world (*including* plant proteins!)
- We need to step up and lead our reputational management issues (i.e. social licence to operate).
- Mindset is crucial. We need the mindset to anticipate, respond, and take action.
- New technology enables disruption, but we need business models that enable new technology to be delivered. We mustn't overlook the opportunity to develop and implement new business models.

# The Big Scary Issues

- Land, water, environment (“Sustainable production”)
- Responding to climate change
- Consumers no longer wanting what we produce
- Labour supply
- Our mindset (“disruption will happen but we’ll think about it and react when it happens”)
- Biosecurity
- Our mindset!
- The anti-animal food movement (plant proteins and synthetic foods)
- Serious infectious disease (in animals and humans)
- Alternative value chains and channels to consumers
- Pathways to market/staying connected
- Ocean pollution

**After some discussion, we prioritised these issues. The top three were:**

- ❖ **Our mindset**
- ❖ **Sustainable production**
- ❖ **Biosecurity**

# Next Steps

- Agree on a vehicle to enable a vision to develop.
- Define and outline what we want for New Zealand.
- Gather foresight on what is happening; within industry, government, domestically, and internationally.
- Establish some baselines to underpin our 'stories'.
- Who is on board?
- Who will sign up for the action required to make this happen?