



Notice is hereby given that a Meeting of the Community and Strategy Committee will be held on:

Date: Wednesday, 6 May 2020
Time: 1pm
Meeting Room: Council Chamber
Venue: 15 Forth Street, Invercargill

Community and Strategy Committee Agenda OPEN

MEMBERSHIP

Chairperson	Julie Keast Mayor Gary Tong
Councillors	Don Byars John Douglas Paul Duffy Bruce Ford Darren Frazer George Harpur Ebel Kremer Christine Menzies Karyn Owen Margie Ruddenklau Rob Scott

IN ATTENDANCE

Group Manager - Community and Futures	Rex Capil
Committee Advisor	Alyson Hamilton

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Website: www.southlanddc.govt.nz

Full agendas are available on Council's Website
www.southlanddc.govt.nz

Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.

Terms of Reference – Community and Strategy Committee

TYPE OF COMMITTEE	Council committee
RESPONSIBLE TO	Council
SUBCOMMITTEES	None
LEGISLATIVE BASIS	Committee constituted by Council as per schedule 7, clause 30 (1)(a), LGA 2002. Committee delegated powers by Council as per schedule 7, clause 32, LGA 2002.
MEMBERSHIP	The Community and Strategy Committee is a committee of the whole Council. The mayor and all councillors will be members of the Community and Strategy Committee.
FREQUENCY OF MEETINGS	Six weekly or as required
QUORUM	Seven
SCOPE OF ACTIVITIES	<p>The Community and Strategy Committee is responsible for:</p> <ul style="list-style-type: none"> • providing advice to Council on the approaches that it should take to promote the social, economic, environmental and cultural well-being of the District and its communities and in so-doing contribute to the realisation of Council's vision of one District offering endless opportunities • to provide leadership to District communities on the strategic issues and opportunities that they face • to develop relationships and communicate with stakeholders including community organisations, special interest groups and businesses that are of importance to the District as a whole. • assessing and providing advice to Council on: <ul style="list-style-type: none"> - key strategic issues affecting the District and Council - community development issues affecting the District and Council - the service needs of the District's communities and how these needs might best be met - resource allocation and prioritisation processes and decisions. • developing and recommending strategies, plans and policies to the Council that advance Council's vision and goals, and comply with the purpose of local government as specified in the Local Government Act 2002 • monitoring the implementation and effectiveness of strategies, plans and policies • developing and approving submissions to government, local authorities and other organisations • advocating Council's position on particular policy issues to other organisations, as appropriate

	<ul style="list-style-type: none"> considering recommendations from community boards and Council committees and make decisions where it has authority from Council to do so, or recommendations to Council where a Council decision is required. <p>It is also responsible for community partnerships and engagement. This includes:</p> <ul style="list-style-type: none"> monitoring the progress, implementation and effectiveness of the work undertaken by Great South in line with the Joint Shareholders Agreement and Constitution. allocations of grants, loans, scholarships and bursaries in accordance with Council policy international relations developing and overseeing the implementation of Council's community engagement and consultation policies and processes. <p>The Community and Strategy Committee is responsible for overseeing the following Council activities:</p> <ul style="list-style-type: none"> community services district leadership.
DELEGATIONS	<p>Power to Act</p> <p>The Community and Strategy Committee shall have the following delegated powers and be accountable to Council for the exercising of these powers:</p> <ol style="list-style-type: none"> approve submissions made by Council to other councils, central government and other bodies approve scholarships, bursaries, grants and loans within Council policy and annual budgets approve and/or assign all contracts for work, services or supplies where those contracts relate to work within approved estimates. monitor the performance of Great South.. <p>Power to Recommend</p> <p>The Community and Strategy Committee«name of entity» has authority to consider and make recommendations to Council regarding strategies, policies and plans.</p>
FINANCIAL DELEGATIONS	<p>Council authorises the following delegated authority of financial powers to Council committees in regard to matters within each committee's jurisdiction.</p> <p>Contract Acceptance:</p> <ul style="list-style-type: none"> accept or decline any contract for the purchase of goods, services, capital works or other assets where the total value of the lump sum contract does not exceed the sum allocated in the Long Term Plan/Annual Plan and the contract relates to an activity that is within the scope of activities relating to the work of the Community and Strategy committee

		<ul style="list-style-type: none"> accept or decline any contract for the disposal of goods, plant or other assets other than property or land subject to the disposal being provided for in the Long Term Plan <p>Budget Reallocation.</p> <p>The committee is authorised to reallocate funds from one existing budget item to another. Reallocation of this kind must not impact on current or future levels of service and must be:</p> <ul style="list-style-type: none"> funded by way of savings on existing budget items within the jurisdiction of the committee consistent with the Revenue and Financing Policy
LIMITS DELEGATIONS	TO	<p>Matters that must be processed by way of recommendation to Council include:</p> <ul style="list-style-type: none"> amendment to fees and charges relating to all activities powers that cannot be delegated to committees as per the Local Government Act 2002 and sections 2.4 and 2.5 of this manual. <p>Delegated authority is within the financial limits in section 9 of this manual.</p>
STAKEHOLDER RELATIONSHIPS		<p>This committee will maintain and develop relationships with:</p> <ul style="list-style-type: none"> Community Boards Great South Milford Community Trust Destination Fiordland. <p>The committee will also hear and receive updates to Council from these organisations as required.</p>
CONTACT WITH MEDIA		<p>The committee chairperson is the authorised spokesperson for the committee in all matters where the committee has authority or a particular interest.</p> <p>Committee members do not have delegated authority to speak to the media and/or outside agencies on behalf of Council on matters outside of the board's delegations.</p> <p>The group manager, community and futures will manage the formal communications between the committee and the people of the Southland District and for the committee in the exercise of its business. Correspondence with central government, other local government agencies or official agencies will only take place through Council staff and will be undertaken under the name of Southland District Council.</p>

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1 Apologies

At the close of the agenda no apologies had been received.

2 Leave of absence

At the close of the agenda no requests for leave of absence had been received.

3 Conflict of Interest

Committee Members are reminded of the need to be vigilant to stand aside from decision-making when a conflict arises between their role as a member and any private or other external interest they might have.

4 Public Forum

Notification to speak is required by 5pm at least two days before the meeting. Further information is available on www.southlanddc.govt.nz or phoning 0800 732 732.

5 Extraordinary/Urgent Items

To consider, and if thought fit, to pass a resolution to permit the committee to consider any further items which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded.

Such resolution is required to be made pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987, and the Chairperson must advise:

- (i) the reason why the item was not on the Agenda, and
- (ii) the reason why the discussion of this item cannot be delayed until a subsequent meeting.

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

"Where an item is not on the agenda for a meeting,-

- (a) that item may be discussed at that meeting if-
 - (i) that item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- (b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion."

6 Confirmation of Minutes

6.1 Meeting minutes of Community and Strategy Committee, 11 February 2020

Chairperson's Report

Record No: R/20/4/9414

Author: Alyson Hamilton, Committee Advisor

Approved by: Rex Capil, Group Manager Community and Futures

☐ Decision

☐ Recommendation

☒ Information

Purpose of Report

The purpose of the report is to provide an update to the Community and Strategy Committee on activities of the chairperson from 27 February through to 26 March 2020.

Kia ora and welcome to the Community and Strategy Committee meeting.

Items of interest that I have been involved are as follows:

- viewing of webinar “The Slippery Slope to Corruption” sponsored by the Serious Fraud Office
- along with Councillor Duffy and community partnership leader Karen Purdue - attended a Catlins Partnership meeting held at Balclutha
- assisted with the setup of a welfare centre at the Tokanui Hall due to travellers, mainly those passing through the Catlins, being stranded due to flooding with no booked accommodation
- attendance at Waimumu Field Days and assisted at the Southland District Council site
- along with councillors, attended the strategic workshop held over a three day period
- attendance at Southland youth futures advisory meeting
- attendance at the recent Waihopai Toetoe Community Board formal meeting
- attendance at the final meeting of the Welcoming Communities Advisory Group recently held at Great South. This work has now been forwarded to individual councils for administration
- joined Karen Purdue and Megan Seator in a discussion on going forward with Welcoming Communities with ICC representatives Rebecca Amundsen and Mary Napper
- joined others from the community at the Southern District Arts Trust Edge of the World Exhibition event of the waka crossing the Waikawa Harbour (Awarua Runanga)
- meeting with Richard Gray, Fonterra, regarding the Financial & Reserve Fund along with Cr Paul Duffy, community board chair, Pam Yorke, group manager, environmental services Fran Mikulicic and team leader, resource management, Marcus Roy
- attendance at Catlins Coast Inc meeting - Clutha District Council, Mayor Brian Cadogan and Cr Paul Goldsmith were in attendance discussing the draft community plan “Our Place - Catlins”
- along with Cr Paul Duffy met with landowner regarding Slope Point access
- attended Citizens Advice Bureau Southland meeting

- met with Emergency Management Southland representatives, along with Serena Lyders and Leona Brunton to discuss flooding response
- attended the Chair's Forum in Invercargill
- spoke, along with Cr Paul Duffy, at Curio Bay to the attendees of Coastal Restoration Trust NZ conference
- attended Gore Counselling Centre monthly Executive Committee meeting.

Hope everyone is well in their bubbles. The reality of movement to Level 3 is a mix of emotions. I find the reality is don't get too excited it won't be that much different although my husband read in the paper this morning that golf will be a permitted activity under Level 3 - not exciting for me but Pete was certainly very interested! We have a very small bubble so it is simple, although for the older generation in our lives I am feeling their isolation!

Recommendation

That the Community and Strategy Committee:

- a) Receives the report titled "Chairperson's Report" dated 29 April 2020.**

Attachments

There are no attachments for this report.

SDC Holiday Programme - January 2020

Record No: R/20/4/9554

Author: Kathryn Cowie, Community Liaison Officer

Approved by: Rex Capil, Group Manager Community and Futures

☐ Decision

☐ Recommendation

☒ Information

Purpose

- 1 The purpose of this report is to provide the Community and Strategy Committee with an update on the SDC holiday programme that was delivered by Sport Southland in January 2020.
- 2 Sport Southland delivered a school holiday programme in January 2020 on six dates and in six locations around the District. The attached evaluation report from Sport Southland gives an overview of activities, attendance, feedback, key learnings and recommendations for future programme delivery.

Background

- 3 Southland District Council began delivering a holiday programme into the Southland District since the late 1990's. The delivery of this programme was then incorporated into part of the key deliverables of Venture Southland. Sport Southland was subcontracted by Venture Southland and provided a physical activity based programme for a number of years.
- 4 In recent times the SDC holiday programme was delivered by Venture Southland whereby the scope of the programme began to incorporate more arts and crafts type activities alongside the physical activities and in doing so it utilised some of the resources of the ILT Kidzone Festival.
- 5 The SDC holiday programme continues to be very popular with families in the District.
- 6 In organising the proposed programme for the January 2020, a Request for Proposal was published on GETS, with providers given a deadline of 15 September to submit proposals to SDC. Following the deadline, there were no proposals received, but after direct discussions with Sport Southland they advised that they were interested in delivering the programme. They submitted a proposal which was accepted and a contract issued.
- 7 Due to the short timeframe available, it was agreed that the programme would be delivered on a smaller scale than previous years, but with the aim of creating a bigger impact on young people and rural communities in the future.
- 8 The programme consisted of six sessions in six locations around the District.
- 9 The attached report from Sport Southland and their presentation will give you an overview of what was delivered, attendance, key learnings and the feedback from participants.
- 10 Both SDC staff and Sport Southland are keen to continue working together to deliver this programme to our rural communities.

Recommendation

That the Community and Strategy Committee:

- a) **Receives the report titled “SDC Holiday Programme - January 2020” dated 23 April 2020**

Attachments

- A SDC Holiday Programme Report Final [↓](#)
- B SDC Holiday Programme 2020 infographic [↓](#)



JANUARY 2020 EVALUATION REPORT OVERVIEW OF THE PROGRAMME

Late in 2019, Sport Southland took on the opportunity to deliver the Southland District Council Holiday Programme. Although the timeframes were very tight, we understood the importance of the programme going ahead, so we made it a priority.

The programme was run over three weeks beginning 17th January 2020, with the final day being 29th January 2020. Communities, venues, and schools were consulted prior to choosing dates to ensure no clashes with existing local events and alignment with school start dates. The dates were chosen later in the holiday break to support the parents who had returned to work from holiday in mid-January, as insights told us this is a particularly difficult time to source childcare.

The programme locations were chosen as Tokanui, Winton, Te Anau, Wyndham, Ōtautau, and Stewart Island. These locations were selected as we felt they reached as much of the region as possible within the short and limited timeframe for planning and implementation.

The initial concept for the programme was to include as many community groups as possible to give children opportunities for ongoing community engagement. In some regions this worked extremely well, while in others the short lead in time and close down period for the Christmas break meant that some were unable to commit to the project.

Another concept was to introduce new activities to children within their community that they may be able to continue beyond the holiday programme. This worked extremely well, with over 80% of the children surveyed indicating they had tried a new activity at the holiday programme. In Stewart Island and Tokanui it was 100% of those surveyed.

At each location, the children were split into small groups, dependent on registration numbers and sibling groups, for example. The groups were then rotated through four stations (four different providers/activities), where children spent 45 minutes before a food and drink break, and then moved on to the next station. The children started the programme at 10am and finished at 3pm.



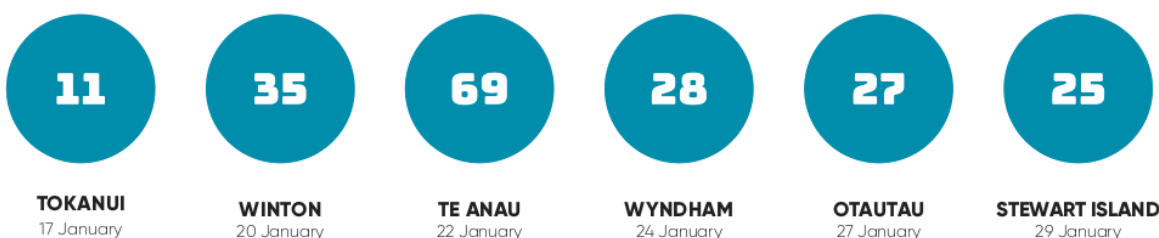
We had planned to group the children by their age (5-8years and 9-12years). This was intended to help the providers with planning activities and to get the best engagement by ensuring the context and age appropriateness was relevant. We very quickly noted that this was not the best option and made changes to suit. The children much preferred to choose their own groups as this meant they could be with siblings who were younger and/or needed more support. This highlighted the family and community connectedness by the number of older siblings, cousins, and friends who were prepared to guide and assist their younger members through the activities and food breaks.

Location	Providers & activities offered via a rotation programme
Tokanui	Watercolour painting – Local artist Swimming in community pool – Local swim coach Traditional Māori Games – Poi and Ki O Rahi – Sport Southland Staff member Invercargill Public Library – Robots, coding and escape room cryptic puzzles
Winton	Golf Southland – Golf activities with plastic clubs and targets Pickleball - Delivered by tennis club - A paddleball sport that combines elements of tennis, badminton, and table tennis. Invercargill Public Library – Robots, coding and escape room cryptic puzzles Traditional Maori Games – Poi and Ki O Rahi – Sport Southland Staff member
Te Anau	Department of Conservation – Kea and Kakapo educational activities – DOC local officer Traditional Māori Games – Ki O Rahi – delivered by local Family Worker Arts and Crafts – Local Artist Pickleball - Delivered by tennis club - is a paddleball sport that combines elements of tennis, badminton and table tennis.
Wyndham	Rock Painting – Local Artist Traditional Māori Games – Poi and Ki O Rahi – Sport Southland Staff member Pickleball - Delivered by tennis club - is a paddleball sport that combines elements of tennis, badminton, and table tennis. Golf Southland – Golf activities with plastic clubs and targets
Otautau	Rock Painting – Local Artist Traditional Māori Games – Poi and Ki O Rahi – Sport Southland Staff member Pickleball - Delivered by tennis club - is a paddleball sport that combines elements of tennis, badminton, and table tennis. Golf Southland – Golf activities with plastic clubs and targets
Stewart Island	Rock Painting – Invercargill Artist Traditional Māori Games – Poi and Ki O Rahi – Sport Southland Staff member Pickleball - Delivered by tennis club - is a paddleball sport that combines elements of tennis, badminton, and table tennis. Invercargill Public Library – Robots, coding and escape room cryptic puzzles



NUMBERS ATTENDED

A total of 195 children participated over the six sites - 54.6% male, 45.4% female, and the average age was 7 years. Even though these numbers were lower than expected this did reflect what was happening in the individual communities at the time. Stewart Island reached capacity and some other sites came close to capacity. Specific location numbers:



Sport Southland staff had some discussion with the local communities to gauge why participation numbers were lower than expected. There was a particular focus on the number of children registered in the Tokanui community. Conversation with parents/caregivers indicated the weather had played a part as whole family units were working on farms. It was the first good weather day they had seen in a while and there was an expectation to get things done while it was possible. There was also a big group of the community's families who were away on their holiday break.

There was some initial discussion and issues around the online registration process, however after discussions and surveys of parents, 62% had no problems and quoted it as "being easy". Some parents said it was a long process however it was extremely important for health and safety purposes that we collated as much information as possible. This allowed us to minimise or eliminate as many issues as possible prior to the events.

COMMUNITY INVOLVEMENT

Information about the community groups who helped and why you thought it was important to make these connections.

Across all regions where we engaged with community groups or 'local champions' to deliver activities we found the sessions ran very smoothly and time wasn't taken up with introductions or relationship building. In general, everyone knew each other, had respect for each other, and just got on with the activity at hand. This reduced some of the more difficult behaviours as the children already had a connection with the leader/provider of the session.

We chose activities that would be new to the children and communities but at the same time they would be activities that could be sustainable post-holiday programme. For example, each of the regions have local tennis and golf clubs, therefore the reason for including golf and pickleball. From our engagement with these clubs, we know they often struggle for new members, especially children and families. Pickleball is a fantastic way for the tennis clubs to introduce tennis in a fun, easy, and family friendly way. Golf Southland have some fantastic and engaging golf resources for young children. We thought this was a great way for children to try something they wouldn't normally participate in. If they enjoyed it, they could spend some time at the local golf course with family members, particularly older family members.

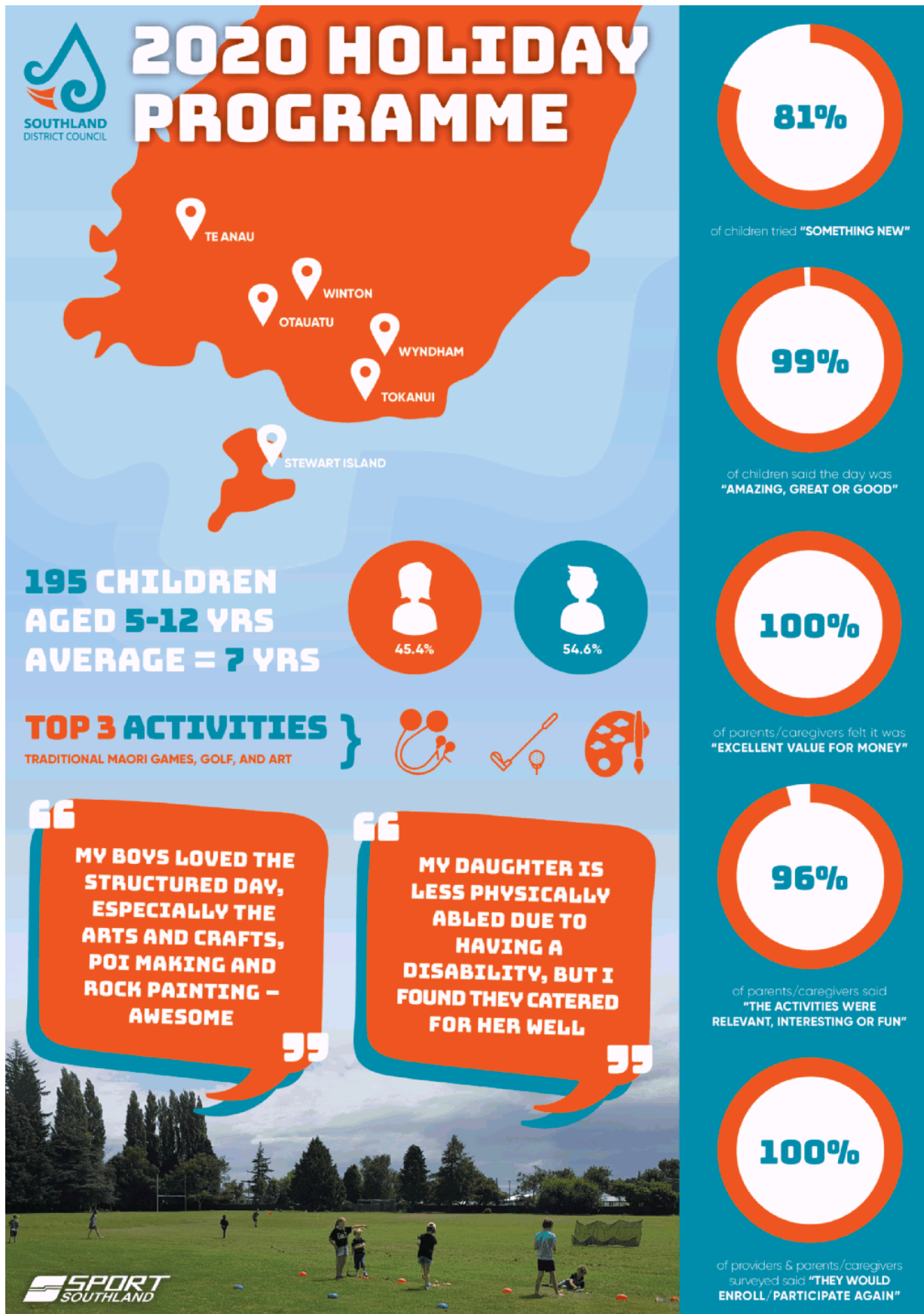
The providers appreciated these opportunities and they felt it was a different way to reach the children in their region. The Department of Conservation was involved in Te Anau; they had been looking for ways to engage directly with that age group and were grateful for the opportunity. They presented sessions on the environmental and wildlife aspects relative to their community and area.

The providers had the opportunity to link with other providers/groups from their community and they strengthened existing relationships with Sport Southland staff. Some also had the chance to connect with the clubs in the regions that they have been unable to meet so far.

Quotes from the provider surveys when asked "Were there any new connections or networks made for you or your organisation as a result of participating in this programme?"

"Yes, spent quality time meeting old/new people who represented their organisation and got a better understanding of what they do within our community."

"Yes, I invited along two ladies from the Winton golf club to have a look at what we do at the Winton programme, it was a chance to meet them and work alongside them."



KEY LEARNINGS

We noted the use of Primary schools as venues (over Secondary schools) very beneficial in terms of the break times and play options for the children. They enjoyed the opportunity to get out onto a playground after food and drink breaks. This was also a great way to manage behaviour as they were ready to focus on the next activity once they had had some free time and play. It also helped settle some nerves as most of the children attended the primary schools so knew the environment well, and in general were comfortable within it.

We found that each region was quite different in terms of their needs for staff to children ratios. In the future, we would suggest increasing staff ratios in some regions relative to each community's connectedness. When allocating groups, it was far more productive to let the children choose who they would like to be with. This allowed for siblings to support each other, friends to connect after a holiday break, and to ease the behaviour management techniques required.

We appreciate there were some difficulties for a small group of people with the online registration process, however we still believe this is the best way to register children over a manual process or on the day. In the parent/caregiver survey, 63% said it was easy and or great to use. Some parents/caregivers commented it was good but a long process. We appreciate this, however it was extremely important for health and safety and planning purposes that we collated as much information as possible beforehand.

In terms of provider and community group engagement we would have benefited from a longer lead in time to secure them. Some groups were very keen to be involved, however, they had already planned their staff and resource allocations in the previous quarter and were unable to shuffle things to suit. Provider and community engagement was also affected by the timing of the programme and the close down period over December/January. Moving forward, we believe it will be easier to engage with community providers/organisations as this holiday programme has set a precedent, and the organisations involved highly valued the opportunity.



"MY CHILDREN LOVED THE ACTIVITIES. I DON'T THINK YOU NEED TO CHANGE ANYTHING"

"KIDS LOVED IT ALL. GREAT MIX OF ACTIVITIES"

INSIGHTS AND REFLECTIONS

81% of children “tried something new”, with 100% of the children in Tokanui and Stewart Island participating in a new activity. We expected some children to experience new activities and this was a part of the initial concept, however, we were not expecting the numbers to be so high. It has highlighted that there are some opportunities across a range of disciplines that are not necessarily reaching the rural regions. It also suggested there are some areas for growth and development.

We found the Māori traditional games were very popular as well as a new experience for many of the children. 73% of children named it as their “something new they tried today”. This creates an opportunity for Sport Southland and the Southland District Council to explore how to promote and raise awareness for Māori Traditional games amongst rural children in Southland. The top ‘favourite’ activity was Maori Traditional games (Poi & Ki o Rahi), the next top four in order were Art, Golf, the Invercargill Public Library, and Pickleball.

We found the schools were very grateful but also surprised to receive a donation for the use of their venue. Thanking schools for their time and resources has helped to strengthen relationships and kept doors open for future use of their venues.

RECOMMENDATIONS

Based on the insights gathered during the planning, delivery and evaluation of the 2020 Holiday Programme, if the programme was to be delivered again, we suggest:

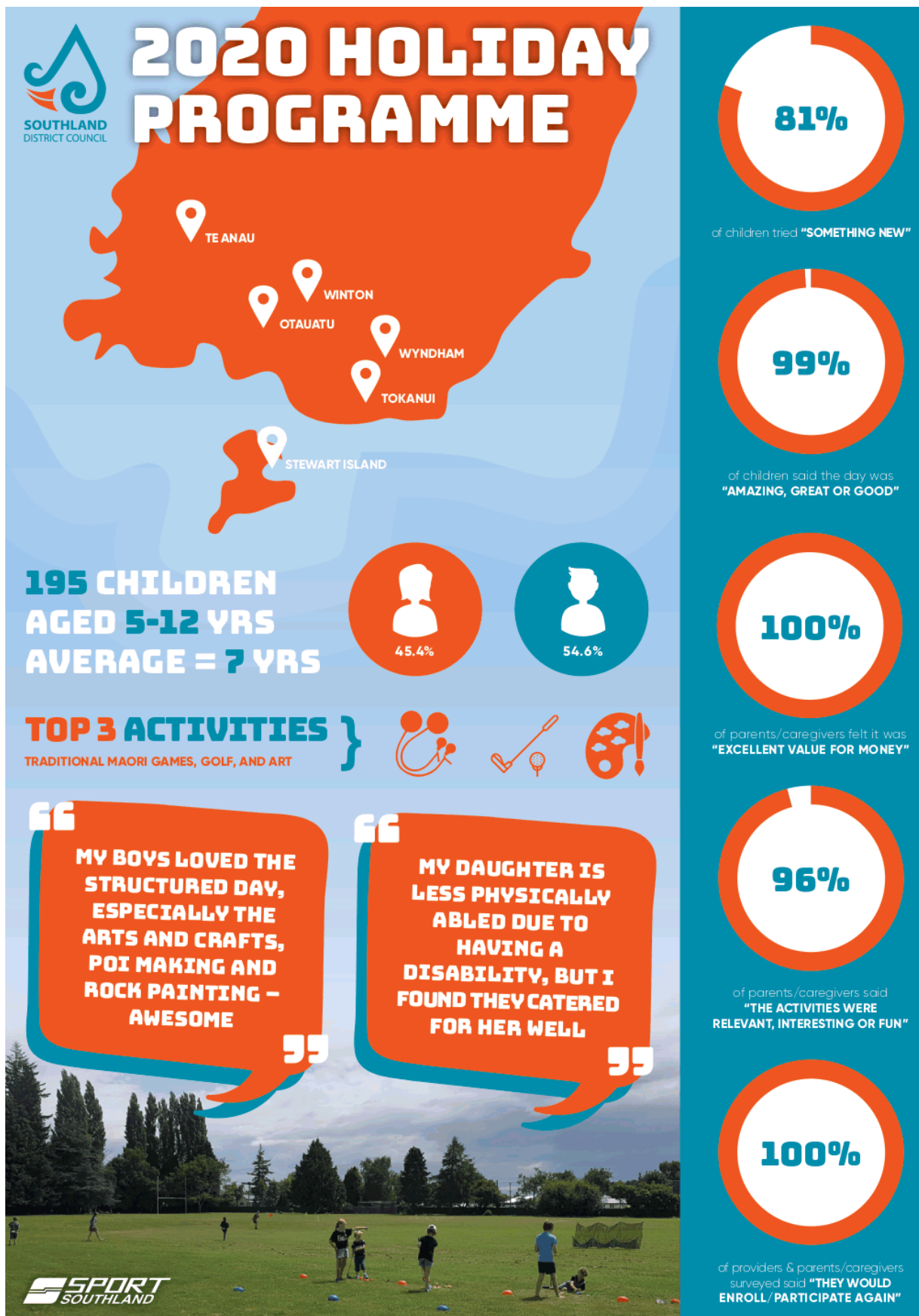
- Planning phase to start in September, at the latest.
- It is essential to connect with each community where the holiday programme will be delivered to understand their needs and opportunities.
- Inform the dates based on consultation with schools and communities.
- Though schools, connect with children the term before the programme is delivered, to gather insights that can inform decision making with regards to potential activities.
- During the programme, offering activities that then children can continue to engage with in their community post-holiday programme.
- Where possible, use Primary schools as the venue for the delivery of the programme.

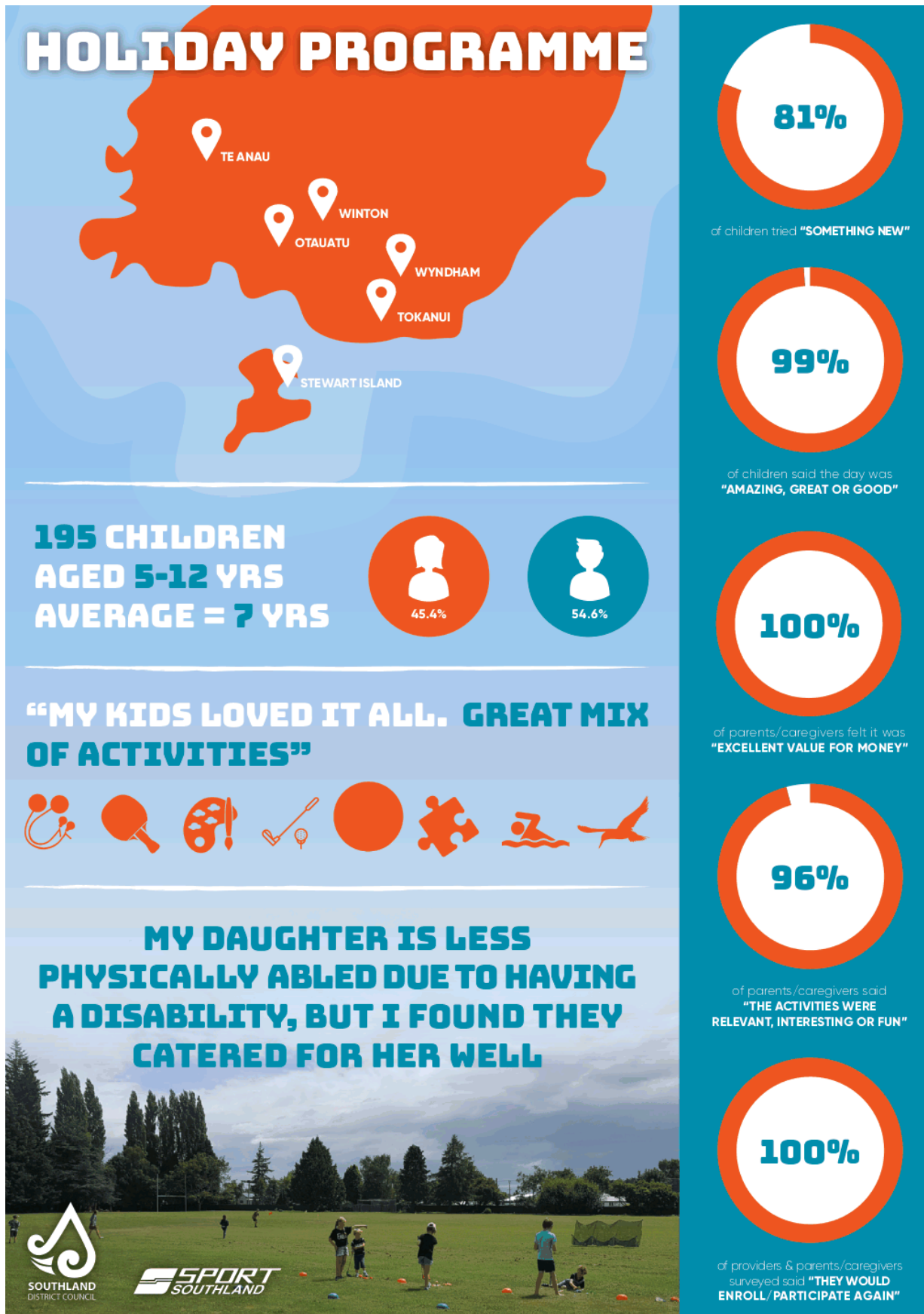
Alternatively, if the purpose of this investment is to get children more active and connected to their community, alongside increasing SDC awareness and profile, we believe these funds could be used differently to achieve better and more impactful results. A different approach to this investment could potentially result in:

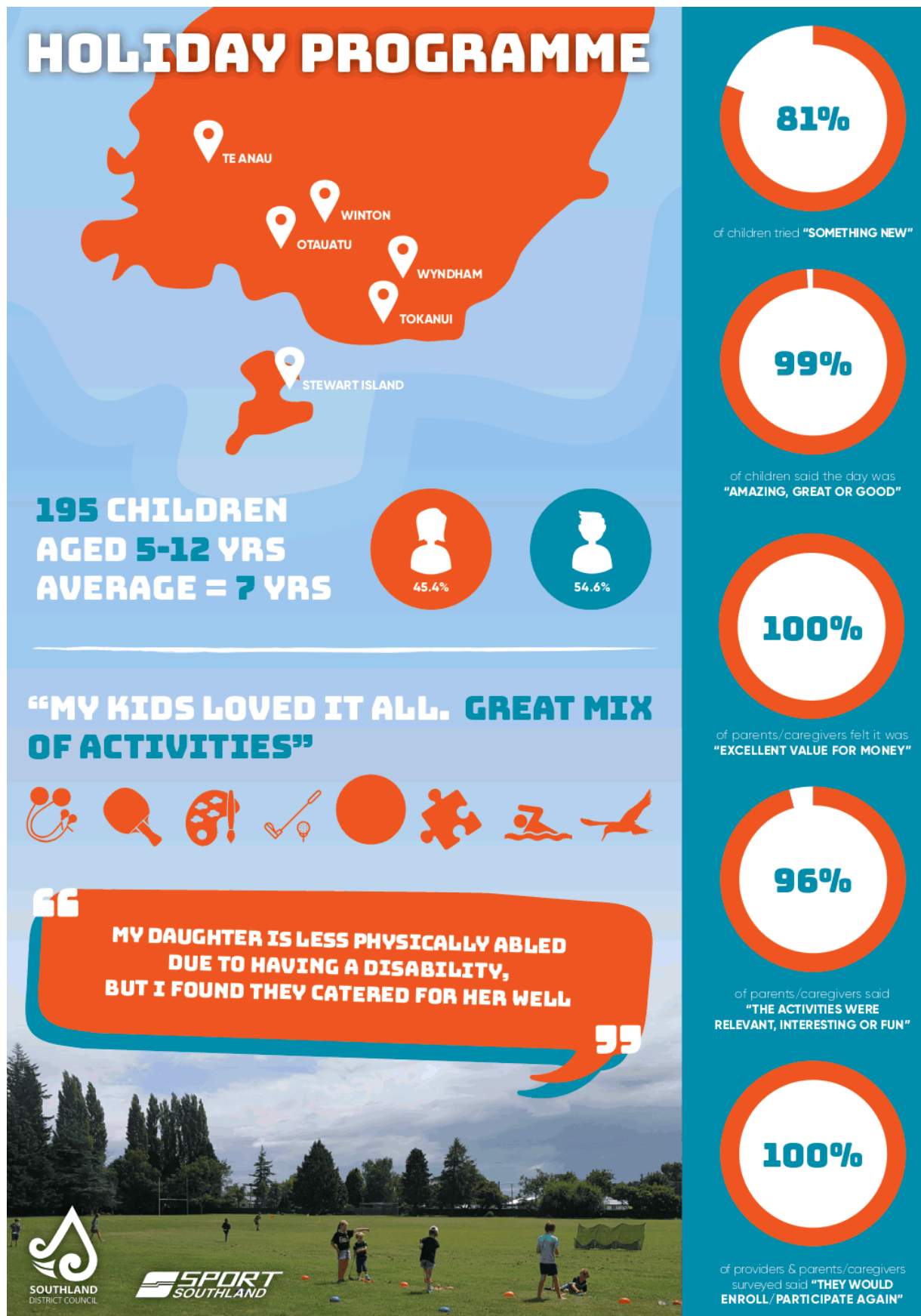
- An all year round impact.
- Further increasing SDC awareness and visibility in the community alongside the community roles.
- Better understanding of community needs, strengths, and opportunities for children to engage, participate, and contribute
- Stronger connections and partnerships amongst community organisations, particularly with schools

Sport Southland is keen to continue to work alongside Southland District Council to ensure Southland children have opportunities to engage and participate in quality play, active recreation and sport experiences that can help develop happy and healthier people, strengthening community connections and connectedness, and creating a sense of belonging, making a positive impact in social and human capital.









Customer Satisfaction Survey Report November 2019 - January 2020

Record No: R/20/4/9552

Author: Jodi Findlay, Customer Contact Centre Manager

Approved by: Trudie Hurst, Group Manager Customer Delivery

☐ Decision

☐ Recommendation

☒ Information

Purpose

- 1 The purpose of the report is to provide the Community and Strategy Committee with the results of the Customer Satisfaction Survey and Net Promoter Score (NPS) for November 2019 - January 2020.

Executive Summary

- 2 As part of the 2018-28 Long Term Plan, it was identified by staff that there was the opportunity to have an independent research company complete the Request for Service (RFS) customer satisfaction and NPS surveys.

Recommendation

That the Community and Strategy Committee:

- a) **Receives the report titled "Customer Satisfaction Survey Report November 2019 - January 2020" dated 20 April 2020.**

Analysis

Findings and opportunities

- 3 Over the course of the three months, customer support have achieved a positive NPS score of 52, this is up from a baseline score of 34 from the previous year.
- 4 Customers' satisfaction with the first point of contact sits at 72% satisfaction for the three month period. This continues to remain at a high level and reflects the results staff see with internal quality assurance training in the contact centre.
- 5 Customer support will continue to monitor the feedback from the report and engage with activity managers to recognise excellence and improve where necessary.

Attachments

- A SDC Customer Satisfaction Report 7 February 2020 [↓](#)

SOUTHLAND
DISTRICT COUNCIL



Southland District Council

**Customer Satisfaction
Survey Report
November 2019 – January
2020**



 **PublicVoice**

Customer Satisfaction Survey

Overview

PublicVoice has been contracted by Southland District Council (SDC) to carry out a customer satisfaction survey for the SDC call centre. The research findings will enable SDC to deliver a positive and consistent service to its customers.

Methodology

Sampling

- A random stratified sampling of customers is used to select prospective customers.
- Stratification uses the 'Department' variable to ensure even representation across departments.
- Measures have been put in place to ensure that a contact is only called once within a 12-month period.

Calls

- Telephone calls are conducted between the hours of 10:00am and 7:00pm.
- No messages are left. If the call goes unanswered two further attempts will be made to complete the survey.
- All calls are made from the PublicVoice office by trained PublicVoice staff.

Contact Requested

- Survey customers will be asked if they would like a follow up call from Council. Requests for follow up calls are directly emailed to SDC.



Customer Satisfaction Survey

- **Start Date:** 1st November 2019
- **End Date:** 31st January 2020

Participants

Total number of customer responses: 117

Project Management

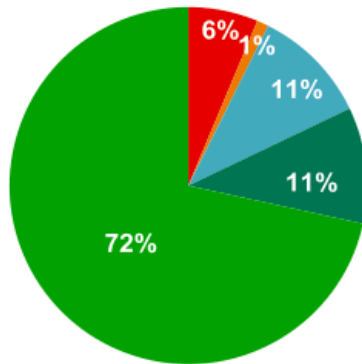
The survey has been managed by PublicVoice Ltd. Any queries regarding this report can be addressed to:

Jared Bothwell
PublicVoice
Account Director
04 589 5552
jared@publicvoice.co.nz

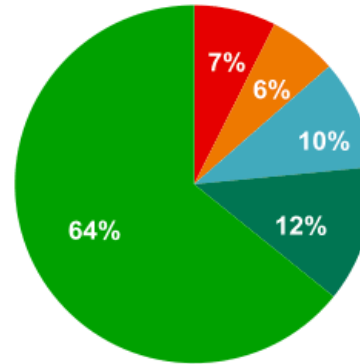
		%	n
Department talked to	Transport	27%	32
	Building Control	23%	27
	Waste & Water Services	15%	18
	Community Facilities	12%	14
	Animal Control	13%	15
	Resource Planning	2%	2
	Finance	3%	3
	Customer Service	3%	4
	Projects Delivery	0%	0
	Communication	1%	1
	Roading	1%	1
	All Departments	100%	117

KEY FINDINGS

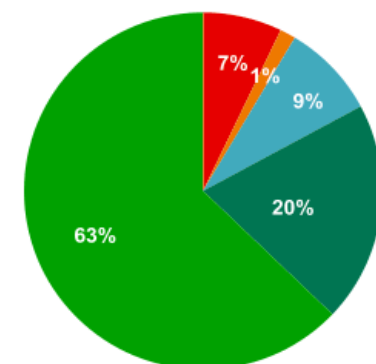
How satisfied were you with the service you received when you first called?



How satisfied were you with the time it took to resolve your request?



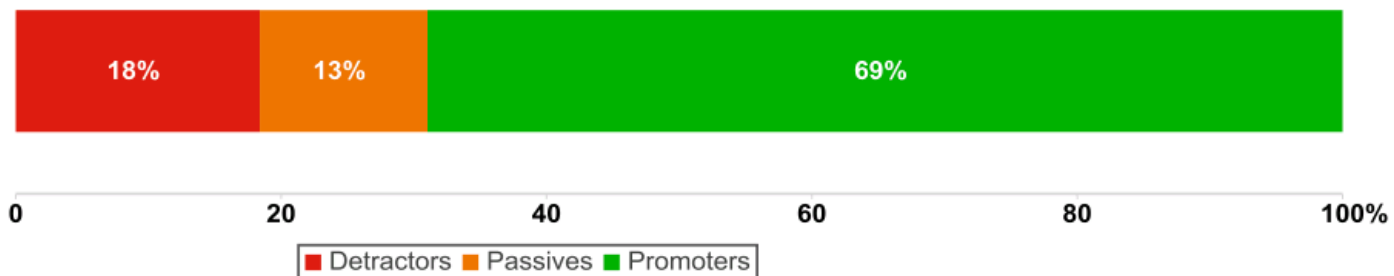
How satisfied were you with the outcome of your request?



■ Very satisfied
 ■ Somewhat satisfied
 ■ Neither satisfied or dissatisfied
 ■ Somewhat dissatisfied
 ■ Very dissatisfied

On a scale of 0 being not at all likely and 10 being extremely, how likely is it that you would recommend this service to a friend or colleague?

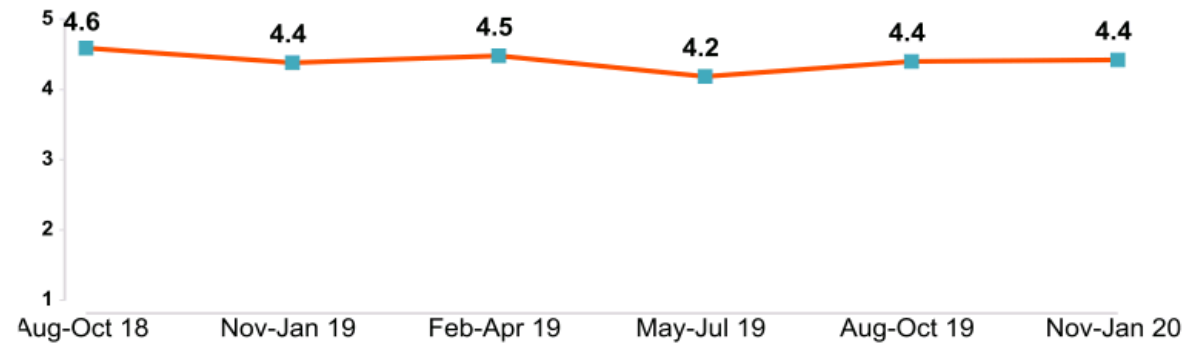
NPS Overall*



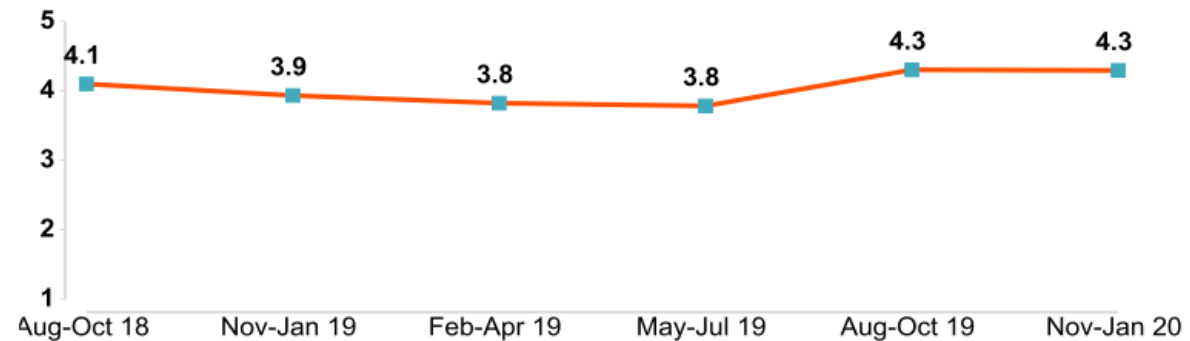
* Net Promoter Score (NPS) is a measure of how likely a person is to recommend your business or services. Customers are classified based on their rating into 3 categories: detractors (0-6), passives (7-8) and promoters (9-10). The NPS is calculated by subtracting the percentage of those who are detractors from the percentage of those who are promoters. A positive NPS above 0 is considered good, a NPS of +50 is excellent and anything over +70 is considered exceptional.

KEY FINDINGS

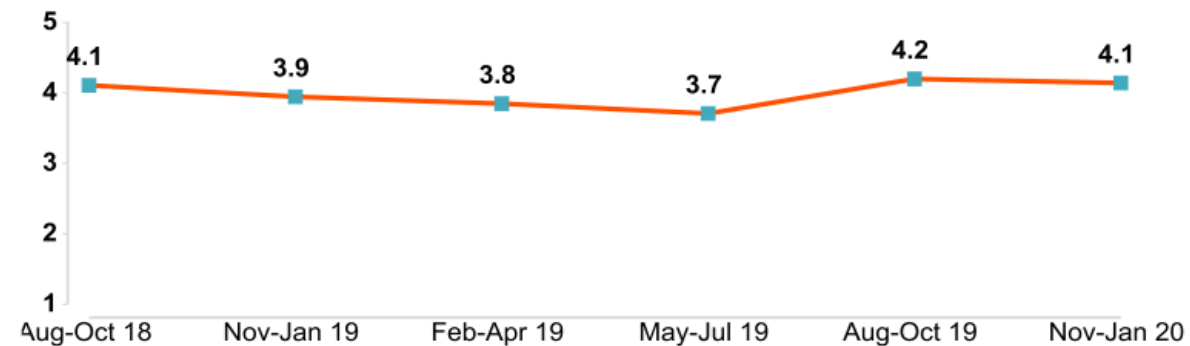
How satisfied were you with the service you received when you first called?



How satisfied were you with the time it took to resolve your request?

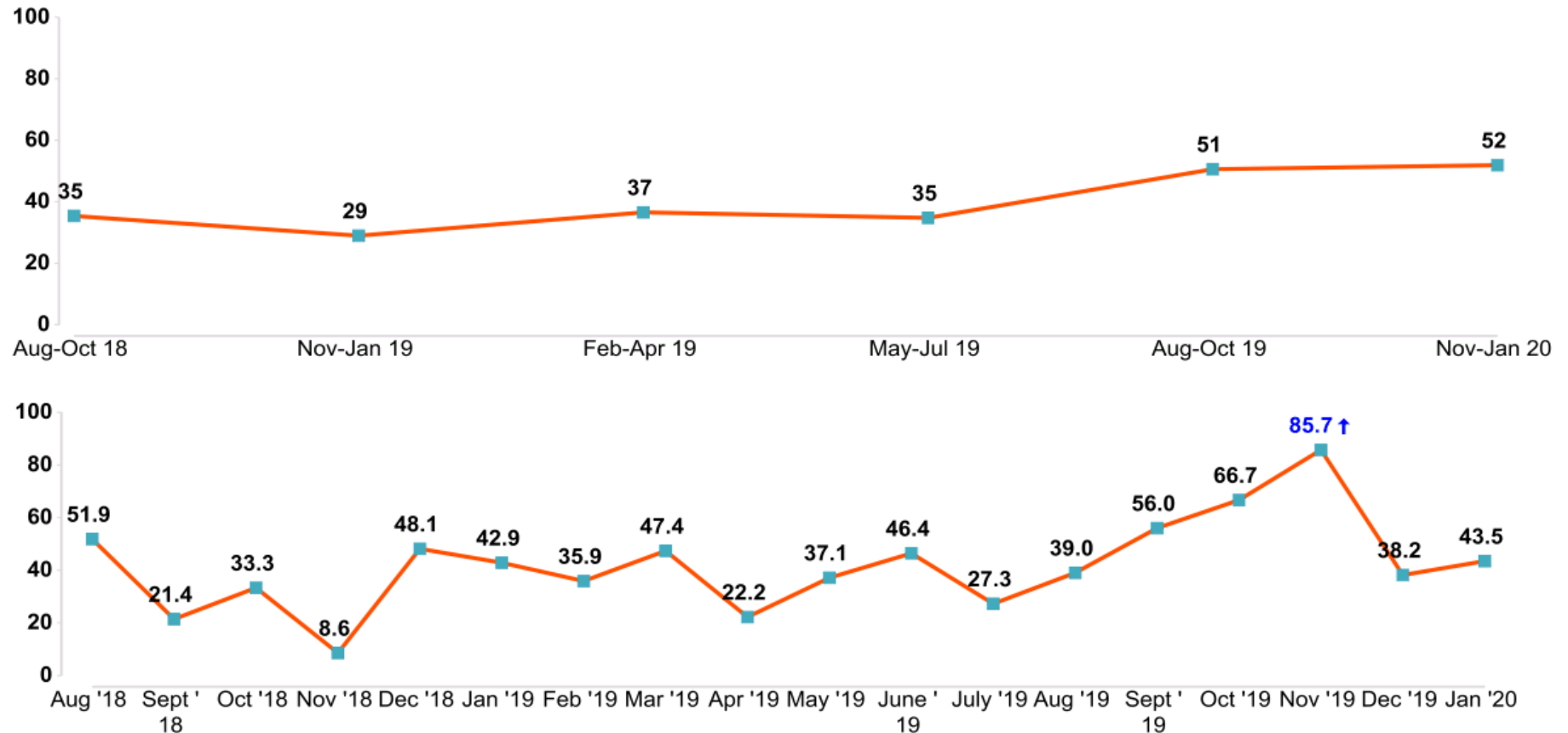


How satisfied were you with the outcome of your request?



KEY FINDINGS

On a scale of 0 being not at all likely and 10 being extremely, how likely is it that you would recommend this service to a friend or colleague?



NPS Overall*

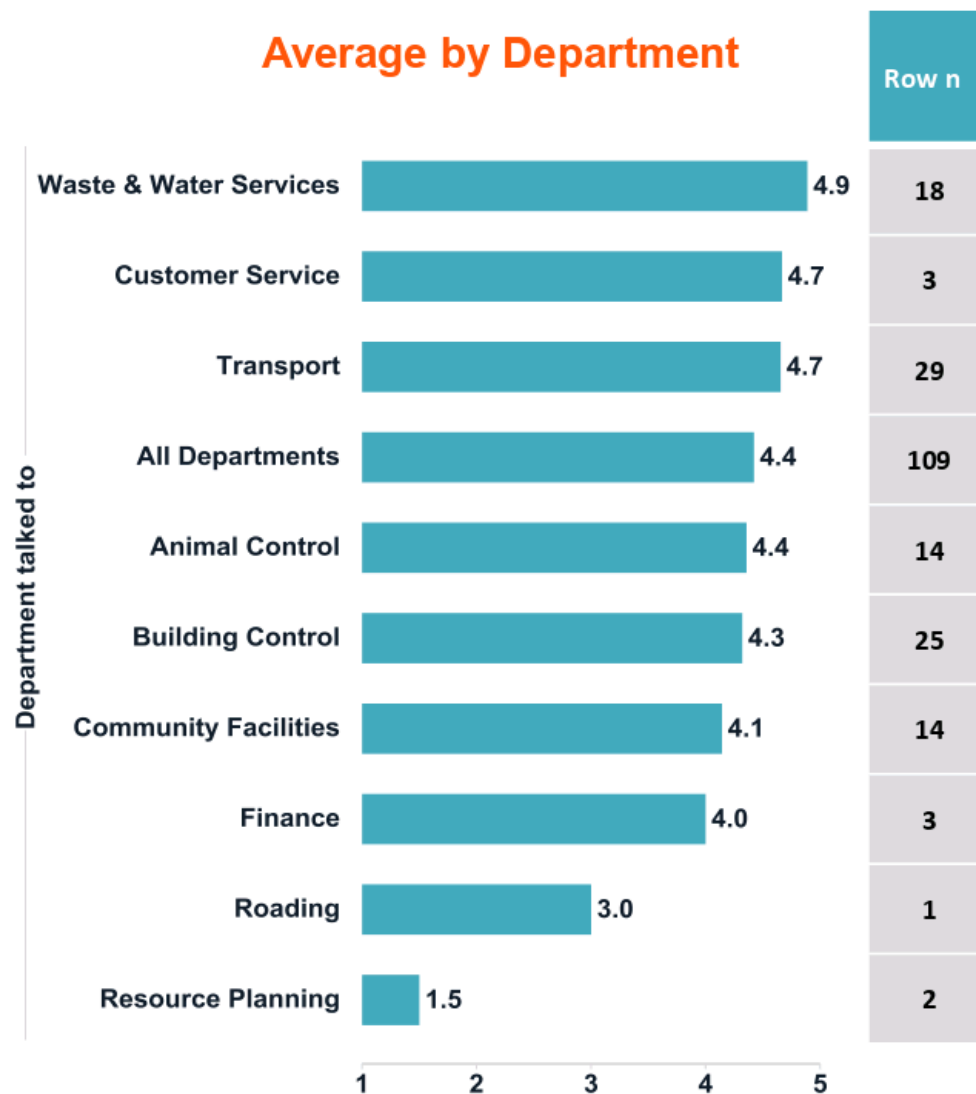
52

* Net Promoter Score (NPS) is a measure of how likely a person is to recommend your business or services. customers are classified based on their rating into 3 categories: detractors (0-6), passives (7-8) and promoters (9-10). The NPS is calculated by subtracting the percentage of those who are detractors from the percentage of those who are promoters. A positive NPS above 0 is considered good, a NPS of +50 is excellent and anything over +70 is considered exceptional

A photograph of the Southland District Council building, a two-story brick structure with a flat roof and several windows. The building is set against a clear blue sky. In the foreground, there are some benches and a paved area. The entire image is covered with a semi-transparent blue overlay. The text "RESULTS" is centered in white, bold, sans-serif font.

RESULTS

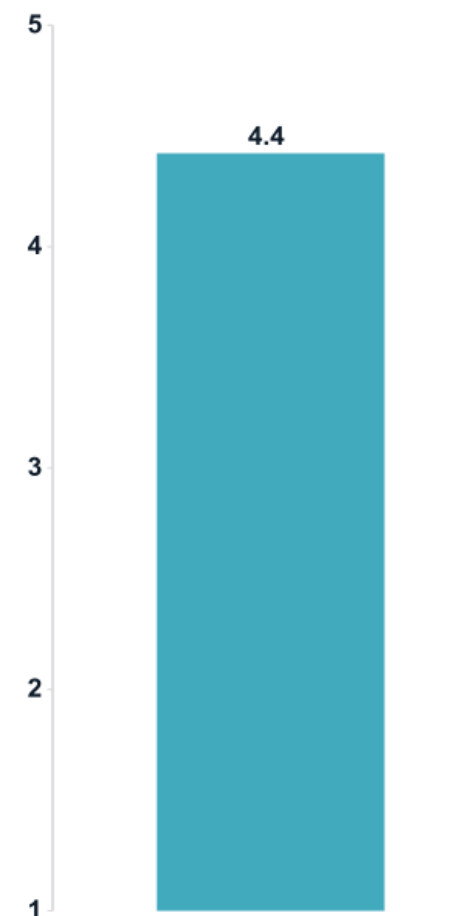
How satisfied were you with the service you received when you first called?



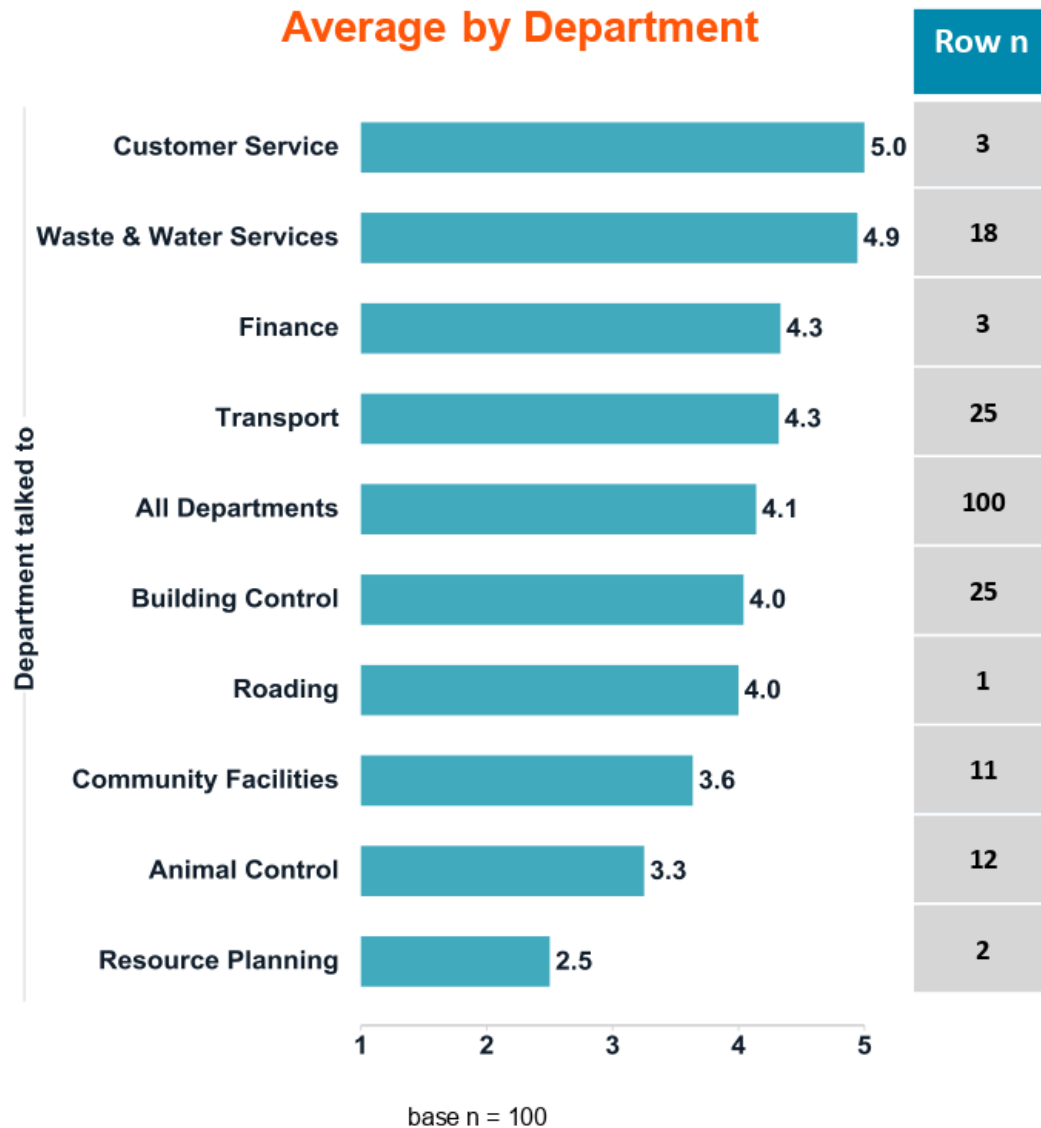
base n = 109; Some
empty rows or columns
have been removed

(1 = Very Dissatisfied 5 = Very Satisfied)

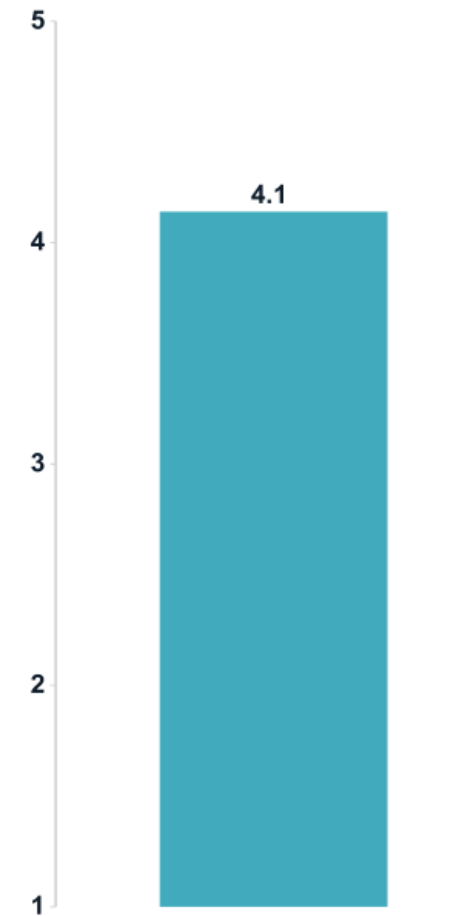
Average All Departments



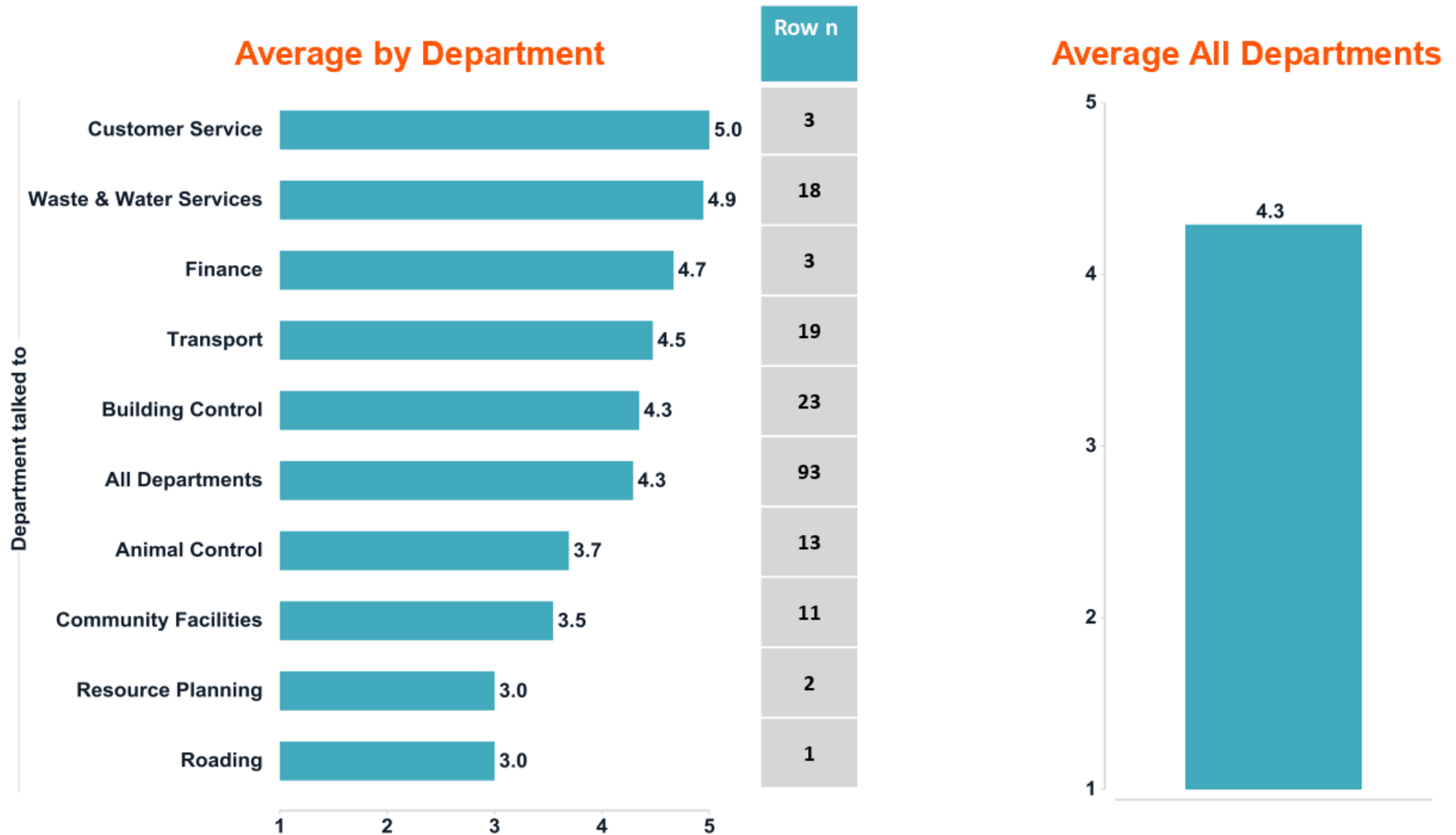
How satisfied were you with the time it took to resolve your request?



Average All Departments



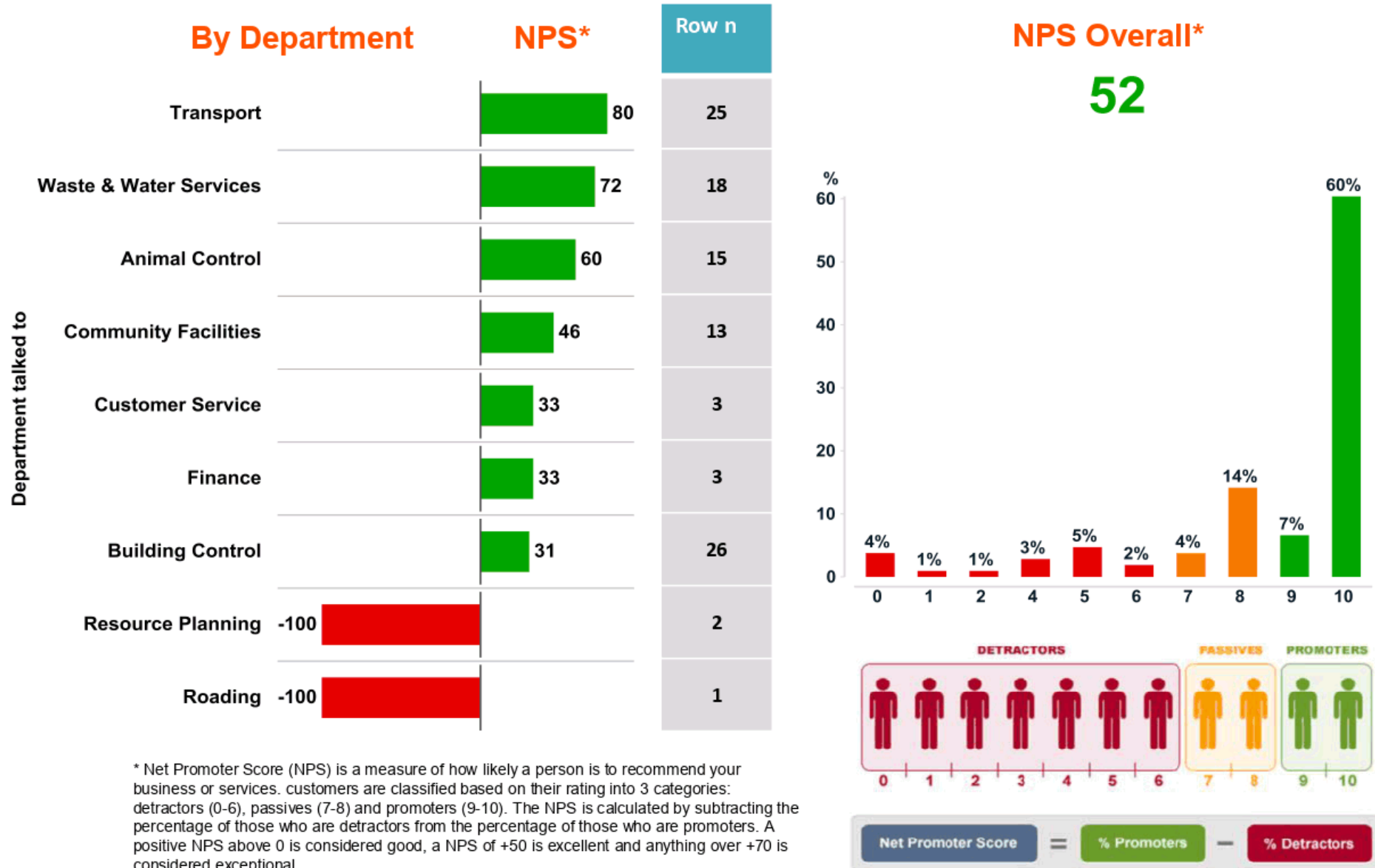
How satisfied were you with the outcome of your request?



base n = 93

(1 = Very Dissatisfied, 5 = Very Satisfied)

On a scale of 0 being not at all likely and 10 being extremely likely, how likely is it that you would recommend this service to a friend or colleague?





PublicVoice Limited

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District Heritage Fund Application Summary and Financial Report

Record No: R/20/4/9642

Author: Louise Pagan, Communications Manager

Approved by: Rex Capil, Group Manager Community and Futures

☒ Decision☐ Recommendation☐ Information

Purpose

- 1 The purpose of this report is to give the committee a summary of the applications to the Southland District Council Heritage Fund from the March round. These applications seek grants to assist with the day-to-day running of local museums, heritage centres or similar type organisations within the Southland District Council boundaries.

Executive Summary

- 2 Eligible museums, groups and organisations can apply to the District Heritage Fund once a year for assistance with operational costs. There are two funding rounds – one in September and one in March. The recommended amount for distribution for this round is \$29,500. The total amount for distribution for the year is \$63,981.
- 3 Four applications have been received for the current funding round. They are:

- 1 **Central Southland Vintage Machinery Club**

Request assistance towards operational costs such as power, insurance, rates, bank fees.
Restoring heritage items for the public to view.

Total Project \$9,000

Amount Requested **\$7,000**

Recommendation

\$6,000

- 2 **Fiordland Vintage Machinery Club**

Request assistance towards operational costs such as power, rates, insurance, and general operating costs.

Vintage machinery museum open to the public 7 days per week.

Total Project \$10,575

Amount Requested **\$7,000**

Recommendation

\$6,000

- 3 **Otautau Museum**

Request assistance towards operational costs for the museum such as power, insurance, rates and general expenses.

Local museum, open to the public two days per week and by request.

Total Project \$8,897

Community and Strategy Committee

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Amount Requested **\$7,682**

Recommendation

\$7,000

4 **Rakiura Heritage Trust**

Request assistance towards operational costs for the heritage centre.

Local museum open to the public 7 days per week.

Total Project \$99,280

Amount Requested **\$12,000**

Recommendation

\$10,500

5 The financial report for the District Heritage Fund up to 31 March 2020 is as follows:

Summary			
Opening balance, 1 July 2019		23,758	
<u>Add:</u>			
Rates Revenue		48,146	
Interest 2019/2020*		-	
Reversal Prior Year Commitments		-	
Total		71,905	
<u>Less:</u>			
Prior Year Commitments		-	
Current Year Commitments		32,500	
Advertising		-	
Refunds		-	
Total		32,500	
Funds Available for General Distribution		39,405	
* Interest earned for the period has not been included. The actual amount will not be known until the end of the financial year when interest is allocated across Council's investments (30 June 2020).			
<u>Prior Years Commitments</u>	Committed	Uplifted	Balance
			-
	-	-	-
<u>Current Year Commitments</u>	Committed	Uplifted	Balance
Waikawa District Museum	2,000	2,000	-
Thornbury Vintage	3,000	3,000	
Wyndham & District	2,000	2,000	
Riverton Heritage	18,300	18,300	
Switzers Waikaia	7,200	7,200	
	32,500	32,500	-

Recommendation

That the Community and Strategy Committee:

- a) **Receives the report titled “District Heritage Fund Application Summary and Financial Report” dated 21 April 2020.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Approves the allocation of funds from the District Heritage Fund as follows:**

1	Central Southland Vintage Machinery Club	\$6,000
2	Fiordland Vintage Machinery Club	\$6,000
3	Otautau Museum	\$7,000
4	Rakiura Heritage Trust	\$10,500

- e) **Approves the financial summary for the District Heritage Fund to 30 March 2020.**

Background

- 6 The District Heritage Fund was established in 2013 and collects about \$63,000 a year via the District heritage rate to support the operational costs of District museums, heritage groups and organisations.

Issues

- 7 Applicants have all met the criteria of the fund.
- 8 Any funds that are not distributed in this funding round are retained in the District Heritage Fund reserves.

Factors to Consider

Legal and Statutory Requirements

- 9 This aligns with Council's Community Assistance Policy.

Community Views

- 10 Funding for this is through rates, and all stakeholders can make submissions on the suitability and amount of the fund during the Long Term Plan or Annual Plan process.

Costs and Funding

- 11 The fund is funded by the district heritage rate.

Policy Implications

- 12 The criteria and awarding of this fund meets Council's Community Assistance Policy.

Analysis

Options Considered

- 13 The options for consideration are either to award the grants to the applicants or to decline the applications.

Analysis of Options

Option 1 – Award the grants

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">fulfil Southland District Council's commitment to offer and award grants to museums and heritage groups and organisations to assist with operational costs.	<ul style="list-style-type: none">Southland District Council would not fulfil its commitment of offer and award grants to District museums and heritage groups and organisations to assist with operational costs.

Option 2 – Decline the grants

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• there is more money in the District Heritage Fund.	<ul style="list-style-type: none">• museums and heritage groups and organisations struggle to cover operational costs.

Assessment of Significance

- 14 Under Council’s Significance and Engagement Policy, the awarding of this fund is not considered significant.

Recommended Option

- 15 Option 1 – award the grants.

Next Steps

- 16 Applicants will be advised of the outcome of their applications and payment of grants will be arranged.

Attachments

There are no attachments for this report.

5G Rollout in Southland

Record No: R/20/4/9464
Author: Karen Purdue, Community Partnership Leader
Approved by: Rex Capil, Group Manager Community and Futures

☐ Decision ☐ Recommendation ☒ Information

Background

- 1 At a previous Community and Strategy meeting staff were asked to look into details around the rollout of 5G in Southland.

What is 5G

- 2 5G stands for 5th generation. It's the latest cellular network after 2G, 3G, and 4G. The 5G network is more technologically advanced and implementation has begun in Aotearoa New Zealand.

Trials and Rollouts

- 3 In NZ, 5G has already been launched by Spark and Vodafone in limited locations, with further rollout planned into 2020. Spark trialled 5G in Alexandra and has since extended 5G to parts of Westport, Twizel, Tekapo, Hokitika and Clyde. Vodafone launched 5G in parts of Auckland, Wellington, Christchurch and Queenstown in December 2019.
- 4 The rollout will use similar wavelengths to those used for 2G, 3G and 4G. For example, the trial in Alexandra used the 2.6 GHz band, which is used in other parts of the country for 4G. The government has announced that a slightly higher 3.5 GHz wavelength is being auctioned for use in early 2020.
- 5 Further into the future, higher frequency bands (like 26 GHz) may be used. This wavelength is known as millimetre waves. Radio frequency use is regulated in NZ to avoid issues with interference, to co-ordinate internationally, and because it's a commercial resource.

Network infrastructure

- 6 Rolling out 5G will require new infrastructure. There are opportunities for telecommunication companies to share infrastructure to reduce costs and make 5G more accessible, particularly in rural areas. There is already a [Rural Connectivity Group](#) established between operators so they can share resources and expand coverage for 4G, and this forum could potentially be used to roll out and expand 5G as well. Sharing infrastructure would reduce the number of structures that would be installed, which could reduce some aesthetic concerns. Visual impacts are also regulated by the Ministry for the Environment.

Potential Benefits

- 7 5G is seen as an attractive technology because:
 - **it is faster.** 5G will have faster upload and download speeds compared to 4G. For companies that need to access large datasets, the shorter download speeds will have massive productivity benefits. A trial in Alexandra, Otago reported speeds 5-20 times faster than existing 4G

- **it has lower latency.** 5G will have a shorter delay before you can access the content you are downloading – with entertainment benefits (eg streaming and gaming) as well as educational ones (eg downloading multi-media resources in schools). It will also enable new technologies and applications in transport (including driverless cars), medicine and other areas
- **it offers more connectivity.** More devices will be able to connect to each other – like better remote control of the gadgets in your house from your phone
- **it has a larger network capacity.** 5G will have a greater capacity for volume of traffic so more people can livestream the same event without buffering issues.

8 NZ is physically isolated and 5G enables better connectivity with the rest of the world. Adopting 5G in line with the international community will ensure communication channels are compatible, enable research and development of new technologies, and enable use of new tools to help improve our lives.

9 Within NZ, rural connectivity is an ongoing issue. 5G offers potential for improvement over services currently available if significant investment and co-operation between the network operators is in place. The Rural Connectivity Group could play a role in bringing 5G to rural areas.

10 5G will be needed to enable new technologies such as self-driving cars, in-home elder and medical support, and use in industries such as manufacturing or precision farming.

Why are some people concerned about 5G?

11 5G presents exciting opportunities that have the potential to improve many areas of peoples' lives by facilitating more access to more technology. Some may see this expansion of technology as detrimental, raising issues of privacy, surveillance, and displacement of certain types of jobs. It's important that any benefits are weighted against these concerns.

12 Radio waves used by 5G are a type of radiation, so it's reasonable to ask whether this poses a risk and, if it does, to ensure people are not exposed beyond safe thresholds. Radiation is the way that energy travels through space and there are many different types. Light, for example, is a form of radiation that is so common that we often don't think of it in that way.

13 Radiation that has frequencies higher than that of visible light, like the ultraviolet radiation rays in sunlight, and X-rays, can damage the cells in our bodies, potentially causing cancer if exposure is high. These types of waves are called 'ionising radiation', which reflects their ability to break the chemical bonds in molecules, which can damage cells. So exposure to sunlight is linked with skin cancer for those who spend a lot of time in the sun without protection.

14 In contrast, the radio waves used for 5G have frequencies that are ten thousand times too low to damage molecules (so are called 'non ionising'). The only fully documented way 5G radio waves can cause harm is through their heating effect and this can only happen at very high intensities.

15 Radio waves can heat our body if we are over-exposed to them. However, these effects can only occur when exposed directly to a very powerful source so that the heat builds up enough to damage tissue before it dissipates. 5G sources are simply not powerful enough to cause damage in this way.

16 As the thermal effects of radio waves are well-understood, the limits at which they can potentially begin to cause harm are clearly defined. NZ has set its own standards, which are much lower than this limit (about 50 times lower). This means that there is a large safety margin built into our standard.

- 17 In practice, the public has a far lower radio wave exposure than the NZ limit. This low exposure is checked by independent monitoring undertaken at cell sites every year.
- 18 Thermal effects are well-understood and research in this area continues to be monitored. In NZ, the Ministry of Health has an [expert advisory committee](#) that monitors and reviews all new research. The World Health Organization (WHO) also continually investigates possible health effects, as well as other international groups like the Swedish Radiation Safety Authority. The Swedish Authority released a robust and [comprehensive review](#) this year, quoting “no health risks with weak electromagnetic fields have been established.”
- 19 There have been some concerns about the security of the 5G network, because it is more reliant on software than 4G and uses cloud computing. NZ’s Government Communications Security Bureau (GCSB) is aware of this and will act to [prevent and minimise security risks](#) to our communication technologies as we adapt to the new technology.
- 20 The currently available [scientific evidence](#) makes it extremely unlikely that there will be any adverse effects on human or environmental health. NZ needs to continue to monitor the risks of exposure and ensure that they are within the international safety standard, as well as keeping a close watch on any new research.

Southland Rollout

- 21 At present there is no clarity around sites or timeframes for 5G. Providers have not published their intentions in this regard.
- 22 The current priority for providers at present is delivery of the blackspots and other planned project rollouts.
- 23 It should be noted, in New Zealand, all network providers rolling out a 5G network must comply with the Resource Management Act (RMA) 1991, including the National Environmental Standards for Telecommunications Facilities (NESTF). These regulations include compliance to the New Zealand Radiofrequency Field Exposure Standard which sets maximum exposure limits for the public. The current NZ exposure standard already covers 5G.
- 24 When a mobile network operator proposes a new cell site, they must submit pre-commencement reports to the local council to show that the requirements in the NESTF and the exposure standard will be met for each cell site covered by the NESTF. This includes taking into account exposure from other telecommunications facilities in the vicinity as well. If the report shows that the cell site will generate exposures at or above 25% of the public exposure limit, further reporting to the local council is required. If a facility or network operator cannot comply with requirements in the NESTF, the proposed facility will be “non-complying”.
- 25 The following links may be helpful in providing other information about 5G
- <https://www.pmcsa.ac.nz/topics/5g-in-aotearoa-new-zealand/>
- <https://www.health.govt.nz/publication/interagencycommittee-health-effects-non-ionising-fields-report-ministers-2018>
- <https://www.health.govt.nz/yourhealth/healthy-living/environmental-health/radiation-environment/cellsites-and-5g/5g-questions-andanswers>
- https://www.health.govt.nz/system/files/documents/topic_sheets/5g-and-health-aug19.pdf
- <https://www.mbie.govt.nz/dmsdocument/7483-5g-information-pack-pdf>

Recommendation

That the Community and Strategy Committee:

- a) Receives the report titled “5G Rollout in Southland” dated 28 April 2020.**

Attachments

There are no attachments for this report.

Community Board Plans Update

Record No: R/20/4/9501

Author: Kelly Tagg, Community Partnership Leader

Approved by: Rex Capil, Group Manager Community and Futures

☐ Decision

☐ Recommendation

☒ Information

Purpose

- 1 The purpose of this report is to provide a further update on the community board plan project process and to share the vision and outcomes agreed by each of Council's nine community boards.

Executive Summary

- 2 The community leadership team continues to work on the development and implementation of nine community board plans across the Southland District. These plans are reflective of Council's new governance structure following the October local body elections.
- 3 The development of these plans has involved (to date) community consultation through meetings, surveys and externally facilitated workshops.
- 4 It has been the community leadership team's intention to have the vision and outcomes in place for each board by early 2020 so as to provide guidance around the development of activity management plans and the Long Term Plan 2031.

Process

- 5 In January 2020, board members were sent the following information;
 - summary documents from the elected members workshop in their respective area
 - a full copy of the relevant community board workshop summary document (including draft actions) from the workshop held in their community board area
 - youth survey summary
 - community survey summary
 - business survey summary
 - community board area map
- 6 Workshops with each board to review the above information have been held and all boards have now settled on their vision and outcomes.
- 7 Some boards have also further refined their actions and further work to develop this process is ongoing.
- 8 The Fiordland Community Board and previously the Te Anau Community Board had been working to develop a community plan for quite some time and on 10 March held a workshop in Te Anau to talk to the wider community about the "Fiordland Community Futures Plan". This workshop was presented by Sarah Greaney, on behalf of the Fiordland Community Board, with some behind the scenes support from staff with regards to advertising and development of the presentation that was shown to the community on the night.

Recommendation

That the Community and Strategy Committee:

- a) Receives the report titled “Community Board Plans Update” dated 21 April 2020.**
- b) Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**

Summary of visions and outcomes

Ardlussa Community Board

Vision:

Ardlussa is a community that cares and looks after each other, is alive with enthusiasm, is a good environment to bring up families and is respectful of its environment.

Outcomes:

- a connected, inclusive and vibrant Ardlussa community
- a community that attracts people, businesses and visitors
- a community where council fosters leadership, partnerships and community engagement.

Fiordland Community Board

Vision:

Fiordland is a thriving and connected community of people that welcomes visitors, embraces sustainability and takes care of its natural environment.

Outcomes:

- a community that attracts business, investment, people, and visitors
- a community that sustainably protects and enhances its natural environment in a regenerative manner
- a community that enriches its lifestyle through cohesive, well thought out planning for growth
- a community that is connected, functional, safe and healthy, with access to excellent services.

Northern Community Board

Vision:

The Northern area of Southland will be a healthy, caring, connected, vibrant, welcoming, diverse and progressive community.

Outcomes:

- a progressive and flourishing economy creating opportunities for growth and employment
- a safe and healthy community with access to quality facilities and services
- a connected, involved and thriving community.

Oraka Aparima Community Board

Vision: A vibrant, sustainable, connected community focused on the locals and welcoming to visitors.

Outcomes:

- Oraka Aparima is a strong and involved community

Community and Strategy Committee

6 May 2020

- Oraka Aparima value the environment and ensure that it is healthy and protected for the future
- our strong economy is supported by a broad range of services
- our infrastructure is efficient, cost effective to meet current and future needs.

Oreti Community Board

Vision:

A strong unified community creating plentiful opportunities and embracing innovative ideas to ensure an exciting future.

Outcomes:

- a progressive and thriving economy creating opportunities for growth and development
- a healthy, safe community with access to quality facilities, amenities and services
- our infrastructure is efficient, cost effective and meets current and future needs
- our natural and built environment is clean, healthy and attractive

Stewart Island/Rakiura Community Board

Vision:

Stewart Island Rakiura is a connected community that manages growth and has a sustainable future.

Outcomes:

- a cohesive and connected community, recognising that many of our ratepayers don't reside on the Island full time
- Kaitiakitanga – guardianship and protection of Stewart Island's pristine natural environment
- a community that has fit for purpose, sustainable infrastructure
- a community that plans for its future – recognising its unique challenges and opportunities.

Tuatapere Te Waewae Community Board

Vision:

Tuatapere Te Waewae is an attractive, vibrant and involved community

Outcomes:

- a community that attracts businesses, people and visitors resulting in economic growth
- a healthy, safe and connected community with access to quality services and facilities
- a community that celebrates and protects its history and heritage.

Waihopai Toetoe Community Board

Vision:

A united, engaged community where people are valued, our assets are nurtured and our heritage and environment is respected.

Outcomes:

- a thriving, happy and safe community with access to quality facilities, amenities and services
- our community is connected and engaged
- our unique natural environment is healthy and protected
- our communities have the opportunity to celebrate their history and heritage.

Wallace Takitimu Community Board

Vision:

A self-reliant, tidy, safe, thriving community – a great place to visit and live.

Outcomes:

- a vibrant Wallace-Takitimu area that attracts people, businesses and visitors resulting in prosperity
- Wallace-Takitimu is a strong, connected and inclusive community
- a healthy, safe community with access to quality facilities, amenities and services
- a community where Council fosters community engagement.

Next Steps

- 9 The vision and outcomes for all boards will be shared internally with staff and it is hoped that they will assist them to develop activity management plans which will also feed into the development of the Long Term Plan.
- 10 Further discussions to take place with the boards at upcoming workshops to refine and develop action plans and/or objectives.
- 11 Staff recognise that a stronger relationship with iwi is essential and an approach has been made to iwi to discuss and plan a way forward for more meaningful engagement.
- 12 Prior to New Zealand moving into alert level 4 during the COVID-19 pandemic, staff from the services and assets and community leadership teams had been planning to hold workshops with the community boards in May so as to give members an opportunity to discuss options for delivering the activity, service delivery and level of service requirements that they may wish to have included in the Long Term Plan. New dates will be set for these workshops in due course.
- 13 Several boards have also indicated they wish to have further discussions with their communities about their vision and outcomes and the development of actions/objectives that will be delivered in partnership. Staff will provide support throughout this process.

Attachments

There are no attachments for this report.

Strategy Development Work Programme Update

Record No: R/20/4/9413
Author: Michelle Stevenson, Strategy and Policy Manager
Approved by: Rex Capil, Group Manager Community and Futures

☐ Decision ☐ Recommendation ☒ Information

Purpose

- 1 The purpose of this report is to provide the Community and Strategy Committee with an update on strategy development and work programme that will assist Council with the further integration of the strategic framework and alignment to the activities Council delivers to its communities.

Executive Summary

- 2 At its 3 December 2019 meeting, the Community and Strategy Committee endorsed the Community and Futures Research and Analysis Work Programme transitioning to investigate an identified Council strategy deficit, and supported working towards a programme of work to progress strategy development over at least the next five years.
- 3 Strategy development will help provide the crucial link between Council's vision and community outcomes, and plans and activities we have in place to deliver services to our communities. This link between community outcomes and activities undertaken by Council will ensure that all Council activities are moving together towards the same vision for the District.
- 4 It is anticipated that strategy development will provide clear frameworks for the role that Council plays in addressing identified priorities. When we understand and have a clear strategy for our own direction, we can better partner with those who share the same values.
- 5 Outside of the legislatively required strategies for the Long Term Plan (LTP), Council has a number of existing strategies that include plans of action and some long term thinking. It will be part of the strategy development work to review existing strategies of Council to ensure they are high level to set out the vision and priorities to achieve the long-term District outcomes, and that they align to the current way of working for the future of the Southland District.
- 6 The strategy and policy team, in their initial discussions around strategy development, recognise that to be able to identify what strategies are needed to tackle the big issues for Southland, Council will need to look beyond the three year LTP planning cycle. As part of the strategy development programme, consideration will include Council facilitating the development of a 30 year integrated strategic plan for Southland.
- 7 Southland District Council is in a unique position, whereby not having a large number of existing strategies to review or amend, there is an opportunity to ensure that what is developed is fit-for-purpose and future focused. The opportunity also exists to not be clouded by previously written strategies and start from a clean platform.
- 8 On 11 March 2020, the World Health Organisation (WHO) declared covid-19 as a global pandemic. Council has a leading and important role in helping to shape the future of the

Southland district, and influencing the future of the region and nation. Having clear strategy to determine Council's role in this future will be even more important following COVID-19 in the months and years to come.

- 9 A strategy development work programme will be developed over the following months, and a further report for discussion and endorsement provided to the Community and Strategy Committee on this progress at its 8 July meeting.

Recommendation

That the Community and Strategy Committee:

- a) Receives the report titled "Strategy Development Work Programme Update" dated 21 April 2020.**
- b) Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) Notes that a report for discussion and endorsement of a strategy development work programme will be provided to the Community and Strategy Committee at its 8 July meeting.**

Background

- 10 As part of the Long Term Plan 2018-2028 process, Council of the previous triennium identified the need to invest in planning for the future, and endorsed an approach to undertake big picture research and analytics work.
- 11 As a result of the consultation undertaken in 2017 – 2018 the Council confirmed in the Long Term Plan 2018-2028 the following:

What we are planning...

Investment in community futures planning

Council plans to invest in developing a District-wide community future planning model to help us to make decisions about the activities and services Council will provide in the future.

The model will examine in more detail the changes that are occurring and are expected to occur in Southland (eg, static/ageing population). Then we can start working with the community to identify the most appropriate and affordable services, and make decisions about whether to maintain those or look for alternative ways of providing services.

Council is increasing the level of funding for this work with an additional \$150,000 operating expenditure in the first year of the plan, increasing to \$250,000 a year by year four.

This work is consistent with and part of the community futures planning already being done by Council, including the review of governance and representation and community leadership planning.

These projects are designed to identify better ways of working together with our communities.

- 12 This resulted in the Community and Futures Research and Analysis programme of work, which included: demographic trends, central government influence, natural hazard risks, technological change, economic trends and affordability, environmental considerations and intergenerational shifts.
- 13 Throughout 2018 and 2019, the above programme of work was progressed and resulted in a number of work streams getting underway to assist Council in preparing for the future and

beginning to gather the information needed to inform decision-making for the future of Southland.

- 14 At its 3 December 2019 meeting, the Community and Strategy Committee endorsed the Community and Futures Research and Analysis Work Programme transitioning to investigate an identified Council strategy deficit, and supported working towards a programme of work to progress strategy development over at least the next five years.
- 15 At the end of 2019, staff from strategy and policy undertook preliminary discussions with consultants Rebecca McElrea and Sandra James to discuss Council's strategy development and begin discussions around a potential framework to move us forward over the next five years.
- 16 This workshop covered the context of why Council needs to move forward with strategy development, what we define as a strategy, how a framework will be developed, and the alignment to Councils activity development and delivery.
- 17 As mentioned above, strategy development as a means of investing in community futures is part of the 2018-2028 LTP mandate to increase our investment in community planning, and ensure we understand, plan for and respond to the changes and opportunities for the future of the District.

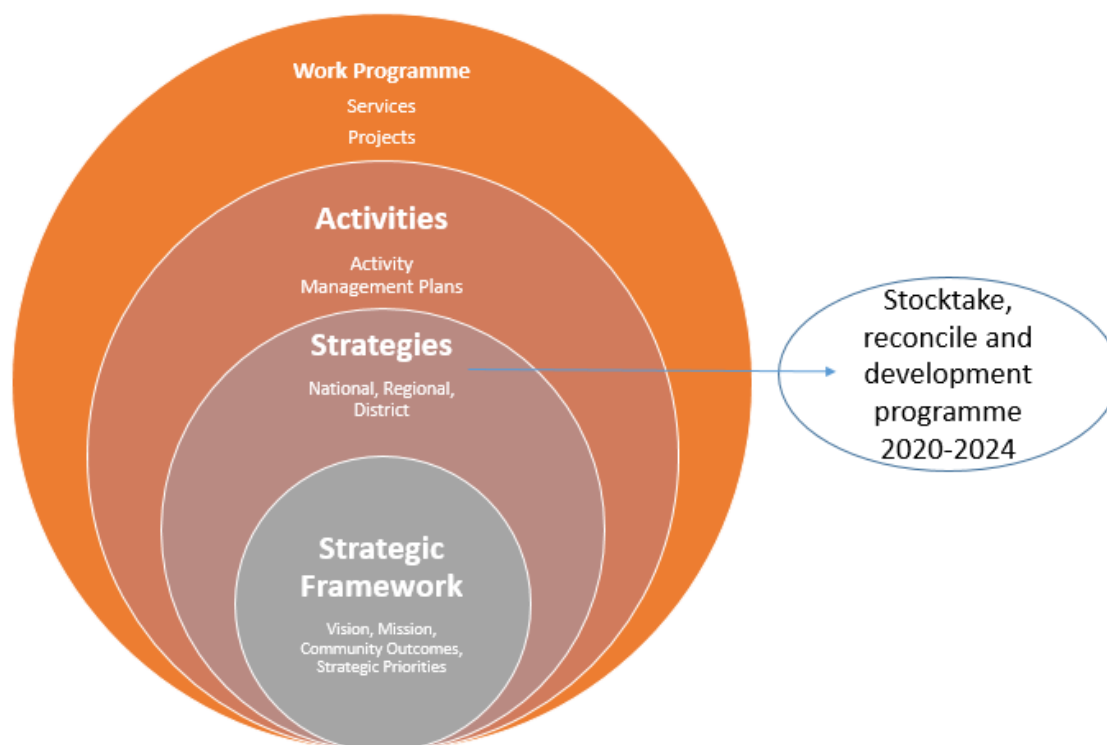
Issues

- 18 As previously identified, Council has an opportunity for extensive strategy development in the upcoming years.
- 19 In a number of instances Council has relied heavily on other external partners and agencies to determine strategies for the region, and to some degree by default, the District. This has meant that Council has not recently invested in any significant way in its own strategies as a District.
- 20 The implications of this is evident where Council does not have a clear framework or agreed direction of the role it plays in addressing identified priorities. This in turn means that current action and future planning for the role of Council in specific circumstances is unclear.
- 21 To provide practical examples, if Council had a Southland District Accessibility Strategy it would provide Council with a guide to enhance people's independence and ability to participate, engage in and benefit from Council services; and the removal of barriers that might prevent people from participating fully in community life. A Youth Development Strategy might give direction to Council and guide policies to provide the support and services to give opportunities for youth. A Southland District Housing Strategy would clarify Council's role and future direction for housing within the District. While these are very specific examples, they illustrate in principle the importance of strategy development to provide clear and agreed direction for the role of Council in addressing priorities for the District.
- 22 A further example from Hastings District Council as to why they needed a Play Strategy;

"Currently our playgrounds are managed by an asset replacement strategy only, without any consideration to demand or need in particular areas. Furthermore, the provision of play opportunities for those outside the 0-10 year age group currently occurs by default rather than explicit planning. On this basis, it was identified that there was a need for Council to consider recreational facilities in a holistic manner rather than reacting to individual approaches from the

community to upgrade or provide new facilities in a piecemeal way. A strategy that would guide and direct the provision of play opportunities within the District over the next 10 years was considered essential to improve the provision of appropriate play opportunities and ensure the efficient and effective utilisation of Council's existing and any proposed new recreation facilities."

- 23 And from Christchurch City Council in their Public Open Space Strategy;
- "The Public Open Space Strategy sets out a vision for public open space over the next 30 years, the time span of the Urban Development Strategy. It provides a vision, goals, objectives and priorities to guide the efforts of the Council and its partners in the provision, development and maintenance of public open space."
- 24 While there are no determinations yet as to what strategies Council may need to achieve community outcomes, it is valuable to understand why there is a need to develop a programme of work in this area.
- 25 It will be of benefit to the communities of Southland to have clear Council strategies for the District that will provide the crucial link between our community outcomes and the activities that Council delivers on behalf of its communities.
- 26 When we understand and have a clear strategy for our own direction over the next 10, 20 and 30 plus years, we can better partner with stakeholders who share the same values, align to and inform regional strategy work, and ensure that Council is better positioned to respond to national strategy development and direction.
- 27 The strategy development work programme project will assist Council in the long term to be clear in who we are (purpose), what is needed (analysis and assessment), where we are heading (direction), and what we need to do to get there (approach).
- 28 Undertaking a stocktake of the current situation, reconciling by way of gap analysis and assessment, and reviewing existing Council strategies will be part of the strategy development work to ensure they are high level to set out the vision and priorities to achieve the long-term District outcomes.
- 29 The work undertaken to date in the community and futures research and analysis work has laid the foundations for strategy design and development. A programme will be at least a five year programme of work, likely longer, and will require extensive Council and community engagement and participation throughout.
- 30 Recognition of strategies (national, regional, district) and strategy development will help provide the crucial link between Council's strategic framework including vision, mission, community outcomes and strategic priorities; and activities and activity management plans that are currently prepared to support the delivery of services by way of informing the work programmes to our communities. This link between the strategic framework and activities undertaken by Council will ensure that all Council activities are aligned towards achieving the same vision for the District.
- 31 This is illustrated by the following diagram:



- 32 It is anticipated that strategy development will provide clear frameworks for the role that Council plays in addressing identified priorities.
- 33 The strategy and policy team recognise that to be able to identify what strategies are needed to tackle the big issues for Southland, Council will need to look beyond the three year LTP planning cycle. Therefore, as part of the strategy development programme, consideration will include Council facilitating the development of a 30 year integrated strategic planning approach for Southland.
- 34 It is also acknowledged that in order to complete a programme of work over at least a five year period, ensuring capacity is factored into the strategy and policy team work programme will be required, and/or outsourcing work to external contractors likely on a case by case basis. If funding allocated in the 2021-2031 LTP and 2024-2034 LTP for investing in our community future planning was unavailable or diminished, this would impact what could be completed within the work programme. The implications would likely be less strategy development work undertaken, or the period of time required extended and a less integrated strategic approach overall.

COVID-19 implications

- 35 On 11 March 2020, the World Health Organisation (WHO) declared covid-19 as a global pandemic. NZ developed an alert system with levels from 1-4. On Monday 23 March the NZ alert level was raised to a 3 and it was declared that the alert level would rise to a 4 by 11.59pm on Wednesday 25 March. This meant that the nation went into lockdown for four weeks with only essential services running and the majority of New Zealanders staying inside their houses to help reduce the spread of covid-19.

- 36 As a result of the pandemic there will be widespread impacts within our communities, including but not limited to, an increase in unemployment and widespread economic and social disruption anticipated for some time.
- 37 Council has an important role in helping to shape the future of the district and influencing the future of the region and nation. Having clear strategy to determine Council's role in this future will be even more important following COVID-19 in the years to come.

Factors to Consider

Legal and Statutory Requirements

- 38 There are no legal or statutory requirements to consider at this time.
- 39 However, it is important to acknowledge that Council has commissioned and completed work in research and analysis as part of the 2018-2028 Long Term Plan, which is a statutory requirement for Council.

Community Views

- 40 As part of the Long Term Plan 2018-2028 consultation document and subsequent submission process the issue of investing in our community future planning was highlighted and the preferred option was to invest in this approach.
- 41 No specific community views have been sought in relation to the development of a framework that assists Council in progressing a programme of work in strategy development.
- 42 As this work progresses over a number of years there will be significant community engagement and consultation in the preparation and finalisation of any strategies that Council determines appropriate.

Costs and Funding

- 43 The costs associated with the development of a framework for strategy development are met within existing budgets allocated through Council's 2018-2028 LTP.
- 44 If future funding in the 2021-2031 LTP and 2024-2034 LTP were unavailable or diminished, this would impact the quantum of work that could be completed within the programme of works developed. The implications would be less capacity within the strategy and policy team and opportunity for out-sourcing to undertake strategy development work.

Policy Implications

- 45 There are no policy implications in developing a programme of work for strategy development.

Analysis

Options Considered

- 46 There are two options for Council to consider in this report.

Option 1: support the progression of a strategy development work programme

Option 2: request staff investigate other options

Analysis of Options

Option 1 – support the progression of a strategy development work programme

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • supports the 2018-2028 LTP mandate to increase investment in community future planning • will provide the crucial link between Council's vision and community outcomes and the plans and activities to deliver services to communities • ensures Council is well placed to understand the role it plays in addressing identified priorities • Council will take a lead role in initiating discussions with communities around short, medium and long term strategy development • will build on the work already undertaken through the Community and Futures Research and Analysis Work Programme • will help guide Council towards stakeholders and partners who share the same or similar values 	<ul style="list-style-type: none"> • none identified

Option 2 – requests staff investigate other options

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • there may be an alternative to strategy development that has not been fully considered 	<ul style="list-style-type: none"> • the identified strategy deficit may not be addressed • the momentum of previous research and analysis work may be slowed or lost

Assessment of Significance

- 47 This programme of work is not considered significant in relation to Council's Significance and Engagement Policy.
- 48 As strategy development work evolves over the following years, there will be significant community and stakeholder involvement, and will likely increase in significance throughout these periods.

Recommended Option

- 49 Staff recommend option 1 to the committee, which supports the progression of the strategy development work programme.

- 50 The progression of this work will help close the gap between Council's strategic framework (vision, mission, community outcomes and strategic priorities) and the activities that Council undertakes and the associated activity management plans. It will also help determine and clarify the role that Council will take in addressing identified priorities within the District, region and on the national stage.

Next Steps

- 51 A strategy development work programme will be developed over the next few months, and a further report for discussion and endorsement provided to the Community and Strategy Committee on this progress at its 8 July meeting.

Attachments

There are no attachments for this report.

Research and Analysis – COVID-19 Projects Update

Record No: R/20/4/9643

Author: Michelle Stevenson, Strategy and Policy Manager

Approved by: Rex Capil, Group Manager Community and Futures

☐ Decision

☐ Recommendation

☒ Information

Purpose

- 1 This report is to inform the Community and Strategy Committee of COVID-19 specific projects currently being undertaken by Council's strategy and policy team.

Executive Summary

- 2 COVID-19 is a global pandemic, and while some short term impacts are becoming apparent, the medium-long term global, national, regional and local impacts of COVID-19 are largely still unknown and in a constant state of change.
- 3 At 11.59pm on Wednesday 25 March New Zealand entered a level 4 lockdown period, whereby only essential and critical to life services remained operational. Prior to this, New Zealand closed its borders to all non-residents. The intention, to eliminate COVID-19 from New Zealand and to avoid the devastating repercussions seen across the globe. New Zealand is expected to remain at level 4 until 11.59pm Monday 25 April, at which time the alert level will drop to level 3 and remain there for a minimum of a two week period.
- 4 As a result, there is expected significant and long term social, health and economic impacts for the country. Southland, with widespread enterprise in tourism, agriculture and farming, reliance on international visitors, workers and markets, will not be immune to these impacts. This will include, but not be limited to, an increase in unemployment and widespread economic and social disruption anticipated for some time.
- 5 Staff are undertaking a number of work streams to better understand the likely impacts of COVID-19 on Southland communities, and what Council's role may be in varying scenarios. This may range from considerations of Council's best role is to do nothing, enable, facilitate, influence and/or lead.
- 6 Work streams around a wellbeing scan, lessons learned from previous events, reassessment of the significant forecasting assumptions to inform the Long Term Plan 2021-2031, the platform from which to consider reprioritisation of Council work streams and services, and analysis of a number of other key issues are being considered.
- 7 It is the intention for staff to present their preliminary analysis and any recommendations to the executive leadership team by late May, and accordingly to Council by the end of June 2020.
- 8 Staff recommend that the committee endorse the projects that are underway to inform discussions on the COVID-19 impacts for Southland and Council and maintain a watching brief as global, national, regional and local implications emerge.

Recommendation

That the Community and Strategy Committee:

- a) Receives the report titled “Research and Analysis – COVID-19 Projects Update” dated 24 April 2020.**
- b) Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) Endorses the projects that are underway to inform discussions on the COVID-19 impacts for Southland and Council and maintain a watching brief as global, national, regional and local implications emerge.**

Background

- 9 On 11 March 2020, the World Health Organisation (WHO) declared COVID-19 as a global pandemic. On Monday 23 March the New Zealand alert level was raised to level 3 and it was declared that the alert level would rise to level 4 by 11.59pm on Wednesday 25 March. Prior to this, New Zealand closed its borders to all non-residents. This meant that the nation went into lockdown for at least four weeks with only essential services running and the majority of New Zealanders staying inside their houses to help reduce the spread of COVID-19.
- 10 New Zealand is expected to remain at level 4 until 11.59pm Monday 27 April, at which time the alert level will drop to level 3 and remain there for a minimum of a 2 week period.
- 11 As a result the flow-on social, health and economic effects of the pandemic will be significant and of some duration. Southland has extensive enterprise in tourism, agriculture and farming, and with a reliance on international visitors, workers and markets, will not be immune. There will be widespread impacts within our communities, including but not limited to, an increase in unemployment and widespread economic and social disruption anticipated for some time.
- 12 Council has an important role to play in leading and facilitating discussions around social and economic recovery/restart, and ensuring that essential services under the purpose of Local Government are maintained. This will require analysis and discussion of what services Council provides, how we prioritise existing and future work streams to ensure the needs of communities are met, now and into the future.
- 13 To this end, the Group Manager Community and Futures reprioritised the work of the strategy and policy team to immediately focus on projects to better understand the impacts of COVID-19 for Southland and for Council.

Issues

- 14 This is a global pandemic and the medium-long term global, national, regional and local impacts of COVID-19 are largely still unknown and in a constant state of change.
- 15 Strategy and policy staff have refocused their work to undertake COVID-19 specific priority work, including analysis, understanding and impacts of legislative changes from central government as a result of COVID-19, a District wellbeing scan, re-analysis of the significant forecasting assumptions, and the principles that may determine if and/or why reprioritisation of work streams could be considered.

Wellbeing scan

- 16 Staff have undertaken a significant literature review of COVID-19 related articles from across the globe, relating to many key areas including tourism, education, health, environmental, social, employment, agriculture and farming, and travel. Staff have recorded insights on what the future will be like for people in the Southland District and for Council. Staff are in the process of analysing these insights and other relevant data and will present their view on the early indications of the 'new world' in a scan, which will be structured under the four wellbeing's. It is intended that this wellbeing scan will include guidance on how Council could lead, facilitate and support communities through and after the COVID-19 pandemic.

Lessons from previous events

- 17 Staff are evaluating past events (such as pandemics, financial crises, acts of terrorism and natural disasters) that have impacted both nationally and globally. Analysis is being given to a wide range of literature in order to provide a balanced view and to identify what trends exist that can help Council better understand, and prepare for, the recovery/restart phase as a result of COVID-19.

Significant forecasting assumptions - review

- 18 Staff are undertaking a review of how Council's significant forecasting assumptions, endorsed at the 30 January 2020 Council meeting, may need to be reconsidered. This discussion will form the basis of how we move forward with a revised 'baseline' of assumptions for the Long Term Plan 2021-2031. A literature review is being undertaken to substantiate any recommendations to revise existing assumptions.

Reprioritisation of Council services and work streams - considerations

- 19 Staff are currently working towards an understanding of the platform from which Council would reprioritise the services it delivers and the work streams it has underway and planned. Given the significant and long term impacts anticipated following COVID-19, it is expected that Council will need to consider in-depth the work that it undertakes on behalf of its communities, and the services that it provides and the levels expected for those services.
- 20 This analysis, with a basis in global and national literature, will provide the platform for discussion and decision making to determine, in particular, the next steps in the process of Council's Long Term Plan 2021-2031.
- 21 This will also provide our activity managers with a basis from which to consider and/or reconsider current and future work streams.

Analysis of Southland Regional Development Strategy (SoRDS) and Southland Murihiku Destination Strategy

- 22 Preliminary work has been started on an assessment of how SoRDS and the Southland Murihiku Destination Strategy might be viewed in light of COVID-19 impacts from a Council perspective. This work is in the very early stages and will progress as capacity within the strategy and policy team allows, and as data from businesses within Southland becomes more readily available to provide a state of play in the region and District. There is some work currently underway through Great South that will contribute to Council specific assessment and analysis.

Additional projects

- 23 In addition to the projects above, strategy and policy staff will conduct analysis of the impacts of COVID-19 on global/national/regional economic policy, economic indicators, and employment indicators as more information becomes available, and as the team has capacity to undertake the work.
- 24 While all the projects have a strong Southland District and Council lens, consideration is being given to key external stakeholders and the direction and related information coming from these agencies. Staff will remain inclusive of stakeholder positions and information as it evolves in this fast pace environment.

Factors to Consider

Legal and Statutory Requirements

- 25 There are no legal or statutory requirements to be considered in this report.
- 26 It is important to note that the research and analysis work currently being undertaken by strategy and policy may be used to inform future discussions and decision making around the Long Term Plan 2021-2031 and 2024-2034, which is a statutory requirement of Council.

Community Views

- 27 No specific community views have been sought in relation to this report.
- 28 The strategy and policy team staff have researched widely articles and literature from around the globe to inform their thinking in relation to COVID-19 and the possible implications for Southland in these early stages. The views sourced have been extensive to ensure that a balanced view point is provided, and from as many key themes and topics as possible in the short space of time.

Costs and Funding

- 29 All costs associated with this work are met within existing budgets. There are no additional costs expected.

Policy Implications

- 30 There are no specific policy implications with this work.
- 31 As noted above, this work may be used to inform future discussions and decision making relating to the Long Term Planning process, and could therefore have influence around Council policy decisions.

Analysis

Options Considered

- 32 There are three options to be considered in this report.
- Option 1 – endorse the projects underway to inform discussions on the COVID-19 impacts for Southland and Council and maintain a watching brief
- Option 2 – request staff investigate COVID-19 impacts for Southland and Council more in-depth and for an extended period
- Option 3 – request staff cease all further work on COVID-19 projects and return to business as usual work plan

Analysis of Options

Option 1 – endorse the projects underway to inform discussions on the COVID-19 impacts for Southland and Council and maintain a watching brief

Advantages	Disadvantages
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<ul style="list-style-type: none"> the research and analysis undertaken to date is a snap shot in time and can be used to inform discussions around the current significant forecasting assumptions for the Long Term Plan. These assumptions inform the activity management plans the analysis will help guide conversations around work prioritisation and the rationale for reconsidering levels of service and currently scheduled work plans work can get underway to inform discussions around Councils options to act, in light of likely and already evident COVID-19 impacts Council can utilise the analysis to share with stakeholders and neighbouring councils to better inform a District and regional response 	<ul style="list-style-type: none"> the analysis is a snap shot in time and in a rapidly changing environment may be outdated or ill-informed without in-depth and on-going analysis being undertaken Council may not be positioned to respond quickly to changing situations if analysis of likely COVID-19 impacts changes significantly acknowledges that BAU work for the strategy and policy team will be compromised as and when further COVID-19 analysis work is required
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Option 2 – request staff investigate COVID-19 impacts for Southland and Council more in-depth and for an extended period

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> greater understanding of COVID-19 specific impacts may be realised in a shorter time period Council may be positioned to respond with haste where able, if more in-depth analysis and understanding is undertaken Council would maintain a heightened understanding of COVID-19 specific impacts for the District and be well positioned to inform and influence stakeholders 	<ul style="list-style-type: none"> global, national, regional and local impacts of COVID-19 are largely still unknown and in a constant state of flux. On-going work at this early stage could be a poor use of resource in the larger picture business as usual (BAU) work will be compromised if current resource utilised to further this work Council's strategy and policy team were at full capacity prior to undertaking COVID-19 specific research and analysis work. Resource to undertake legislatively required BAU work would need to be considered

Option 3 – request staff cease all further work on COVID-19 projects and return to business as usual work plan

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> the existing work streams of strategy and policy will continue without further delay 	<ul style="list-style-type: none"> analysis needed to inform discussions around work prioritisation and the rationale for reconsidering levels of service and currently scheduled work plans would not be undertaken to a sufficient level

	<ul style="list-style-type: none">• Council may not have the information and analysis it needs around Councils options to act, in light of likely and already evident COVID-19 impacts• Council may have a limited understanding of likely impacts short, medium and long term for the communities of Southland as a result of COVID-19
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Assessment of Significance

- 33 The work at this stage is not considered significant in relation to Councils Significance and Engagement Policy.
- 34 If actions as a result of the analysis progresses however, the significance of this will increase. The cumulative impact of matters relating to COVID-19 will mean that there is a greater degree of importance and likely consequences for the following, as determined in Council's Significance and Engagement Policy (2017):
- the current and future social, economic, environmental or cultural wellbeing of the District or region;
 - people who are likely to be particularly affected by or interested in, the issue, proposal decision or matter; and
 - the capacity of Council to performs its role, and the financial and other costs of doing so.
- 35 Staff view that the project work currently underway is not of a current nature or significance that requires consultation.

Recommended Option

- 36 Staff recommend option 1, to endorse the projects underway to inform discussions on the COVID-19 impacts for Southland and Council and maintain a watching brief.
- 37 The loss of BAU capacity for the strategy and policy team, and the potential for additional resource required to undertake this work, may negatively outweigh the gains achieved by undertaking further analysis at this time. Under option 1, staff will maintain a watching brief of the situation, and following discussions with the chief executive and group manager community and futures, would seek to reallocate resource to this work as and when required.

Next Steps

- 38 It is the intention for staff to present their preliminary analysis and any recommendations to the executive leadership team by late May, and accordingly to Council by the end of June 2020.

Attachments

There are no attachments for this report.

Big Picture Workshop and Strategic Workshop Summary

Record No: R/20/4/9566

Author: Rex Capil, Group Manager Community and Futures

Approved by: Steve Ruru, Chief Executive

☐ Decision

☒ Recommendation

☐ Information

Purpose

- 1 The purpose of this report is to confirm the Big Picture Workshop and Strategic Workshop findings and to then give consideration to these when reviewing and updating the draft strategic framework as part of the Long Term Plan 2021-2031 development.

Executive Summary

- 2 As part of the 2019-2022 triennium Council induction programme, Council has recently participated in two workshops with a longer term and strategic focus.
- 3 On 31 January 2020 Alicia McKay facilitated “The Big Picture” workshop with councillors and executive leadership team members.
- 4 On 19-21 February 2020 Council staff facilitated a strategic workshop with Council elected members including the mayor, councillors and community board chairs.
- 5 The workshops provided the opportunity to generate conversations and thinking about the big issues and longer term challenges facing the District as a whole and Council specifically.
- 6 A number of the key themes and findings have been captured to assist with developing an approach to undertake next steps and to align and integrate where possible with the Long Term Plan 2021-2031 process.
- 7 There will be consideration given to the impact of COVID-19 on the short term response and medium to long term recovery and restart phases. The work being undertaken in this area will be reported back to Council once completed. However, it is important to recognise the big picture and strategy workshop purpose was for Council to consider the 10 to 30 year horizon for the district. To this end the workshop sessions will assist Council in staying on strategy albeit that it may decide to alter the approach that is pursued in the short term as a result of the impacts of events, like COVID-19, which will inevitably occur at different stages of its strategic journey.

Recommendation

That the Community and Strategy Committee:

- a) **Receives the report titled “Big Picture Workshop and Strategic Workshop Summary” dated 24 April 2020.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Endorses the key outcomes, big issues and future planning priorities identified at the Big Picture Workshop on 31 January 2020 – being:**

Key Outcomes

- **happy, healthy Southlanders**
- **resilient, engaged communities**
- **thriving, sustainable economy**

The Big Issues

- **climate change**
- **infrastructure investment**
- **funding constraints and options**
- **Council’s economic and social remit**
- **iwi and partner relationships**
- **service delivery structures**

Future Planning Priorities

- **show leadership through infrastructure spend**
- **boost local economy and support industry**
- **support managed retreat for declining communities**
- **foster community self sufficiency**
- **invest in strategic partnerships**
- **long term funding and investment strategy**
- **central government relationship strategy**
- **approach iwi to consider new ways to build relationships**

- e) **Endorses the principles from the Strategic Workshop on 19-21 February 2020 – being:**

- **community well-being – understanding Council (the organisation) needs to change how it thinks, operates and makes decisions and move toward the implementation of the four well-beings in our decisionmaking approach and what we do**
- **environment – understanding and recognising the increasing community and generational awareness of kaitiakitanga - that the guardianship and protection of the environment – regeneration ideals surpass sustainability**

- future generations – taria te wa and manaakitanga – recognising and acknowledging that Council has to advance long term thinking with the communities it serves, the concept of caring for others and that it is ok for conversations to be about the next 50-100 years
 - Tikanga Maori and cultural authenticity – recognising the responsibility to embrace tikanga or cultural beliefs and value set of tangata whenua – drawing on the traditional principles of stewardship and guardianship for others.
- f) Notes that staff will integrate the themes and principles as part of the next stages of the LTP 2021-2031 including reviewing and revising the draft strategic framework.
- g) Note that staff will give consideration to the findings and direction provided when developing the strategy development work programme required to be undertaken to support the next stages of the longer term integrated strategic planning approach for the District.
- h) Note that staff will report back to the Committee on the COVID-19 research work being undertaken and how this might be best incorporated into Council's short to medium term approach to pursuing its strategy once this research work has been completed in the next two months.
- i) Recommend to Council that it endorse and adopt the key outcomes, big issues and future planning priorities identified at the Big Picture Workshop on 31 January 2020 and the principles from the Strategic Workshop on 19-21 February 2020.
- j) Recommend to Council that it support the integration and incorporation of the themes and principles into the next stages of the LTP 2021-2031 process including reviewing and revising the draft strategic framework.
- k) Recommend to Council that it support the integration and incorporation of the themes and principles into the strategy development work programme required to be undertaken to support the next stages of the longer term integrated strategic planning approach for the District.

Background

- 8 As part of the 2019-2022 triennium Council induction programme, Council has recently participated in two workshops with a longer term and strategic focus.
- 9 As further context, Council at its 19 June 2019 meeting received the report titled “Big Picture Workshop and Strategic Workshop Summary” and “Noted the draft strategic framework for the Long Term Plan 2031”.
- 10 The draft strategic framework presented to the June 2019 meeting was developed following a series of workshops in March 2019 (involving the Youth Council as well as Council) and May 2019. The feedback from these workshops was acknowledged and informed the draft strategic framework as detailed and noted in the following table:

Mission: Working together for a better Southland
Vision: “Southland – one community offering endless opportunities”
Community Outcomes <ul style="list-style-type: none">• <i>Environment</i> - Kaitiakitanga for future generations• <i>Culture</i> - Inclusive, connected communities• <i>Economic</i> - A diverse economy creating healthy and affordable lifestyles• <i>Social</i> - Empowered communities with the right tools to deliver the best outcomes
Strategic Priorities: <ul style="list-style-type: none">• Improve how we work to build resilience• Better preparing our communities and council for future changes• Provision of appropriate infrastructure and services• Support healthy environments and sustainable communities

- 11 Following on from the recent Big Picture Workshop and Strategic Workshop it is appropriate for this triennium’s (2109-2022) Council to consider the draft strategic framework and review, revise and refine it as required.
- 12 A further report will be presented to Council at its 20 May 2020 meeting to enable it to consider the findings from the recent workshops and review and revise as required the draft strategic framework to be incorporated into the draft Long Term Plan 2021-2031.

The Big Picture Workshop

- 13 On 31 January 2020 Alicia McKay facilitated a workshop with councillors and executive leadership team members.
- 14 The workshop was intended to generate discussion and hard thinking about the big issues facing Southland District in the long term, and where and how Council can play a leadership role in that. Attachment A provides a summary of the findings from the day.

- 15 The key findings from the day can be broken down into key outcomes, the big issues and future planning priorities.
- 16 Key outcomes identified for the District are:
- happy, healthy Southlanders
 - resilient, engaged communities
 - thriving, sustainable economy.
- 17 The big issues identified were:
- climate change
 - infrastructure investment
 - funding constraints and options
 - Council's economic and social remit
 - iwi and partner relationships
 - service delivery structures.
- 18 Future planning priorities identified for the district are:
- show leadership through infrastructure spend
 - boost local economy and support industry
 - support managed retreat for declining communities
 - foster community self sufficiency
 - invest in strategic partnerships
 - long term funding and investment strategy
 - central government relationship strategy
 - approach iwi to consider new ways to build relationships.
- 19 The workshop provided an opportunity for all involved to participate and contribute in a constructive and positive way. The constant throughout the day was the recognition of the importance to be prepared to have the conversations and to consider the challenges and opportunities from a long term, intergenerational future perspective.

Strategic Workshop

- 20 On 19-21 February 2020 Council staff facilitated a strategic workshop with Council elected members including the mayor, councillors and community board chairs.
- 21 The sessions throughout the 2 ½ days involved interactive sessions delivered by Dr Ganesh Nana (BERL), Kristin Dunne (Tourism Bay of Plenty), mayor and councillors and Council staff.
- 22 The aims of the strategic workshop were to develop

- an understanding of the ecosystem and wider context council operates in
- a shared understanding of the strategic challenges and opportunities facing the District, region and local government as we look to the future
- a view on how Council might best plan for and provide leadership at a District and regional level in relation to the strategic challenges it and the District's communities face
- an understanding of the purpose and need for longer term planning (30 years) and commit to achieving a shared vision for the District
- an understanding of the collective responsibility required to achieve strategic goals and the approach needed to pursue to realise the future vision for the District and region
- the shared understanding required and prioritise how Council (the organisation) needs to function if it is to provide the leadership needed for the District and region to be successful
- a way to build on the Big Picture Workshop findings from 31 January 2020.

23 Key themes that were identified throughout the workshop included:

- how communities are viewed can vary and can be considered by way of communities of place; communities of interest; communities of identity
- a need for recognition and consideration of those who are not in the room or at the table – iwi, young, migrants as examples
- a recognition that business as usual is not business as usual anymore and that traditional systems and models are not keeping up with disruptors
- a fundamental role of local government is that it is close to community and Council is representative of its community and Council exists to serve its community
- the stakeholders of Council are much more than ratepayers and are not defined by geographic boundaries
- the reintroduction of the four well-beings (social, economic, environmental, cultural) as the purpose of local government in the Local Government Act 2002 has provided the opportunity to consider the wider wellbeing benefits and costs when decisionmaking
- the well-beings consideration assists in defining value by being consistent with values. To understand this we need to consider decisions against our values
- values are related to being guardians of the taonga, a strong sense of turangawaewae and acknowledging that we recognise the mandate of tangata whenua and the community in the decisionmaking required
- engaged communities isn't the same as engaging with communities
- a recognition of requiring an open mind to new ways of doing things and the recognition of Council needing to move from the traditional 'power and control' model to offset the imbalance of power in the community
- a need to focus on communication and engagement – cannot expect the people to come to us – Council needs to go where the people are

- the concept of a hub is much broader than a physical location – it involves a social connectedness of people and connected services that help build stronger communities.
- 24 The four key principles recognised as a result of the workshop include:
- community well-being – understanding Council (the organisation) needs to change how it thinks, operates and makes decisions and move toward the implementation of the four well-beings in our decisionmaking approach and what we do
 - environment – understanding and recognising the increasing community and generational awareness of kaitiakitanga - that the guardianship and protection of the environment – regeneration ideals surpass sustainability
 - future generations – taria te wa and manaakitanga – recognising and acknowledging that Council has to advance long term thinking with the communities it serves, the concept of caring for others and that it is ok for conversations to be about the next 50-100 years
 - Tikanga Maori and cultural authenticity – recognising the responsibility to embrace tikanga or cultural beliefs and value set of tangata whenua – drawing on the traditional principles of stewardship and guardianship for others.
- 25 A point that was raised early at the workshop was the recognition of iwi absence in the room and it initiated the bigger conversation regarding Council's overall relationship with iwi. Throughout the workshop it became increasingly important as a topic and theme and is recognised as a relationship development priority.

Issues

- 26 Council needs to confirm the Big Picture Workshop and Strategic Workshop findings and to then give consideration to these when reviewing, revising and updating the draft strategic framework as part of the next stages of the Long Term Plan 2021-2031 development.
- 27 As with long term strategic planning activities there are a number of philosophical and political ideological issues that can be raised. In this regard there is no right or wrong or even resolution to matters raised but more a recognition that there are differing views that need to be considered.
- 28 The other significant point highlighted at both of these workshops was the recognition that change is difficult to advance; that the change required will take time; that this is a process that involves both Council and stakeholders and therefore is reliant on a collective will to participate and change; that in fostering and encouraging change there needs to be a recognition of the need to change habits and create new habits.
- 29 Some of the specific issues and challenges identified included:
- how do Council and community/stakeholders connect?
 - how does Council (as an organisation) create the environment to support the change required in the way of working?
 - how do we recognise a lot of the change required relies on strong relationships and mutual respect from the various parties involved?

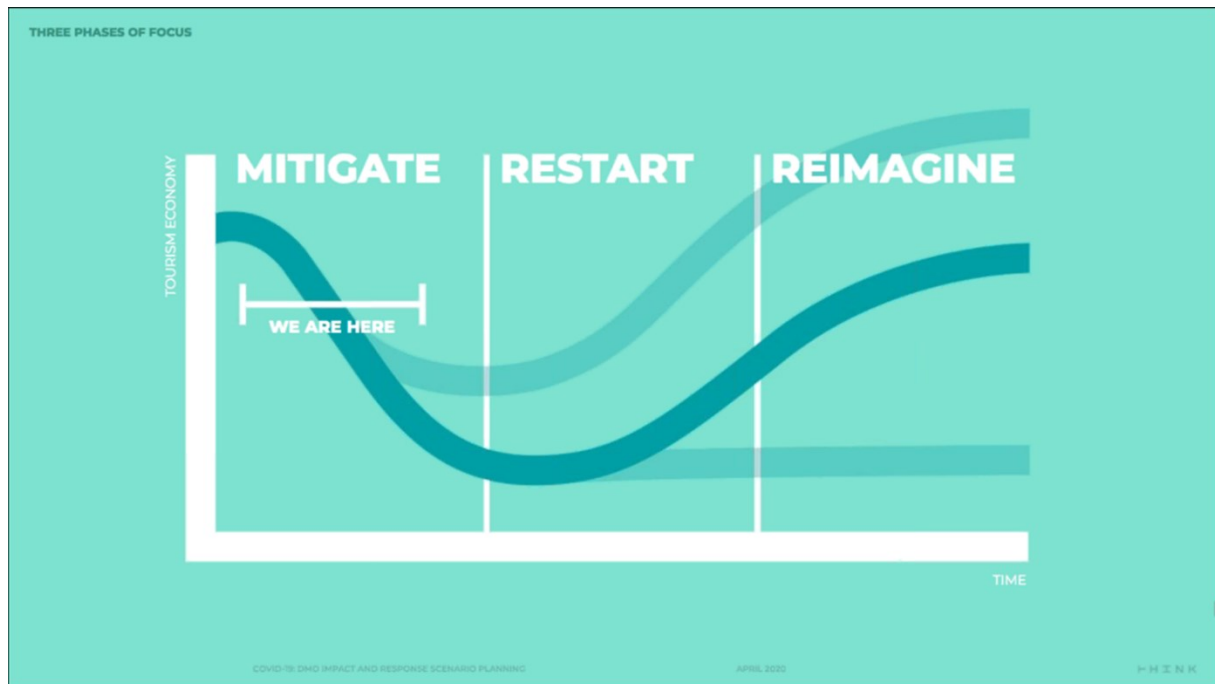
- how does Council get the message of its strategic framework, direction and associated change that is happening or required outside of Council chambers – both externally to the communities/stakeholders and internally to its operations and service deliverers?
- how is it recognised that this is not just a Council issue – it is a challenge for the community as much as for Council that requires leadership from and within the community?

- 30 It is important that Council recognises the challenges ahead of it and that it is provided with the relevant and appropriate detailed information to best make informed decisions.
- 31 There is the need to ensure that systems and processes are developed that support the change recognised and required.
- 32 The opportunities that have been identified in discussing the thinking required to deal with the long term challenges has meant that Council has focussed its thinking to address and consider alternatives. This has also allowed for different conversations starting to be had. While this might be challenging to the status quo it also provides an opportunity for Council to advance its role in the representative leadership and civic leadership areas of responsibility. This is not always easy, but is necessary.

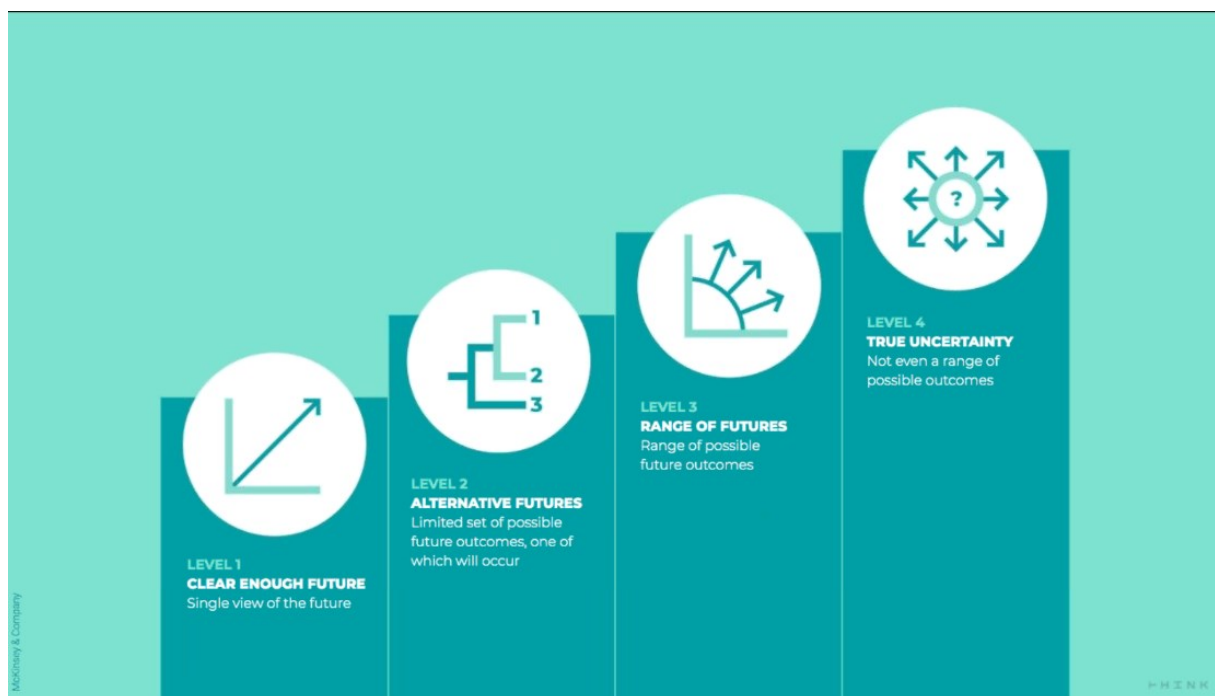
COVID-19

- 33 As we are aware New Zealand is currently in a national state of emergency as a result of the COVID-19 global pandemic event. The community wellbeing impact of COVID-19 at an international, national, regional, district and local level is still to be well understood and is speculative in nature at this early stage.
- 34 There will be the need for Council to undertake various pieces of work to understand in more detail the impact of the COVID-19 event to the district. It is intended this will require the pieces of work to be planned and its development phased to occur as the event unfolds and associated insights are developed and impacts realised.
- 35 Currently, in the mitigation and response phase, Council's Strategy and Policy team has initiated some analysis and assessment work which will assist in informing some of Council's corporate performance planning work, Great South has been involved in collecting information relating to business impacts across the region, Emergency Management Southland has also been collecting information relating to community welfare related matters. Council's Community Leadership team has also been working alongside community elected representatives and community leaders in considering response issues.
- 36 As we move into the recovery and rebuild phases there will be other series of work required to be undertaken to assist with analysis and assessment of the impact. This work will still focus on the short to medium term in the interim and the longer term strategy work that Council has undertaken will remain as the foundation for Council's vision and direction. In this regard it is important Council stays on strategy but realises it can alter or amend its shorter term plans and work programmes to deal with the immediate needs.
- 37 Some recent literature and information that has come through from Destination Think and McKinsey and Company sums up the phases and stages to consider in dealing with COVID-19 in the immediate and short term.

- 38 This first slide from Destination Think recognises the phases to progress through in dealing with the COVID-19 event over time.



- 39 The second slide from McKinsey and Company recognises the scenario planning required at the various levels or stages of the planning process in dealing with the COVID-19 event in these early stages.



- 40 To provide a context in this scenario based planning approach we have been operating at level 1 and it is now recognised we need to switch to level 3 to assist in making informed decisions for the shorter term based on data, research, expert insights and analysis.

- 41 This work, separate to the longer term strategy work required, will become a focus in response to COVID-19 and the immediate and shorter term plan prioritisation and work programme decisions that need to be made. It is about staying on strategy and adapting the approach taken in the short to medium term to how Council might head towards its long term strategic focus.
- 42 The approach to be pursued in the short to medium term still needs to be developed. It is intended that this work will be developed and discussed with Council in the next three months once the research work currently under development to provide data and insights into the likely impacts of COVID-19 is available.

Factors to Consider

Legal and Statutory Requirements

- 43 There are no legal or statutory requirements related to the workshops. However, the themes and principles will inform the Long Term Plan 2021-2031 strategic framework which is a requirement of the Local Government Act 2002.

Community Views

- 44 Community views will be considered as part of the Long Term Plan 2021-2031 whereby the strategic and long term thinking and direction will be considered.
- 45 The community engagement processes will also allow Council to inform and provide greater level of detail and clarity on issues that the community requires an awareness of.
- 46 Community views and community understanding will be important for the future consideration of the long term thinking required and the associated principles recognised as important for Council.

Costs and Funding

- 47 There are no extraordinary costs or funding requirements as a result of the workshops. The workshops were planned and part of the work programmes and budget for the 2019 – 2020 financial year.

Policy Implications

- 48 There are no policy implications related to the workshops findings. The information identified and themes and principles identified will assist in refining and confirming the strategic framework development as part of the Long Term Plan 2021-2031.

Analysis

Options Considered

- 49 There are two options to consider – (1) Agree and endorse the Big Picture Workshop key outcomes, big issues, future planning priorities and the Strategic Workshop principles are an accurate representation of the workshop discussions or (2) Do not agree that the Big Picture Workshop key outcomes, big issues, future planning priorities and the Strategic Workshop principles are an accurate representation of the workshop discussions.

Analysis of Options

Option 1 – Agree and endorse the Big Picture Workshop key outcomes, big issues, future planning priorities and the Strategic Workshop principles are an accurate representation of the workshop discussions.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> provides a good summary record of the respective workshop discussions to be used to support future planning and prioritisation discussions assists staff with developing the next stages of the Long Term Plan 2021-2031 and reviewing and refining the draft strategic framework provides direction to the organisation and communities as they contemplate the issues and opportunities available to them supports the development and focus for the next phases of community engagement and clarification of key messages. 	<ul style="list-style-type: none"> could be viewed as limiting and narrowing the focus of the planning process prematurely does not recognise that planning processes are fluid and subject to short term changes which Council has limited influence over.

Option 2 – Do not agree that the Big Picture Workshop key outcomes, big issues, future planning priorities and the Strategic Workshop principles are an accurate representation of the workshop discussions.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> reopens the conversation to ensure clarity is achieved and agreement is able to be reached assists in closing the loop by getting clarification and correcting any matters that not are agreed with so they can be confirmed accordingly. 	<ul style="list-style-type: none"> if agreement is not reached then does not assist with providing clarity of direction makes it difficult to confirm the overall direction and purpose and deliver key messages to the community creates uncertainty for staff and communities around the future focus and key points for consideration as part of the Long Term Plan 2021-2031 development process.

Assessment of Significance

50 This is not recognised as significant in terms of the Significance and Engagement Policy.

Recommended Option

- 51 It is recommended by staff that the Community and Strategy Committee endorse the Big Picture Workshop key outcomes, big issues, future planning priorities and the Strategic Workshop principles are an accurate representation of the workshop discussions.

Next Steps

- 52 If the Community and Strategy Committee approve the recommendations a report will be prepared for full Council recommending it adopt the key outcomes, big issues and future planning priorities identified at the Big Picture Workshop on 31 January 2020 and the principles from the Strategic Workshop on 19-21 February 2020 to support their integration and incorporation into the next stages of the LTP 2021-2031 process and strategy development work required as part of an integrated strategic planning approach for the District.
- 53 There is a sense of understanding across the organisation for the need to continue to progress and develop the principles into the way of working for Council and community. It is recognised that the changing focus and revised approach will take time to transition. It will require refinement and be phased and staged. The two priorities to be undertaken concurrently include
- development of an overarching community well-being framework to support the Southland District Council strategic approach by July 2020
 - recognition and incorporation into the next stage milestones and processes associated with the Long Term Plan 2021-2031 development – including an ongoing review of the strategic framework and supporting the development of activity management plans.

Attachments

- A The Big Picture Strategic Workshop Summary - 31 January 2020 [📄](#)

The Big Picture – Strategic Workshop

31 January 2020 – SDC Councillors and ELT

Introduction

The following is a summary of key take outs from the day – as prepared by Rex Capil, GM Community and Futures.



The Big Picture – Strategic Workshop
7/02/2020

Southland District Council
Te Rohe Pōtae o Murihiku

PO Box 903
15 Forth Street
Invercargill 9840

0800 732 732
sdc@southlanddc.govt.nz
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Approach

This workshop was intended as a Big Picture check in to ask – are our big issues *really* our big issues? It wasn't about talking about the LTP. It was about provoking, to kick off a new Council term and a new decade, with some hard thinking about the big issues facing Southland District in the long term future, and where Council needs to focus to play a leadership role in that.

The information sharing approach involved pre the workshop, the completion of a diagnostic survey (online, three questions) to get everyone's head in the right space and provide some kick-off content.

Working with the natural rhythm of our brains and chrono-biological clock, the day itself was split into three main parts:

Part 1 (morning) was the analytical bit. In groups, and together, we picked our 'big issues' apart and then put them back together as a team.

In the middle of the day, we started to draw some new connections – what are we missing here?

In the third part of the day, when our brains are tired but open to lateral thinking, we were all about discussion that fostered debate and alignment – and brought us to a close feeling positive, open and jolted by reality. This was not really an issue – as we were all cognisant throughout the day at what was happening with the main office block and high winds reaping havoc.

Big picture direction – why?

Impact

Direction

Engagement

Alignment

Responding to change

Outcomes are to be:

Positive

Attributable

Measurable

All together to get to a change – with the change being 'better', 'improved', 'more', 'greater' etc. etc.

Strategy 101

Aspiration:	WHY?	Big Picture
Intentions:	HOW?	Priorities and approach
Operations:	WHAT?	Actions and initiatives



What we told Alicia:**The most important decisions facing Council are:**

- Climate change
- Investment in infrastructure
- Environmental issues
- Business growth
- Central government regulations
- Funding options
- Managing tourism
- Potential amalgamation

Biggest future unknowns:

- Climate change
- Funding
- Asset requirements
- Technology
- Financial, trade and tourism
- Central government regulations

What Council needs to think differently about:

- Collaboration with others
- Community representation and engagement
- Community leadership on social issues
- Service delivery structures – commercial/CCO
- Housing

Our big issues:

- Climate change and sustainability
- Infrastructure investment
- Defining Council's economic and social role
- Funding and rates options
- Structure – partnerships, engagement and devolution



THE BIG PICTURE

KEY OUTCOMES

Happy, healthy Southlanders

Resilient, engaged communities

Thriving, sustainable economy

THE BIG ISSUES

Climate change

Infrastructure investment

Funding constraints and options

Council's economic and social remit

Iwi and partner relationships

Service delivery structures

TRICKY QUESTIONS

How do we get central government to hear us?

Is our spending too short-term focused?

Should we co-govern with iwi?

How can we work to connect others in the community?

How do we engage with unheard members of our community?

How do we support declining communities?

Should others be delivering Council services with or for us?

What innovative funding models can we consider?

FUTURE PLANNING

Show leadership through infrastructure spend

Boost local economy and support industry

Support managed retreat for failing communities

Foster community self-sufficiency

Invest in strategic partnerships

Long-term funding and investment strategy

Central government relationship strategy

Approach iwi to consider new relationship

Community Well-beings and Strategic Issues Overview - March - April 2020

Record No: R/20/4/9565

Author: Rex Capil, Group Manager Community and Futures

Approved by: Steve Ruru, Chief Executive

☐ Decision

☐ Recommendation

☒ Information

Report Purpose

- 1 This community well-beings and strategic issues overview report is prepared and presented to the Community and Strategy Committee as part of its standard order paper each meeting, as far as is practicable.
- 2 This report is intended to inform the committee of recent developments, points of interest and points for consideration as part of the overall strategic context and community well-beings (social, economic, environmental, and cultural) discussions that Council is part of – nationally, regionally and locally.
- 3 The report is also used to provide insight of ‘happenings’ from other regions that maybe of interest and relevance to the District. This provides a wider strategic context on a national and regional scale to assist in Council’s understanding of issues and areas of impact occurring elsewhere.
- 4 Importantly, the report aims to initiate discussion and conversation amongst councillors and communities to support the opportunity to participate and contribute to Council’s direction setting and positioning with regards to the multi stakeholder environment it operates in.
- 5 It is intended the format and content of the report is divided into five headings – reflecting the four well-beings plus other regional happenings. The topics covered under each of the headings are a selection of recent articles and publications and are summarised with the associated link attached from where the information is sourced and/or the full document attached when relevant.
- 6 Recently feedback has been received following the big picture and strategic workshops as to how we incorporate the need for longer term views and developing a proactive approach to remain abreast of strategic issues that may/will impact on the District communities and then subsequently Council. This report is one way in which Council is attempting to be proactive in recognising and highlighting topical strategic issues and it is intended to evolve the approach to generate discussions and forums to continue to build and grow the understanding of Council and communities. This is a work in progress.
- 7 The bulk of this report was prepared pre COVID-19. However, it is important to recognise many of the issues and situations have not disappeared as a result of COVID-19 and the purpose of local government as per section 10 (1) (b) of the Local Government Act 2002 is to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. This purpose is as significant today as it was pre COVID-19 for Council and the district it serves.
- 8 The purpose is also explicit in recognising that local government should be giving consideration to future generations and communities. The big picture and long term focus is important to assist

Council in making decisions that have intergenerational impact and also relate to services and assets that have a 50 – 100 year life. Local government has an important role to play in making decisions today that will impact on generations to come – and the Te Tauihu Intergenerational Strategy referenced at the end of this report provides a good example of the value in this approach.

Social Well-being

- 9 For the purpose of this report we consider social well-being to reflect topics related to how people and communities engage in work, study and social activities.
- 10 The following is a summary of a selection of recent articles and publications relating to the social well-being topic.

Engaged communities. How community-led development can increase civic participation

- 11 The Helen Clark Foundation and BERL co publication discusses the notion that informed and engaged communities are central to a healthy democratic society and given their importance, local government should be striving to foster engaged communities.
- 12 The report talks about creating genuine opportunities for vibrant and authentic engagement which requires a focus on process.
- 13 Local government has to walk the talk and step into their role as enablers of community led development to create space for communities to thrive and be engaged. The recommendations address how local government can support different types of community – the communities of place, interest and identity all relate to people.
- 14 Empowering community-led development is complex, iterative, long term in nature, requires patience and perseverance from all parties involved.
- 15 The report identifies that local government must commit to fostering genuinely engaged communities to improve the lives of the people they represent. The report is attached as attachment A.

Point to note:

- 16 Of particular interest for Southland District Council is to recognise a lot of the messaging identified in the publication is similar to that being progressed as part of the wider community leadership approach championed with its communities.

Education and staffing

- 17 At the start of most calendar years there is much discussion around staffing issues at schools – nationally and regionally. This has again been highlighted here in Southland.
- 18 Schools play an important role in developing and building the social fabric of the communities they serve. This is very much the case in rural areas and certainly in Southland District.
- 19 The following links reflect the issues and provide a local and national focus on the situation –
<https://i.stuff.co.nz/southland-times/southland-top-stories/118633550/southland-schools-have-relief-staff-on-standby-for-start-of-school-year>

https://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=12303016

Point to note:

- 20 It is important that Southland District Council is aware of any pressures placed on schools and communities as a result of teacher shortages and the wider implications of such. Council can have a supporting role in advocacy, futures planning and strategy development and a community leadership role in supporting communities in dealing with the implications of the societal pressures and changes facing the District.

Rural industries and staff shortages

- 21 Labour supply issues and the continued development of programmes to support young workers into rural employment remains an important topic for Council and communities.
- 22 The following link reflects the issues and provides a regional and local perspective on the situation – <https://i.stuff.co.nz/southland-times/118969061/staff-shortages-hurting-rural-industries-in-southland>

Point to note:

- 23 Of particular interest for Southland District Council is the need to remain abreast of what can continue to be done to assist rural Southland industries and young Southlanders in bridging the gap in labour demand and supply. It is important that this matter is continued to be supported by investing in the services from Great South to support Southlanders in the rural workforce and related industries. This is important as the impact of COVID-19 is understood with regards to worker displacement and unemployment

Maori workforce grows 50 percent in five years

- 24 BERL has completed a think piece considering the points related to a growing Maori population and the related differences in the age structure compared to the overall New Zealand population.
- 25 The following link provides an article from BERL which looks at this point - <https://berl.co.nz/economic-insights/community-development-government-and-fiscal-policy-maori-economy-migration-and>

Point to note:

- 26 While there is still a lot of analysis and interpretation of this information to occur it is important for Council to be aware of the developing trends as it feeds into the changes in work and employment matters for the future which will impact on Southland communities demographic and population age structures and diversity.

Economic Well-being

- 27 For the purpose of this report we consider economic well-being to reflect topics related to how financial and human made physical assets impact on how people live, deliver services and work together as a society.

- 28 The following is a summary of a selection of recent articles and publications relating to the economic well-being topic.

KPMG Agribusiness Agenda 2019

- 29 The KPMG Agribusiness Agenda marks a significant milestone with it being the 10th year of being published. The document is attached as attachment B.
- 30 The document reflects on how the food sector has evolved, details progress in transitioning from volume to value, recognises the global environment of rapid and disruptive change, considers the pulse of the industry and what is necessary to maintain relevance in the future, and consider the impacts of the fusion of technologies of the fourth industrial revolution to enable the first Global Agrarian Revolution.
- 31 This contributes to the industry's discussion of disruption, innovation and adaptation. It discusses the acceleration of both global farming systems and trends and the greater awareness and knowledge of consumers and their demands in relation to products. Understanding such trends gives the sector a strong base to build further innovation and value creation and to ensure a viable and sustainable food and fibre sector into the future.

Ministry for Primary Industries: Situation and outlook for primary industries December 2019

- 32 The report outlines the state of New Zealand's primary industries and their prospects for growth over the next four years. It recognises that to enable the primary industries to continue to thrive then it is important to have up to date, reliable information on the challenges and opportunities facing New Zealand's primary industry sectors.
- 33 The document is attached as attachment C.

Point to note:

- 34 The primary sector industries are significant contributors to the Southland economy and it is important that Council continues to remain abreast of the opportunities and challenges facing the sector. The primary sector is an important contributor to the overall community well-being of the district and has implications much wider than just the economic well-being of communities.

Environmental Well-being

- 35 For the purpose of this report we consider environmental well-being to reflect topics related to how the natural environment impacts on how communities align resources and support resource allocation and usage required to live a sustainable life.
- 36 The following is a summary of a selection of recent articles and publications relating to the environmental well-being topic.

For the after-comers

- 37 The Maxim Institute has prepared a think piece which is timely in building on the recent discussions Council has had around community well-beings, value being related to values, the natural environment and how what we do now will shape the legacy we leave to the generations

to come. It discusses the obligations related to being good stewards in taking care of something that belongs to someone else and passing it on undamaged or in an improved state.

- 38 The following link provides access to the article <https://flintandsteelmag.com/article/for-the-after-comers-2/>

Tourism industry working to ensure a sustainable future

- 39 It is recognised these articles and the conversation pieces were gaining traction pre COVID-19. While the issues may be needing to be considered in a different environment now, it would seem they are still significant and important discussions to be had as the tourism industry and its future is reimagined and recreated post COVID-19.

- 40 Over recent years the government has produced its tourism strategy and New Zealand Tourism Industry Aotearoa has recently released its own updated strategy for 2025 and beyond. As part of these discussions the topics of sustainability and environmental impact are raised. The following links provide reference to these points

<https://crux.org.nz/national-news/tourism-industry-working-to-ensure-a-sustainable-future/>

<https://thespinoff.co.nz/society/20-01-2020/the-nz-tourism-industry-cannot-afford-to-ignore-the-elephant-in-the-room/>

When will NZ be real about our scary future?

- 41 Climate change impact continues to generate a lot of discussion and the following article provides insights for consideration relating to the topic and actions or inactions related to it.

- 42 The following link provides access to the article
<https://www.newsroom.co.nz/@comment/2020/02/03/1012805/when-will-nz-be-real-about-scary-future#>

Points to note:

- 43 Southland District Council recognises the global nature of the environmental well-being issues and opportunities on the table at the moment. This supports a shift in thinking to gain an understanding of the global and national influencers and externalities that impact on Southland and what it means in having to prepare for situations outside of New Zealand and Southland control.
- 44 As the associated environmental issues are considered from a global perspective it is becoming increasingly apparent that the impacts on the District communities can be quite significant and creating awareness and supporting the building of resilience is important for Council to cognisant of and contribute too.
- 45 While the above points to note were written pre COVID-19, the impact of the global environment on Southland district is no better illustrated than by this event.

Cultural Well-being

- 46 For the purpose of this report we consider cultural well-being to reflect topics related to how people live and work together and includes cultural and community identity, traditions and customs and common values and interests.

- 47 The following is a summary of a selection of recent articles and publications relating to the cultural well-being topic.

Migrant and cultural integration and identity

- 48 Over recent times the cultural make-up of the New Zealand and Southland population has diversified with the increase of migrant labour and a more mobile and transient labour force.
- 49 Migration and the implications of such raise points related to integration and social mobility. It also brings to the forefront for community consideration issues related to cultural values, the essence of place and sense of belonging and societal change as a result of a more diverse population.
- 50 The Maxim Institute has recently republished some think piece articles which are timely in providing some insights and lessons from the past and from other countries.
- 51 The articles also consider cultural identity issues related to New Zealand and the results of colonisation and identity in New Zealand.
- 52 The following links provide access to the Maxim Institute think pieces
<https://flintandsteelmag.com/article/the-challenges-of-integration-lessons-from-britain/>
<https://flintandsteelmag.com/article/reconciliation-colonisation-and-identity-in-aotearoa-new-zealand/>

Points to note:

- 53 Southland District Council recognise the greater diversity of the Southland and New Zealand population and the associated opportunities and challenges this can involve.
- 54 The topic has been discussed as part of recent strategic workshop presentations and identified the need for decision makers to consider those ‘not at the table’ and recognising the difference in measuring value based on different values.

Regional Happenings – Tasman, Nelson and Marlborough

- 55 This section aims to provide information recently highlighted relating to an area/region elsewhere in New Zealand.
- 56 The area/region identified in this report is top of the south – Tasman, Nelson and Marlborough.
- 57 The articles identified below highlight some insights and significant developments occurring in the top of the South, related to destination management and a Te Taihū intergenerational strategy.
- 58 In what is a common topic nationally, and one that Southland District Council has been involved with in regards the development of the Southland Murihiku Destination Strategy, the Nelson Regional Development Agency discusses the transition from being a regional tourism organisation to including destination management and what this has meant to the NRDA:

NRDA's Mark Rawson on making the move into destination management

By Shannon Williams

Funding increases from both the private and public sector is a key outcome following the transition from being a regional tourism organisation to including destination management, according to Nelson Regional Development Agency chief executive Mark Rawson.

Speaking to the *Ticker* following his presentation at the recent Tourism Export Council of New Zealand conference in Auckland, Rawson said the level of both public and private sector investment had increased in real terms.

As an RTO, funding for NRDA from local government investment in tourism totalled \$660,000 in 2016, while private sector investment came in at \$100,000. In 2019, this increased to approximately \$900,000 and \$350,000 respectively.

“We’ve managed to maintain and grow some public sector investment into the sector as a result of the structure,” said Rawson.

“Because of the way we are structured, we do have the opportunity to leverage our other parts of the business. There is quite a bit of benefit for the sector in leveraging funding from the other areas of NRDA activity, such as talent attraction and business development,” he said.

Rawson said NRDA had almost 200 businesses invest in it last year to help deliver our services.

“Partners are the most important things for us. They are absolutely critical to our success as a region. If we can’t get buy-in from them, we are more than likely not able to carry out our longer-term plans.”

As an RTO, Rawson said Nelson Tasman had a strong destination marketing focus, with key functions including international and domestic marketing, conventions and business events, and i-SITE management.

“Tourism is New Zealand’s number one export, and one of the largest employers in the country. There’s a whole lot of factors that start to become really important in how to grow the economy. That’s why we have followed the DMO model,” he said.

“Moving into destination management meant the organisation could position Nelson Tasman as a place where talent and investment would want to be. We can connect

our people and companies with opportunities to grow and innovate; we can promote the destination as a place of choice for higher-value visitors who visit in from March to November, and we can put more focus on partnerships with the public and private sectors to build stakeholder engagement and drive NRDA's role in strategy execution."

Rawson said Nelson Tasman had invested a lot to get its digital presence right, and this paid off with a 40% increase in website traffic to nelsontasman.nz.

"We invested a reasonably serious chunk of money into it over the last two years, to get us digitally fit. This year has been about the deployment of that."

Rawson said approximately \$200,000 had been invested across all digital channels and activities plus one human resource over three years.

Rawson said transforming into a DMO helped galvanise a wider sector of community support for the visitor sector.

"We have a better capacity to respond to challenges, we have wider stakeholder buy-in and we have improved the sector's relevance amongst other sectors with similar challenges, such as talent, infrastructure and investment," he said.

"We have been able to align our talent and visitor marketing activity and have better access to investment programmes and improved engagement in regional infrastructure planning. We also have better leverage when it comes to public and private funding."

Rawson said the upcoming summer season was looking positive.

"We've had a slightly later kick-off to the season but by all accounts it's starting to look really good and we're hearing good things from our operators. Last year we had a bit more of an extended season, pushing into autumn, so we're confident that will happen this season," he said.

"Travel trends are changing a bit, which is really helpful in addressing those seasonal challenges we have. The domestic market is playing a huge role in that as well. Kiwis are changing when they travel; it's not always in peak season and they're often travelling later in the year when there aren't as many people around."

He said 2020 will see a lot of work put into its destination management plan in partnership with Marlborough.

"Getting an integrated visitor sector plan to address those challenges is one of our key goals for next year. Getting those things aligned would be helpful. On top of that we are looking at ways we can get 150,000 local ambassadors for our region. A big

focus of that piece of work will be creating lower footprint journeys across the region, and we already have some operators doing that, which is great.”

- 59 The other topic of interest as Southland District Council looks to consider the implications of some of the recent strategic and big picture conversations is around intergenerational planning and the well-beings conversations. Attachments D and E include a PowerPoint presented in November 2019 and the recently released draft of the Te Tauihu Intergenerational Strategy.
- 60 As some context, the Te Tauihu Intergenerational Strategy is an initiative aiming to develop a roadmap for Marlborough, Nelson and Tasman to realise the full potential of the whole of the top of the south region.
- 61 The initiative is led by Wakatu Incorporation in partnership with all three councils; the business community; Nelson Marlborough Institute of Technology; and whanau, hapu, and iwi across Te Tauihu.
- 62 This is a first for Te Tauihu. It is a coming together of the parties to develop a shared strategy that focuses on the wellbeing of the whanau (people), putea (economy) and Taiao (environment) across the whole region.
- 63 The concept was that by all being involved – from industry and iwi to communities and councils – and working more closely together, then all can draw on the shared knowledge and resources; increase the influence and potential of the region; and deliver longer term, interconnected planning that benefits all.
- 64 The attachments provide a very good story and understanding of where Te Tauihu has come from and where it is going.
- 65 Based on the recent work undertaken by this Council it is relevant as it considers how best it wishes to advance its big picture and long term views thinking based on a wellbeing framework and intergenerational decisionmaking.

Recommendation

That the Community and Strategy Committee:

- a) **Receives the report titled “Community Well-beings and Strategic Issues Overview - March - April 2020” dated 24 April 2020.**

Attachments

- A engaged-communities-report-min [↗](#)
- B agribusiness-agenda-report-2019 [↗](#)
- C 2019-SOPI-December [↗](#)
- D Te Tauihu Intergenerational Strategy [↗](#)
- E DRAFT Te Tauihu Strategy [↗](#)



Engaged communities

How community-led development
can increase civic participation



BY AMANDA REID &
HILLMARÈ SCHULZE

berl

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New problems confront our society and our environment, both in New Zealand and internationally. Unacceptable levels of inequality persist. Women's interests remain underrepresented. Through new technology we are more connected than ever, yet loneliness is increasing, and civic engagement is declining. Environmental neglect continues despite greater awareness. We aim to address these issues in a manner consistent with the values of former New Zealand Prime Minister Helen Clark, who serves as our patron.

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EXECUTIVE SUMMARY

Informed and engaged communities are central to a healthy democratic society. Engaged communities have high levels of community knowledge, cultural vibrancy, and civic participation. Given their importance, local government should be striving to foster engaged communities.

The best way to do that is to create genuine opportunities for vibrant and authentic community engagement. Enabling effective community engagement requires a focus on process. It requires genuine relationship building, deep and diverse community interaction, and a respect for and integration of local expertise.

Instead, local government is currently focusing on very different measures of success. For example, one common measure of whether a community is engaged is local government voter turnout. While decreasing turnout is not necessarily representative of lower confidence in a person's local community, it's indicative of low interest or confidence in public authorities, particularly with younger demographics.¹ It also does not provide any insight into the substance of community engagement.

As a result, even if lower voter turnout does indicate lower community engagement, it provides little guidance on how to reverse that trend. Local governments need to look beyond artificial and short-term methods of pumping up voter turnout to the more fundamental trends driving lower engagement.

For local government to create space for communities to thrive and be engaged, they have to fully step into their role as enablers of community-led development. And they need to ensure that passionate individuals and hands-on helpers of communities of interest, place, and identity are supported. Paradigm shifts take time: flexibility, commitment, patience, perseverance from all parties is needed.

In our recommendations, we address how local government can support different types of community. The communities of place, interest, and identity we describe all have people who participate as active citizens within the community, formally and informally, paid and voluntary. Research shows that people's sense of belonging to a community is linked to their ability to understand and contribute to a shared vision. They must be given opportunities to have a voice and to feel confident their voice will be heard.

Empowering community-led development is complex, iterative, and long-term in nature. It depends heavily on community knowledge, needs, interests, and demands being shared with a local government body that is prepared to listen, respond, and share decision-making power. Meaningful and on-going partnerships can contribute to more informed decisions that reflect the vision of a greater portion of communities.

Local government must commit to fostering genuinely engaged communities to prevent an erosion of trust and cooperation, and to improve the lives of the people that they represent.

¹ Nissen, S. (2019). *Student political action in New Zealand*. Wellington: BWB Texts.

RECOMMENDATIONS

‘The future is made by thousands of people making small decisions every day about what they believe about the future and their role in it. By building up the civic commons to support the active sharing of public spaces and activities by a wide mix of people of different economic statuses, different ages, we can encourage people to make those decisions in a way that builds more informed, engaged communities, and a stronger democracy.’

Carol Coletta, urban revitalisation expert

Our recommendations are based on the premise that community-led engagement will make the difference needed to ensure engaged communities. These recommendations for local government authorities are:

- Provide space and resources for community-led development – build on local strengths, providing appropriate spaces for communities to gather, and resourcing community capability development
- Develop a strategy for effective use of social media and technology – have a cohesive organisation-wide social media strategy that is responsive to the demands of the community, and is resourced appropriately and adequately
- Have effective and meaningful diversity and inclusion strategies – create the conditions and environments necessary to enable communities to have a sense of belonging and connectedness, and encourage people to participate in community life and citizen engagement
- Build trusted partnerships and long-lasting connections – trust community leadership and take time to listen to the wisdom a community holds about their own experience, building trusted and reciprocal partnerships where community contributions are valued.

INTRODUCTION

This report explores dimensions that make communities engaged, looking within and beyond traditional definitions of community and community engagement frameworks. We began by talking with communities themselves, and asking what influences, directs, and also impedes, their ability to be engaged with local government. These dimensions are often driven by main “actors” that are within or engaging with communities, including wider society, institutions, and also technology.

The types of communities we describe include:

- Communities of place – a community of people who live within the same geographical boundary, whether it be a village, town, or city
- Communities of interest – a community of people who share a common interest
- Communities of identity – a community of people who share common affiliations or experiences.

In reality, people belong to many different types of communities. The traditional emphasis on “place” in local government community engagement could be a barrier to other types of communities contributing. We argue for a reframing of the concept of community and for local government to recognise its role as an enabler of community-led development.

This report focuses on engagement by local authorities for the development of public policy. It provides clear recommendations to shape and better inform the development of community engagement tasks that could foster, inform, and lead to more engaged communities.

² <http://www.qualityoflifeproject.govt.nz/pdfs/Quality-of-Life-2018.pdf>

Does community engagement equate to an engaged community?

There is growing anecdotal evidence that community disengagement is rising with lower participation in local democratic institutions across the country. One of the indicators of disengagement is local authority elections, where voter turnout has been declining in many areas of New Zealand since the 1980s. People may not be voting because they don’t feel their voice matters, and they may not see their concerns reflected or heard in electoral and policy discussions.

This theory has some support through the findings of the Quality of Life Survey 2018.² The number of survey respondents who had confidence that their local council made decisions in the best interests of their city or area (32 per cent) was similar to the number who did not (33 per cent). More importantly, over half of the respondents perceived the public had only a small or no influence over the decisions of their local council (58 per cent). This figure was considerably larger than those who perceived a large or some influence (34 per cent).

If community disengagement becomes an increasingly prominent trend, it has profound implications for local governments. Critically, if communities are disengaged, trust in and respect for institutions erodes, and adherence to regulations reduces. This makes the role and function of local bodies increasingly difficult.



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While there are almost as many definitions out there as there are people trying to define it, in its simplest terms, community engagement seeks to better engage the community to achieve long-term and sustainable outcomes, processes, relationships, discourse, decision-making, or implementation. Community engagement is on the run sheet for every local government project that impacts a lot of people. Public meetings in community halls, online surveys in emails and on websites, information stalls in local malls, full-page infographics in free local press – these are standard community engagement tools.

Engaging with the community is needed to understand the views and preferences of people likely to be affected by, or interested in, a proposal or decision. If community voices are not heard, how will councils know which decisions have community support? If communities are disengaged, how can councils claim to reflect the values and aspirations of their communities? Do these community engagement efforts actually lead to engaged communities that participate, influence and own the decisions, policies and/or investments being made?

There is a world of difference between community engagement and an engaged community. And this world of difference has a substantial impact in the success of local body decision-makers who want authentic public participation. Understanding the difference between the two may lead to greater understanding of what makes for high functioning, purposeful, and informed communities, in order to inform public policy, and drive more effective community engagement.

WHAT IS A COMMUNITY?

‘Ehara taku toa he toa takitahi, engari taku toa he toa takitini.’

‘My strength is not that of a single warrior but that of many.’

Pāterangi of Ngāti Kahungunu

While a population is a broad measure of humans living in a geographical area, a community is more nuanced. A community is a social unit bonded by a something shared between or common to those in the social unit. This commonality may be geographical, like a neighbourhood or a town. Values, identity, social norms, interest, or circumstance may also be what binds a community together.

Within a geographic community, or community of place, there may be smaller communities, connected by the same religion, age, ethnicity, culture, life stage, or world view. These connections rely on trust, belonging, safety, and reciprocity – all key to building social capital.

Social capital

Social capital has subtly different meanings depending on who is doing the defining. The Treasury describes social capital as:

“...the social connections, attitudes and norms that contribute to societal wellbeing by promoting coordination and collaboration between people and groups in society.”³

³ <https://treasury.govt.nz/publications/speech/social-capital-and-living-standards-framework>

⁴ Healy, K. (2005). Social work theories in context: Creating frameworks for practice. Houndmills: Palgrave Macmillan.

⁵ Spellerberg, A. (2001). *Framework for the Measurement of Social Capital in New Zealand*. Wellington: Statistics New Zealand.

⁶ Putnam, R. (2000). *Bowling Alone: The Collapse and Revival of American Community*. New York: Simon & Schuster.

Meanwhile, social capital theory talks about:

“...networks together with shared norms, values and understandings that facilitate co-operation within or among groups.”⁴

And Statistics New Zealand defines social capital as a resource that is:

“...relationships among actors (individuals, groups, and/or organisations) that create a capacity to act for mutual benefit or a common purpose.”⁵

While non-Māori concepts of social capital often emphasise the role of “networks of civic engagement” or community organisations,⁶ Māori views of social capital centre on:

- Whakawhanaungatanga - extended whānau relationships and the norms embedded in these relationships, including whakapono (trust), tautoko (support), manaaki (care and generosity), tika (right actions or integrity), and hāpai (support)
- Tūrangawaewae - knowledge of a specific “place” in society and a sense of belonging that transcends geography, connected to cultural values
- Informal and holistic relationships and networks, taking precedence over transactional or contractual obligations
- Whānui and whakapapa - the defence, preservation and expansion of existing hapū

and iwi communities, and taonga, such as language and culture⁷

What is common among these perspectives, is that social capital comes from the co-operation, sharing, communication, and trust that is characteristic of enduring human relationships within communities. Understanding the role of social capital and the diversity of communities is essential to local government enabling engaged communities.

A key element of social trust in local government bodies is whether they provide real value to the communities they serve.⁸ Whether value is being provided should be measured by the community, and not the organisation itself.

The effective measurement of social capital is perplexing as social capital is simultaneously a cause and an effect.⁹ The Treasury's Living Standards Framework makes an attempt, with indicators for civic engagement, generalised trust, and institutional trust. Social connections or relationships, mentioned in all of the above definitions, need context to be able to make meaning. A Treasury paper on social capital states:

“Unless we know the activities, purposes and values that connect the members of a group, it is impossible to know in advance whether this group adds to or detracts from the sum of public social capital.”¹⁰

And this is the challenge for local government – how do they know the activities, purposes and values of their communities?

Wellbeing at a local government level

The Local Government (Community Wellbeing) Act came into force in May 2019, reinstating social, economic, environmental and cultural wellbeing to the purpose of local government after they were repealed in 2012. The Act reinforces the role of local government in promoting community wellbeing, and working in partnership with their communities to identify and articulate their wellbeing aspirations.

Understanding community needs from a broader perspective will enable councils to consider the four wellbeings when planning strategies, resource allocation, and other activities. A crucial step is for local government to harness the collective knowledge, skills, and experiences of their communities. And this requires understanding just what types of communities they have in the first place.

⁷ Williams, T. & Robinson, D. (2001). *Social Capital Based Partnerships, a Maori Perspective from a Comparative Approach in Building Social Capital*. Wellington: Institute of Policy Studies.

⁸ https://ssir.org/articles/entry/six_ways_to_repair_declining_social_trust#

⁹ Portes, A. (2000). The Two Meanings of Social Capital. *Sociological Forum*, 15(1), 1-12. Retrieved from <http://www.jstor.org/stable/3070334>

¹⁰ <https://treasury.govt.nz/publications/dp/start-conversation-value-new-zealands-social-capital-html#section-9>

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WHAT ARE THE ELEMENTS OF AN ENGAGED COMMUNITY?

Communities are not built of friends, or of groups with similar styles and tastes, or even of people who like and understand each other. They are built of people who feel they are part of something that is bigger than themselves: a shared goal or enterprise, like righting a wrong, or building a road, or raising children, or living honourably, or worshipping a god. To build community requires only the ability to see value in others, to look at them and see a potential partner in one's enterprise.

Suzanne Goldsmith, author

Exploring the elements that influence, direct, or impede the development of an engaged community is the first area of focus. We know that these elements may differ depending on the type of community, so we will look at these dimensions within various communities, such as a community brought together by shared interest trying to bring about change, a community brought together by geographic boundaries, and a community brought together by external events or situations. People are often a part of more than one type of community, but are likely to more strongly identify with a particular community at different points in their lives. All of these community types need to see themselves represented or reflected in local or central policy.

Communities of place

Communities of place, sometimes called spatial communities, are defined by geographic location and boundaries. People may live, work, socialise, attend school, shop, or engage in recreation activities within a community of place. The location is what brings everyone together, with varying levels of interaction and an assortment of values and beliefs. Somehow, through this diversity, shared cultural norms and processes develop, and this becomes the “flavour” or character of a community.

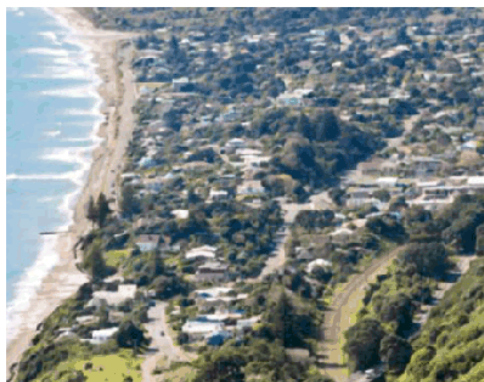
One such community is Paekākāriki, a village on the Kāpiti Coast, bound by the coastline to the south and Queen Elizabeth Park to the north. Located off State Highway One, the village has a population of around 1,700. This figure is unlikely to grow at the rate of other communities on the Kāpiti Coast given the lack of spare land to fill with houses, and houses being on septic tanks impacts the ability to subdivide sections.

Paekākāriki residents are fiercely proud of their village with a long history of tolerance and creativity, and a culture of volunteering and community-driven action. The community made the news in 2016, forming the Paekākāriki Housing Trust after long-term residents and valued members of the community struggled to find a home after the rental they'd lived in went on the market.¹¹ The Housing Trust website states, “A good community is no accident”. Their objectives are:

¹¹ <https://www.stuff.co.nz/business/property/87809909/paekakariki-wants-to-buy-home-for-beloved-resident-who-cant-afford-to-stay-there>

1. To help ensure a strong, diverse and connected community by assisting those people in need to access affordable and appropriate housing in Paekākāriki.
2. To recognise mana whenua's special connection to this land.¹²

As part of the second objective, the Trust is supporting the re-establishment of a marae for Paekākāriki mana whenua hapū, Ngāti Haumia.



Source: John Nicholson/Stuff

The community also came together to purchase and renovate St Peter's Village Hall from the Anglican Church in 2007. Previously underutilised and falling apart, the Hall is now a hub of activity with monthly markets, regular music events, repair cafés, community meetings, recreation activities, weddings, birthdays and general celebrations. The hall is run by the Paekākāriki Community Trust, with a core principle that, "All activities of the Trust will be within a

framework that retains the existing character of Paekākāriki". One of the Trust's aims is, "To encourage the economic and social sustainability of Paekākāriki to help ensure that local services are retained for the benefit of present and future generations".

A third charitable entity, the Paekākāriki Informed Community Incorporated (PICI), publishes a website with community notices and information, and runs a community radio station.¹³ The website states, "Paekākāriki is an engaged and expressive community" and the platform sources content from the collective community. Between 2001 and 2011 PICI generated a local newspaper, Paekākāriki Xpressed, with independent journalism and community classified notices.

The common thread weaving through the various charitable structures and other community activities is a pride in the special character of Paekākāriki, and a desire and willingness to take actions to enable that character. The initiatives have been born of the community to meet needs identified within the community, and with solutions provided by the community. Like many such communities, there is a core group of passionate individuals and visionaries who bring in others to get action happening. The community-led local activity has generated employment opportunities for some, while for others, it leads to strengthening community ties.

Elected officials in Kāpiti are said to understand and value the character of the village, but a gap between governance and operations is felt by

¹² <https://www.paekakarikihousingtrust.org/about>

¹³ <http://paekakariki.nz/>

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those in the community who feel administrative obstacles don't always reflect this understanding. The community board says greater collaboration is needed between the different arms of council so finer details can line up with the bigger picture. They also identified that a plain-English organisational structure is needed to help find who to speak with in particular situations.

Case study: a well run community board

An important enabler of community engagement in our example community of place is the Paekākāriki Community Board. Community boards were established as part of local government reforms 1989 as a way of bringing local government closer to their communities. Auckland now uses local boards, a distinct model with different delegations.

The Paekākāriki Community Board is a vehicle for the community voice and for locally led development, including the Paekākāriki-Pukerua Bay escarpment track that is now an extension of Te Araroa trail. Conscious of their role as community liaison and the advocate for Paekākāriki in Kāpiti Coast District Council meetings, the Board holds their meetings at accessible times, including evenings and weekend afternoons, to increase community participation and transparency.

The role of a community board is to—

- a. Represent, and act as an advocate for, the interests of its community; and
- b. Consider and report on all matters referred to it by the territorial authority, or any matter of interest or concern to the community board; and
- c. Maintain an overview of services provided by the territorial authority within the community; and
- d. Prepare an annual submission to the territorial authority for expenditure within the community; and
- e. Communicate with community organisations and special interest groups within the community; and
- f. Undertake any other responsibilities that are delegated to it by the territorial authority.

Source: Local Government Act 2002 s52

The legislation provides substantial powers of delegation but this is dependent on the how supportive the council of the day is of this community-led structure. A recent study found local councils are using community boards in very different ways, with some boards having little influence over local services.¹⁴

Where community boards have the potential to differ from councils, is in setting the agenda. While traditional community engagement by councils can be “top-down” with the council

¹⁴ Hammond, C., & Hammond, D. (2019). *Serving New Zealand? A 2018 Survey of Community Boards*. Nelson: Business Lab.

deciding what problems it needs to solve, community boards can be a form of grassroots and participatory democracy, supporting communities to decide the problems they need solutions for.

One of the recommendations of the Hammond and Hammond (2019) research was that councils recognise and support the capability of community boards, noting that place-shaping is more resilient when boards are empowered to lead local decisions. We support this recommendation in areas where the community board model is utilised.

Communities of interest

Communities of interest are brought together by a shared interest, such as housing, arts, sports, or the environment. Members of this type of community may live in different areas, and have different backgrounds or values. As a collective, whether organised or loose, they draw attention to a common problem or interest, and seek solutions to bring about change.

“The value in this form of community is in their ability to help each other to do things better or quicker or cheaper than they could do if each person worked on their own. The more energy and excitement they have the more quickly their problems get solved. People get to know each other and talk to each other,

although they might not even meet face to face or work together every day. Some might be at every single event, some might only come to one. Some might already know a lot about the problem, others might know nothing, but these people can still help the rest of the group by saying what they think about ideas or passing on what they have learned to other people they know.”¹⁵

In 2018, a Swedish teenager, Greta Thunberg, began striking from school with a homemade placard that read “skolstrejk för klimatet” (school strike for climate). She sat outside the Swedish Parliament every Friday demanding politicians take stronger action and develop policies addressing climate change. Thunberg subsequently organised a global school strike for the climate, and on 15 March 2019, an estimated 1.4 million students from more than 100 countries joined Thunberg in walking out of school for a day and calling for action from their governments.¹⁶

In New Zealand, the movement was picked up by a young environmental activist, Sophie Handford, and grew nationwide via social media. The 15 March strike saw over 20,000 young New Zealanders take to the streets and make their voices heard, with an additional strike on 24 May. A third strike took place on 27 September, and this time an estimated 170,000 New Zealanders took part across the country.

¹⁵ <https://www.healthknowledge.org.uk/public-health-textbook/organisation-management/5b-understanding-ofs/social-networks#develop>

¹⁶ <https://www.theguardian.com/environment/2019/mar/19/school-climate-strikes-more-than-1-million-took-part-say-campaigners-greta-thunberg>



Source: Monique Ford/Stuff

School Strike 4 Climate is now broader than the school strikes, with an active network of young people, some as young as eight years old, in towns and cities across the country continuing to plan and take action. They hold weekly video chats discussing regional activities, including meeting with central and local government representatives. Most have never met in person but they are united by their concern. While some media are focusing on kids striking, the group say striking from school is not the issue and they're not doing it because they think it is fun.

17 <https://www.schoolstrike4climatenz.com/about>

Sophie Handford, was elected to the Kāpiti Coast District Council in October 2019, after campaigning on having a council climate change committee established.

Their manifesto makes clear their demands, centred around Government “doing everything in their power to limit global warming to 1.5 degrees to safeguard our right to a future on Earth”.¹⁷ Councils across New Zealand have responded, with some declaring a climate emergency and committing to targets of net zero carbon emissions by 2050.

What is unique about the School Strike 4 Climate movement is that while united nationally with savvy use of social media to promote and co-ordinate, they are also very locally based. The website has resources for any interested young person to give speeches, make posters, meet local political representatives, or organise their own school strike. The video chats are open to anyone who wants to take part and leaders are very conscious about making sure everyone has space to talk and is supported. This is a campaign aimed squarely at enabling and empowering the youth voice.

Their focus is nationwide mobilisation – learning about civic engagement, presenting at council meetings, and holding local and central bodies to account. They said it can be hard to feel meaningfully engaged when their ideas and voices are not valued as much as adults. A significant barrier is that council meetings are often held during the day, which makes it challenging for school children and young people to attend. An additional obstacle is that young people have to enter into an unfamiliar space to have a voice. They feel that non-voters are often not considered in the picture even though they also live in the communities that elected officials represent.

Genuinely uplifting youth voices is key, and this requires councils be bold and visionary. It requires them to recognise that they hold a lot of power, and it is up to them to make space for youth. One way to make space is to hold meetings in the evenings or weekends when

young people can attend. Another way to lessen the power dynamic is to go into youth spaces, such as schools and youth centres, to hear their concerns. Enabling the youth voice also requires councils listening openly and authentically, and keeping in contact, directly inviting them to speak at meetings and events, and following up on concerns raised.

Similarly, genuinely hearing youth concerns means going onto their platforms, such as social media and online forums. Local body officials and staff in local government need to be active on social media in the same way they are active on the phone, on email, and out in the community. The use of online platforms encourages broader citizen participation in decision-making, and increases satisfaction with, and trust in, local government.¹⁸ Essentially, it is about building good and long-lasting relationships with all community citizens, not just the ones who vote.

Recommendation - Provide space and resources for community-led development

In order to focus wider than where people live and what they do there, local government can look to communities of interest for broader views and concerns, and create space for community-led development. For community-led development to thrive, local governments need to support community capability to have common ground and shared interests, and to find their voice. Context matters: what works with each

¹⁸ Schmidhuber, L., Stütz, S., & Hilgers, D. (2019), Outcomes of open government. *International Journal of Public Sector Management*. Vol. 32 No. 5, pp. 438-456. <https://doi.org/10.1108/IJPSM-02-2018-0056>

community may differ, and this is the value of community-led development.

This means it's about building on what the community has already and progressing in small steps – communities need to own the change and lead where possible. Local body enablers are there to support, connect, advise, guide, resource, inform, and leverage. By valuing the knowledge that the community has about their own experience and the visions that community has, local governments can operate from a strengths basis.

Local governments can also support community-led development by providing appropriate spaces for communities of all types and interest to gather. They can encourage and resource socially inclusive spaces for people to meet and connect, such as farmers markets, creative spaces, street parties, music/cultural festivals, as well as the usual meeting spaces on council agendas. Spaces may be physical or virtual: what's important is they are consciously enabled, and made widely accessible.

Providing spaces and resources can shift the focus from “consuming” services to co-creating solutions. Those who are co-creators within communities, actively shape and invest time in communities they are involved in. They take responsibility for and within their communities as their communities are part of their identity.

Stepping into community-led development may also require resourcing for capability development in order to understand how to

enable community. Expectations around local government process and outcomes may need to be balanced with where community needs, priorities and interests are.

Recommendation - Develop a strategy for effective use of social media and technology

Having a range of communications channels for different types of engagement with different groups and types of community is vital, such as sending texts to mobile phones, using a variety of social media, having printed materials, and opportunities for face-to-face interactions. Technology itself does not answer the question of how to transform people's concern about local events into deeper participation. However, we live in an increasingly digital world where people have expectations of easily accessible information, and prompt responses to queries.

Overseas research has shown millennials lead in the civic use of social media. Pew Research found that half of 18-to-29 year olds decide to learn more about political or social issues because of what they read on social networking sites.¹⁹ Fifty-seven per cent engage in political activity on social networking sites and nowhere else. When local governments consider how they communicate and engage with the different types of communities they serve, this type of within-community difference is crucial to keep in mind.

¹⁹ <https://www.pewresearch.org/topics/social-media/>

The supply of local government social media needs to correspond with the demand from communities to engage through those channels. Social media conversations can be visible to wider community, and issues that emerge on social media are more likely to be raised in interpersonal forums, such as meetings. Having a cohesive organisation-wide social media strategy that is responsive to the demands of the community, and is resourced appropriately and adequately, is essential for a local body. An inactive Facebook page or a Twitter feed with only one staffer from one department posting one-way sources of information is not going to increase social media visibility or effectiveness.

Communities of identity

Communities of identity are brought together by common affiliations or experiences. Identity can come in many different forms, some of which could be related to a specific personal feature, such as ethnicity, gender, hapū, sexuality, age, religion, or ability, and others which may be situational, such as people who are homeless, those caring for an elderly parent, or refugees. Communities formed around people actively involved with an aspect of their identity can create safe spaces to discuss concerns, and receive shared understanding and support from peers. These types of communities may

be formal, as in Rainbow Youth or the Islamic Women's Council of New Zealand, or they may be informal community networks, like the deaf community.

Migrants to New Zealand are one type of community of identity. They carry with them cultural understandings, language, traditions, values, and beliefs that can be different to those they find when they arrive. Each year, thousands of people emigrate from around the globe to make New Zealand their home. The number of people living in New Zealand who were born overseas reached 1,001,787 people in the 2013 Census. The percentages of people who were born overseas were:

- 25.2% in 2013
- 22.9% in 2006
- 19.5% in 2001

Our migrant population is also becoming more diverse: while in 1961, 70.1 per cent of those born overseas were born in England, Scotland, or Australia, these countries accounted for 30.4 per cent of migrants in 2013 (Table 1). In comparison, China, India, Republic of Korea, and Philippines accounted for 22 per cent of migrants in 2013, up from 5.2 per cent in 1961.

Table 1: Ten most common countries of birth in 2013 for the overseas-born resident population

Birthplace	Overseas-born living in New Zealand (#)		Per cent of overseas-born people (%)	
	1961 Census	2013 Census	1961 Census	2013 Census
England	154,869	215,589	45.7	21.5
China, People's Republic of	4,194	89,121	1.2	8.9
India	4,752	67,176	1.4	6.7
Australia ¹	35,412	62,712	10.5	6.3
South Africa	2,190	54,276	0.6	5.4
Fiji	3,039	52,755	0.9	5.3
Samoa ²	4,449	50,661	1.3	5.1
Philippines	33	37,299	0.0	3.7
Korea, Republic of	..	26,601	..	2.7
Scotland	47,078	25,953	13.9	2.6

1. Includes Australian external territories.

2. At the time of the 1961 Census, Samoa was called Western Samoa.

Symbol: .. figure not available

Source: Statistics New Zealand

The New Zealand Federation of Multicultural Councils Inc. (Multicultural New Zealand) is a non-government umbrella organisation for the migrant and ethnic communities of New Zealand. Their primary role is to promote, support and share information among 62 Regional Multicultural/Multi-Ethnic Councils and New Zealand Newcomers Networks, as well as youth, women's, seniors, and business advisory councils. They also represent ethnic, migrant and refugee communities at a national level.

Multicultural New Zealand is volunteer led, with over 320 volunteers contributing more than 44,000 hours annually of their time to support programmes in the regions. These programmes include:

- Huarahi Hou – an initiative developed in partnership with tāngata whenua, connecting migrants to their local iwi through marae based activities, such as noho marae and marae visits, to build mutual understanding and awareness of each other's cultures and values

²⁰ Christchurch City Council has a multicultural strategy (<https://www.ccc.govt.nz/assets/Documents/The-Council/Plans-Strategies-Policies-Bylaws/Strategies/Multicultural-Strategy.pdf>) and Auckland City Council has an Ethnic Peoples Advisory Panel (<https://www.advisorypanels.nz/>).

- Social gatherings to combat social isolation, with coffee groups, group activities and outings playgroups, dinners, Migrants Meet and Share Gatherings, and other regular events providing social conversation and support for issues, and educating migrants about their new surroundings
- Pathway to successful settlement and employment: piloted in the Hutt Valley and Porirua, and including a conversational English programme in Palmerston North, this programme is for Syrian women who are refugees aimed at growing confidence as they settle into their new homes
- Organising multicultural and multi-ethnic festivals and sports events celebrating cultural diversity.

Different regional branches also work with their local government bodies, submitting to long term plans, while Multicultural New Zealand tends to work more with central government on the bigger picture. Nonetheless, as one of the most multicultural nations in the OECD, there is no still requirement for local or central bodies to have a multicultural strategy or to consider how to welcome migrants.²⁰

Executive Director, Tayo Agunlejika, said that cultural competency and representation at governance level were major issues for migrants. He asked, “Who are the people around the table making decisions for communities of identity in particular? Are they from that identity, are they a peer? If communities of identity do not see themselves represented in decision making

bodies, there is a high risk of disengagement”. Migrants, in particular, have connections into their communities and those relationships can help inform decision-making, but Tayo feels there is a lot of work to be done regarding migrants having seats at the decision table on issues that affect them. He described the actions of the Electoral Commission, which took a leadership role in this area:

“They invested into the community by connecting, engaging, establishing relationships, and building the trust of the community. They identified the leaders and influencers in that community, and employed them. Those people now work with their community, because they have the trust, the relationships, the mana, the voice, and they reflect their community. That community is now an engaged community - you cannot do community engagement when you haven’t got engaged community.”

Tayo said the keys to making engaged community possible were honest sharing, open and brave listening, valuing people at grassroots through building authentic relationships, and supporting migrant development by co-designing with the community. He says the migrant community is becoming fatigued by transaction based community engagement.

20 Engaged communities

“Government bodies can’t continue to prescribe solutions and lead interventions - they should be working side-by-side with community, guiding them in trust and respect. Any intervention policy or programme has to be community owned, led and delivered through an asset based community development approach. This is imperative if we truly want to address community challenges like domestic violence, migrant labour exploitation, civic participation, and systemic marginalisation.”

“We enable, empower, and educate,” he said, “That is how we build confidence in migrant communities”. The question for policy makers should not be, “What does this community think about this issue?”, but “How do I identify someone who is a leader and support them to enable bottom-up community-led interventions?”

Recommendation – Have effective and meaningful diversity and inclusion strategies

When we’re talking about communities of identity, we’re talking about diversity. Diversity is a broad umbrella term used to describe layers of difference between people in terms of their:

- Migrant or refugee background
- Age and physical characteristics
- Ability

- Culture, nationality and language
- Values
- Religion, spirituality or beliefs
- Gender identity and sexual orientation
- Socio-economic status or background
- Education and qualifications
- Life experiences

Diversity encompasses respect, acceptance, and understanding the importance of recognising and encouraging the value of difference in communities. Consideration of diversity is vital in local government service provision and decision making, workforce practices, community development, and advocacy, and in designing built environments, public spaces, and facilities.

Inclusion is the partner to diversity, recognising that differences are strengths. Being inclusive requires intentionally addressing equity, access, and participation. In particular, those who are marginalised by circumstances may not be given opportunities to participate in traditional community engagement activities.

Ensuring there are effective diversity and inclusion strategies across local government activities is imperative to providing avenues for communities of identity to have a voice. Such strategies should aim to create the conditions and environments necessary to enable communities to have a sense of belonging and connectedness, and encourage people to participate in community life and citizen engagement.

Diversity and inclusion policies should be co-designed with the communities of identity they seek to include. Effective policies not only include priority areas and aims, but how these policies inform strategic actions. Strategies that flow from policies may include:

- Workforce practices
 - ° Anonymised recruitment and diverse interview panels
 - ° Flexible work policies and practices
 - ° Addressing gender and ethnicity pay gaps
 - ° Graduate and internship programmes
 - ° Diversity representatives as staff members
- Community development
 - ° Set specific diversity and inclusion goals for all business strategies
 - ° Sub-committees and advisory boards with diverse representation to reflect all identities within communities
 - ° Facilitate cross-cultural engagement, i.e. marae visits for new migrants
 - ° Promote inclusive engagement with the community
 - ° Social impact assessments to consider how decisions impact diverse communities
 - ° Adopt universal access principles and assess accessibility of community facilities

- ° Ensure external and internal communications, i.e. language, messaging, signage, and imagery, are representative
- ° Celebrate a breadth of cultural events.

A monitoring and reporting framework is essential to ensuring policies are meaningful and are having the intended impact. Any monitoring must reflect the views of the communities of identity a policy is seeking to include.

Local government can also consider community wellbeing when looking at broader resourcing, particularly through social procurement policies or through social investment strategies. Policies that enable economic and social change through locally-focused procurement can have significant positive impacts.

Recommendation - Build trusted partnerships and long-lasting connections

There is a well-known expression, “Nothing about us, without us”, which conveys the concept of policy development and decision-making being made with the full and direct participation of communities that will be affected by that policy. It often refers to particularly oppressed or marginalised communities of identity, but also applies more broadly when thinking about the diversity of people within communities of all types and how they are represented and consulted.

22 Engaged communities

With regards to community-led development, it means not coming in with solutions but working with communities and building long-lasting relationships. Being able to build trusted partnerships is a key element in fostering social trust.

Communities trust local bodies when the trust and partnership is reciprocal, and community contributions are valued. Local governments need to trust community leadership and take time to listen to the wisdom a community holds about their own experience. Being present means turning up, enabling ongoing communication, and co-designing solutions. It means focusing on relationships rather than transactions.

Enablers within local government can work

between and across agencies, and navigating the system and acting as community champions. Good processes are essential to ensure relationships are handed over if community enablers in specific roles move on. This is a crucial part of developing and preserving institutional memory.

Questions to ask when developing community-led policies include: ²¹

- How are decisions made in the community?
- What are the community's decision-making bodies?
- How is decision-making power distributed or concentrated within the community?
- What gives the decision-makers their authority?

Build your community's capacity for partnership by:

- Offering leadership training
- Assisting with outreach tools like translation to support migrants
- Working with community groups of all types and sizes
- Providing forums for networking
- Offering non-meeting options for engagement
- Sharing stories of successful communities
- Highlighting community strengths
- Moving beyond citizen participation to community empowerment

Adapted from: Jim Diers <http://neighborpower.org>

²¹ <https://community-canvas.org/>

Four traits of trustworthiness

The four key ingredients people use to decide whether or not to give their trust are competence and reliability (how we do things), and integrity and empathy (why we do things).

- **Competence:** Do people in your organisation have the skills, knowledge, time, and resources to do effective engagement? Are you honest about what can and can't be done by your organisation? Has the engagement strategy been planned with an adequate amount of time and resource?
- **Reliability:** Can the community depend on you and your organisation to keep the promises and commitments you make? Is community engagement embedded into the culture of your organisation and included in every decision? Are people within the organisation consistent and reliable in the way they behave from one day to the next?
- **Empathy:** Do people within your organisation care about the community's interests as well as your own? Do you discuss within your organisation how your decisions and actions affect communities?
- **Integrity:** Do you say what you mean and mean what you say? Do your words align with your actions? Is your community engagement strategy a tick-box exercise? Are you honest about your intentions and motives when engaging with communities?

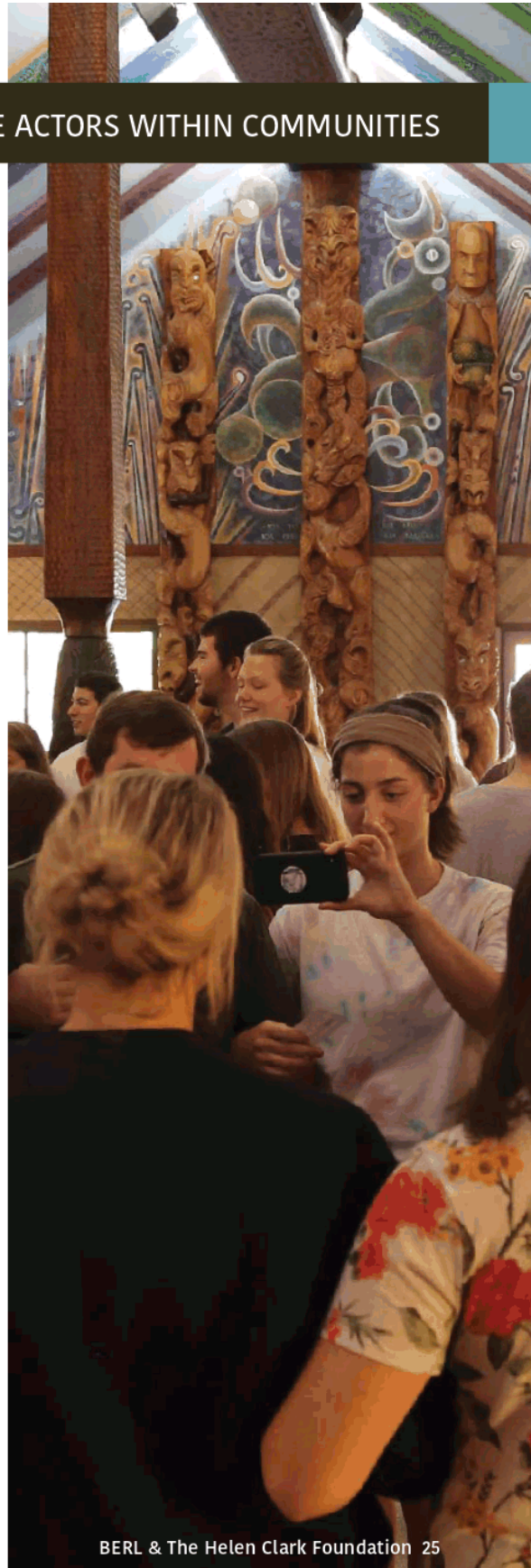
Source: Adapted from Rachel Botsman

THE ACTORS WITHIN COMMUNITIES

The engaged communities of interest, place, and identity we have described all have people who participate as active citizens within the community, formally and informally, paid and voluntary. All communities have the ability to flourish and thrive – engaged communities do so due to individuals and organisations who make this possible. They galvanise in response to local needs because they see the possibilities. They form shared visions, make plans, and take action. Individuals or groups have the capacity to shape their world by reflecting on their situation and the choices available to them, and by purposefully take action.

How they do this may vary, and they're likely to be in three broad groupings:

- Grassroots/hands-on people – often informally and voluntarily, these are people who take practical action with and for others in their community where they can offer their skills and expertise
- Passionate individuals – often involving collaboration with others across their community, these are people, sometimes within a group, who deliberately initiate, organise and lead initiatives that may effect change. They may also be “social bridges”, developing relationships and connecting enablers with communities
- Enablers – these are people who have a formal role, paid or unpaid, with an organisation that works within a community, e.g. with an iwi or hapū, an NGO, a business, a local or central government agency, or some other type of group



BERL & The Helen Clark Foundation 25

The formal role of community enablers means they have a level of decision-making rights within their area of responsibility, which can help or hinder passionate individuals and groups in resolving community issues. The decentralisation of decision-making to front facing roles working directly with the community can help to empower community enablers to be innovative and timely, which can contribute to improved relationships with those in the community. Another powerful tool is distributed decision-making, where local government shares the responsibility for decision-making in partnership with communities.

Tayo, from Multicultural New Zealand, described a community enabler, also a migrant, who is trusted in their community because they have invested time and energy. Inspector Rakesh Naidoo, National Strategic Ethnic Advisor for the New Zealand Police, sits with people as support and listens to them, participates in community events, and has been known to be there cleaning up afterwards. He understands the importance of belonging and of relationships to the migrant journey, stating, "If the settlement experience can be managed well, it really contributes to the long term wellbeing of the person".²²

Research shows that people's sense of belonging to a community is linked to their ability to understand and contribute to a shared vision. They must be given opportunities to have a voice and to feel confident their voice will be heard.

We live in a time where globally social trust in institutions and government is declining.²³ And trust is a key indicator of social capital. Trusting relationships built up between people, within communities, is vital to facing any complex challenges facing those communities.

"From a policing perspective we need to be quite confident when we go into neighbourhoods where a big proportion of the population speak a different language or come from different cultural and religious backgrounds. We need our staff to have the language and cultural skills to deal with new communities."

Rakesh Naidoo

The role of technology

Technology plays a crucial role in keeping communities connected and engaged. All our example communities use social media and the internet to mobilise and inspire, share up-to-date and relevant information and resources, and organise events and gatherings. Social media, in particular, allows for rapid dissemination of information, and different channels reach different audiences. School Strike 4 Climate largely use Instagram and Twitter for keeping in touch, and Facebook for specific information on events and for the livestreaming facility.

²² <https://www.immigration.govt.nz/about-us/media-centre/newsletters/settlement-actionz/actionz1/a-conversation-with-In-New-Zealand> "Trust in government institutions" sits in the mid-40s as a percentage

²³ In New Zealand "Trust in government institutions" sits in the mid-40s as a percentage (<https://lsfdashboard.treasury.govt.nz/wellbeing/>), similar to general population measures globally but lower than the mid-50s percentage of "informed public" (<https://www.edelman.com/trust-barometer/>).

26 Engaged communities

The way local government engages with communities has changed with the increasing prevalence and diversity of technology. Twenty years ago, gathering community opinion required going door-to-door or calling a meeting. However, nowadays many people have access to a platform and an opportunity to have a voice. The possibilities for engagement have increased exponentially. Increased internet availability and mobile use means people can have a high volume of data at their fingertips via their phones, laptops, or computers. This growth means people can participate regardless of timing or geography, in online surveys, and accessing information through e-newsletters, websites, or social media accounts. These can be more efficient than offline methods of surveying or information sharing, but not necessarily more effective.

There are potential risks in new technology too, particularly in the spread of disinformation. Local authorities have an important role to play in preventing and controlling the outbreak of infectious disease, which is a major threat to public health. This includes being ready to act or react as necessary by pointing communities towards credible sources of information via their social media pages. For example, with the recent measles outbreak, some local authorities used social media and websites to notify their communities of confirmed cases, to advise of symptoms, and to direct those who may unsure of their vaccination status to seek medical advice.

While a larger number of people may be reached through technology, there is a risk of this type of engagement becoming transactional, and devolving to gathering and disseminating information. Informing is a critical part of community engagement, but it is not the only part – consulting, collaborating, empowering, enabling, and feeding back, are equally as important in demonstrating accountability to communities. The act of sharing information in itself does not build trust.

Local and central government is now expected to provide a timely, accessible, and responsive service, and must be innovative in how they work to form trusted and valued relationships. Being available beyond working hours by using modern technologies like online customer portals, and looking at Smart City and Internet-of-Things initiatives to manage resources more efficiently, are ways of staying approachable and up-to-date. Being innovative also means looking at community engagement through the lens of trust and thinking about communities in a whole new way, while also maintaining offline channels to ensure local government remains accessible to all.

Virtual Wellington is a Virtual Reality version of Wellington. It immerses people in a 3D city experience and allows them to interact with city data to understand urban issues and futures. The model covers all of Wellington City, and the surrounding metropolitan council's and contains the buildings, trees, roads and other physical features which make up Wellington's environment. This environment then provides the base to project data, proposals and alternative futures in an engaging, informative and intuitive way. Over the past two years, Virtual Wellington has been used by Wellington City Council to:

- Engage stakeholders for various programs (e.g. Resilience Strategy launch, Climate Change Adaptation plans in Makara, Education post-7.8 Magnitude Kaikoura Earthquake)
- Support Council engagements with the community at tech based community events and hackathons
- Model alternative proposals and visualise the resulting urban form from different zoning schemes
- Bring together different city building disciplines and providing a medium for exchanging information, briefing leaders and facilitating collaboration to define, understand and work towards common goals
- Collaborate across local government boundaries and central government jurisdictions to understand larger scale issues and help find joined up responses to challenges such as climate change



Source: Virtual Wellington - WREDA and Wrestler

Source: Wellington City Council

CONCLUSION

There is no power for change greater than a community discovering what it cares about.

Margaret Wheatley

In the 2016 local body elections, the turnout was just 42 per cent of those on the electoral role, and in Auckland the turnout was 38.5 per cent. Turnout was widely predicted to fall for the 2019 local elections, but in the end, only somewhat fell short of the 2016 results. Provisional turnout results at the time of writing show turnout of 41.4 per cent nationally, and 34.8 per cent in Auckland.²⁴

Many of the big issues – water quality, climate change, public transport, local amenities – affect everyone, not just those who receive a rates bill. Voter turnout is particularly low for students, young people, renters, and those in lower socio-economic areas. In a climate of low voter turnout and community disengagement, it's down to local bodies to consider how their policies make a difference in creating engaged communities.

For local government bodies to really engage with the people they serve, they have to have engaged communities. To encourage engaged communities, they need to understand the many and varied types of communities those people identify with. What people consider their community to be may differ, and these differences influence how they want to engage in civic life and contribute to local decision-

making. Therefore, community engagement based solely on place-based communities and neighbourhoods may not be meaningful for everybody. Considering community as broader than where people live, but also encompassing interest and identity, provides rich opportunities for deeper community engagement leading to increased participation in civic life.

Bringing a focus to how to enable communities to be more engaged means a focus on encouraging greater active participation in community life. It means local governments being a bridge between different communities and providing opportunities firstly for all types of communities to have a voice, but more importantly, to authentically contribute to and influence decisions.

Empowering community-led development is complex, iterative, and long-term in nature. It depends heavily on community knowledge, needs, interests, and demands being shared with a local government body that is prepared to listen, respond, and share decision-making power. Meaningful and on-going partnerships can contribute to more informed decisions that reflect the vision of a greater portion of communities.

²⁴ <https://www.lgnz.co.nz/vote2019/voters/preliminary-voter-turnout-2019/> Retrieved 1 November 2019

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Introducing the 2019 KPMG Agribusiness Agenda

This year's KPMG Agribusiness Agenda marks an important milestone. It is the 10th year we have published the Agenda (and the 16th report we have released). To celebrate this landmark, this year's report is a little different.

Acknowledge

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As we approach the end of the decade, we reflect on how the agri-food sector has evolved and acknowledge the progress made. Through highlights from each of the previous reports, we celebrate the progress made in transitioning from volume to value, in recognising the license to operate is a privilege, and in establishing greater trust across the industry. We revisit some of the case studies we have featured over the last 10 years, to update on the progress these organisations have made in creating a prosperous future for themselves, and all New Zealanders.

Evaluate

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While the sector has set a course to a more ambitious future, we recognise that in a global environment where rapid and disruptive change has become the norm, there remains much to do. We have again taken the pulse of the industry through our annual Priorities Survey, coupled with conversations with industry leaders, to understand the current state of the nation. The overriding theme from our conversations is that attitudes and expectations on the industry are lifting continually; whether that relates to how land is used, greenhouse gases mitigated, customers engaged or debt facilities gained, the message was clear: what was acceptable even last year will not be enough to maintain relevance in the future.

Accelerate

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More analysis is becoming available to suggest that change today is faster and more profound than at any previous point in history. The challenge is that change is only going to get faster. The agri-food sector has been slow to embrace digital disruption, but the fusion of technologies of the fourth industrial revolution has enabled the first Global Agrarian Revolution. Against this background, the sector has no choice but to lean into disruption and work out how it is going to play the infinite game. A game where there are no finish-line winners; only those that keep playing and those that drop away.

KPMG Agri-Food: Ten years of helping fuel New Zealand's prosperity



KPMG New Zealand has always worked alongside many of New Zealand's leading primary sector businesses, given the critical role they play in our economy. We, like many other businesses, assessed all aspects of our operations in the midst of the Global Financial Crisis, and recognised that there were some systematically important sectors of our economy that would be key to recovery and long term growth.

Of these sectors agribusiness stood out. It was a sector inherently connected to our land and water, central to our ability to earn export revenues, linked to growing global demand for food and fibre products and one where key decisions makers were largely based here, and not in Sydney, Melbourne, Hong Kong or London. It was also a sector we identified as ignored by analysts, because it was largely owned through co-operatives and trusts rather than listed entities.

As we started to talking to industry leaders to enhance our understanding of key issues facing the sector it became apparent that organisations were facing similar issues and challenges. These were areas where we could draw on KPMG's global knowledge base to bring relevant insight.

As a consequence we invested in providing knowledge and thought leadership to the agri-food sector to assist it in realising its full potential, for the benefit of all New Zealanders.

First off the rank was making our weekly internal news summary, Field Notes, available to clients and contacts. This newsletter is now sent to more than 5,000 contacts each week and is supported by its own web portal (that is soon to be upgraded) and an app that is available on the Apple AppStore and Google Play.

In April 2010, we released the first Agribusiness Agenda. The response was immediate and confirmed to us that there was demand for independent thought leadership that looks beyond movements in commodity prices towards global trends and opportunities for food and fibre producers.

We recognised that for our thought leadership to be valuable it had to be easily accessible to everybody. We have always made the Agenda available for free on our website, and spent time traveling the country to explain our work to various audiences, be they school groups, industry or company conferences, producer days or board meetings, to help people to recognise industry trends and how they can respond. We have travelled from the Far North to Invercargill talking to thousands of people over the last decade.

We recognised the important role that Fieldays plays in connecting people in the primary sector and we worked with them to create the KPMG Agribusiness Leaders Breakfast in association with Fieldays, held on the first morning of the National Fieldays. This event has become an important part of the Fieldays experience and we have been proud to be a sponsor of Fieldays since 2011.

Following the success of our annual breakfast at Fieldays, we have been delighted to partner with the Canterbury A&P Show to create a similar annual breakfast event with a strong South Island focus.

As part of our strategy to share insights and support the development of people across the primary sector, we have developed relationships with the Rural Leadership Trust (which runs the Kellogg and Nuffield programmes) and the Agri Women's Development Trust.

We have supported the Te Hono Movement since its inception. Part of this relationship included arranging for KPMG's global leader on climate change to attend the first Stanford bootcamp in 2012, and we have supported each bootcamp since.

We have been a partner in the project to create an Agri-Food Experience Centre at the ASB Farm at Mount Albert Grammar School in Auckland since it was initiated. Our ambition is to provide an experience of the sector to 25,000 Auckland students a year.

It has become apparent that innovation and technology will play a significant role in the industry's future, and we have developed relationships with organisations that are supporting our innovation ecosystem. Our partnerships with SPROUT and Agritech New Zealand enable us to explore ways to bring our knowledge to organisations, developing technology that will enhance industry success.

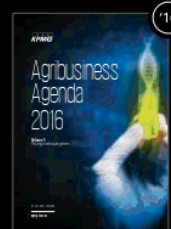
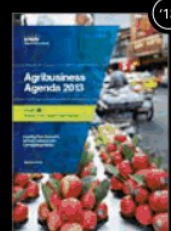
As part of highlighting the impact that change is having on the global food system, we were delighted to partner with Plant and Food Research, AGMARDT, Food Valley and Wageningen UR to enable a group of sector leaders to tour the Netherlands in February 2019 and be exposed to the speed and extent of change shaping the industry in that country.

Ultimately our purpose is to fuel New Zealand's prosperity for the benefit of all New Zealanders. Given the significant impact the primary sector has on our economy and its potential to capture more value from rapidly changing global markets, we are committed to continuing to play our part in enabling the industry to understand and respond to the opportunities in front of it.



**CANTERBURY
A&P SHOW**

Fieldays^{nz}



Ministerial foreword



Hon. Damien O'Connor

Minister of Agriculture, Biosecurity, Food Safety and Rural Communities. Damien is also Minister of State for Trade and Export Growth, New Zealand.

The food and fibre sector is in a very strong economic position. Forecasted growth for the sector is 7 percent for 2019, stemming from continued innovations, developments and exporting of high-value products to our overseas markets.

KPMG's Agribusiness Agenda acknowledges progress achieved over the last 10 years. This shows huge increases in tradeable export dollars with both China and the rest of the world. New Zealand has increased both the value and volume of our products. I want to encourage further growth in value-add strategies to grow our export value more.

Biosecurity is front of mind for agribusinesses, it was again ranked as the top issue in the KPMG Agribusiness Agenda. A robust and well-funded biosecurity system is essential for our food and fibre sectors, and for the wellbeing of New Zealand.

Biosecurity remains a priority for me. We continue to face significant challenges, including the threat of Brown Marmorated Stink Bug, the recent fruit fly discoveries in Auckland, and – especially – the ongoing work to eradicate the cattle disease *Mycoplasma bovis*.

For this reason I remain committed to the 'Ko Tātou This Is Us' campaign which is working to engage New Zealanders in the biosecurity system. We need all New Zealanders playing their part to keep unwanted pests and diseases out of New Zealand.

Part of the campaign is the recently released in-flight biosecurity video, which reminds all visitors to the country, and Kiwis returning home, about the importance of protecting Aotearoa New Zealand from unwanted pests and diseases.

The targets of the Zero Carbon Bill will require significant investment and changes in how some of our food and fibre sectors operate. It will mean boosting innovation to produce technologies that will help us get there. The Government is committed to making this a just transition and will support the food and fibre sectors to meet these targets.

Farmers and growers are calling for certainty over what is coming, which is highlighted by KPMG's Agribusiness Agenda.

Simply providing an environmental target they need to meet is not enough – we need to work with our food and fibre sectors to get there by providing the necessary tools, information and advice in practical ways that work for them. It's important we give farmers and growers the confidence and assurance that there is a future in the food and fibre sectors.

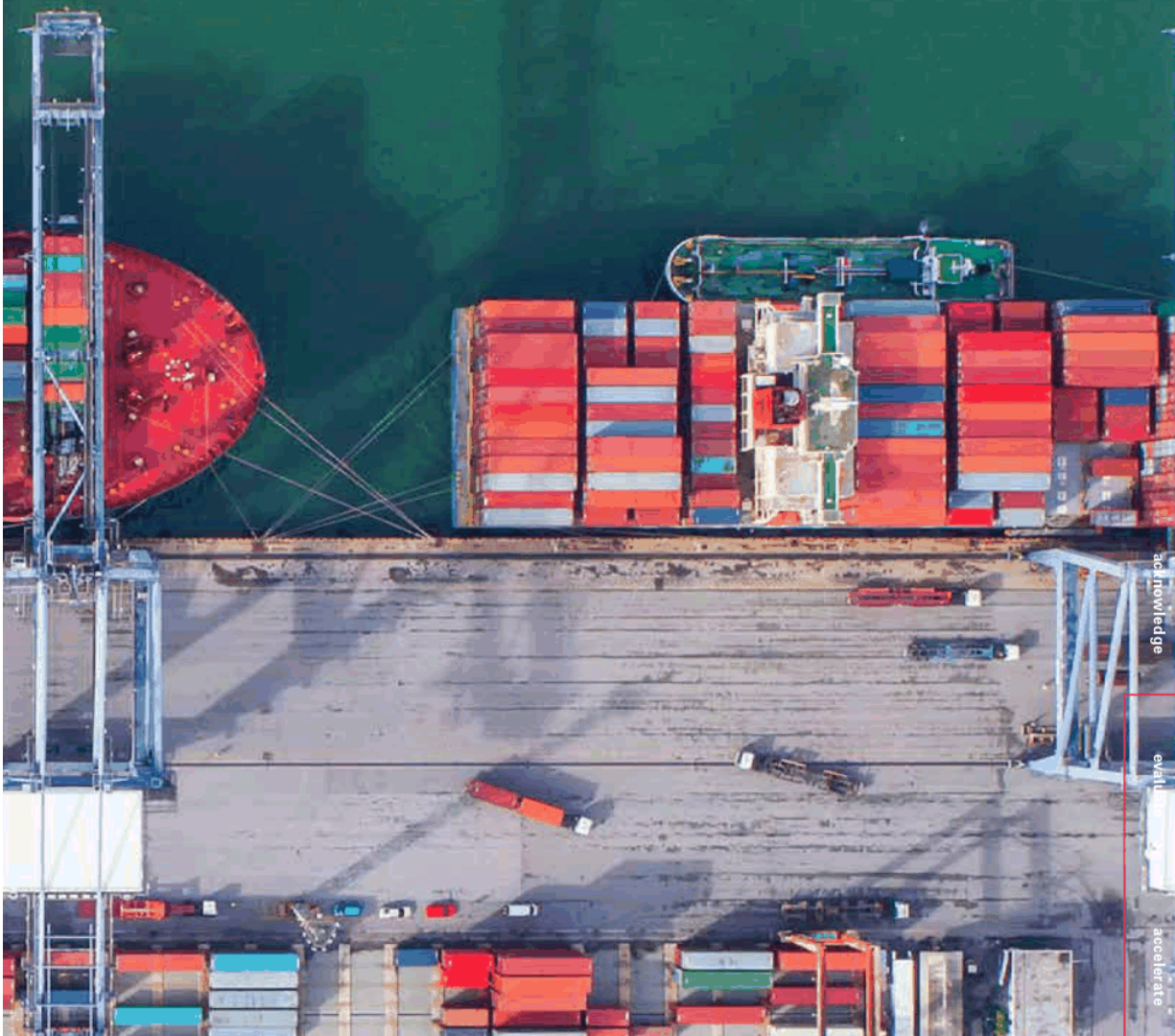
Each sector has its own challenges and opportunities. What we need is a shared vision and I set up the Primary Sector Council in 2018 to do just that. It is not an easy task to bring together traditionally fragmented industries to support common outcomes and objectives. The Council is engaging industry on its draft vision and I anticipate a final version being presented later this year.

The KPMG Agribusiness Agenda is a valuable contribution to the industry's discussion of disruption, innovation and adaptation. The Agenda discusses the acceleration of both global farming systems and trends, such as vertical farming, and heightened awareness and knowledge of consumers and what they are demanding from their products. Understanding these trends will give our food and fibre sectors a strong base from which to encourage further innovation and value creation, and ensure a prosperous and sustainable food and fibre sector well into the future.





Acknowledge



Celebrating a decade of progress

One of the pleasures of preparing for this year's 10th anniversary KPMG Agribusiness Agenda is the excuse to revisit each of the 15 Agenda publications we have released and reflect on the conversations that they have been based on over the last decade.

Being given an excuse to reflect on the highs and lows of New Zealand's agri-food sector (or agribusiness sector as it was a decade ago) has been a rare privilege and has brought back memories of vigorous debate and exceptional moments of insight. The enthusiastic and open way that contributors have engaged with the Agenda and have been willing to share their personal perspectives on the strengths and weaknesses of their own organisations, as well as the industry, has made these reports a unique record of the sector's evolution over the last decade.

In the blur of everyday life it is often easy to forget the progress that the sector has made. Ten years ago there was no question the principal metric across the sector was volume and there was no question that more was better. The industry's performance in respect of the environment, animal welfare, water, labour and other similar matters were not things to discuss publicly as being open on challenges would, it was perceived, be used against producers in their quest to secure more volume. We were not sure the industry was ready for an independent assessment of its opportunities and challenges but decided to give it a go and the rest, as they say, is history.

New Zealand is a very different country today and the agri-food sector has played a significant part in shaping the new Aotearoa New Zealand. While it is fair to say that commodity prices remain closely correlated with export returns, this broad generalisation fails to acknowledge the significant effort, innovation and investment that has been made in shifting the industry from a volume basis to a value lens.

One of our contributors this year suggested that too often the Agenda has focused on the challenges facing the sector while underplaying the successes that have been achieved, and this has, unintentionally, contributed to the pressure that many in the sector feel they are currently operating under. They added that foreign visitors regularly observe how hard we are on ourselves over relatively minor weaknesses and the lack of credit we take for the world class activities undertaken around the country every day.

Having had the opportunity to review the Agenda's back catalogue, it became apparent that real and measurable progress has been made in transforming the industry in many ways over the last decade.

There is no question that we add more value to our products today than we did 10 years ago through the increased sophistication of processing systems, the formats that our products are delivered to customers in, the brand stories told and the people we surround the product with. We are much clearer on our place in the world. We recognise, that given cost structures and the expectations of the community over the use of the natural environment, that our place in the global food system is supplying premium products to the most discerning consumers around the world.

Huge strides have been taken in understanding that the use of the land and water in New Zealand is a privilege that the wider community grants to producers, rather than an irrefutable right to farm that is passed from father to son. Our contributors today recognise that the privilege is one that needs to be treasured rather than taken for granted and, more importantly, that it comes with

an obligation to ensure that our natural capital is handed onto the next generation in a better state than it was received from the previous generation. We believe that most in the industry now recognise that land is borrowed from our children rather than inherited from our parents.

From our perspective, one of the biggest changes across the industry has been the progress in building strong connections between leaders and influencers across the industry which are starting to foster a wide range of innovative collaboration. When we started running our Roundtable discussions it was not unusual for many people in the room to be meeting for the first time. That is not the case today; it is more likely that attendees are connected with each other and doing business together. There are many initiatives that have helped to deepen relationships and trust, but there is no question that they are enabling the industry to take advantage of more of the opportunities in front of it today than would have been the case 10 years ago.

The connections built between Māori organisations and traditional agribusinesses are starting to deliver benefits across the sector. A key learning is improved understanding of the long term perspectives that Māori take when making decisions. The agri-food sector has historically struggled to think much beyond the end of the current season. So, recognising that there is a fifty or one hundred year time horizon that is relevant to decision making if you aspire to be a good steward of your land and your community brings a new focus to decision making. It has also become apparent that this long term focus resonates with customers, particular in Asia.

The industry has also made progress in lifting the perspective of some participants beyond the farm or orchard gate to help them understand that they are an integral part of a value chain that ultimately provides a food or fibre product to a consumer somewhere in the world. While much remains to be done in fully connecting every producer to their consumers, encouraging them to think of themselves as food producers is an important first step. This forces farmers and growers to think more carefully about what they are producing and why and the care that needs to be taken. While we would like to see everybody across the industry having the opportunity to be immersed into the markets their products go to and to meet the consumers that ultimately appreciate what they produce, the efforts made in the last decade to provide clearer market signals will help to accelerate value capture.

Despite the progress the industry has made over the last year, confidence is currently low. Efforts to encourage farmers and growers to celebrate their role as food producers have not fallen on deaf ears but the positive messages have on occasion been drowned out by a chorus of criticism, much of which has been unbalanced. If you have been told for years that you are the past, that you are bad for the environment, that you underpay your labour, even if you know these claims to be inherently wrong many end up believing them. It is this long term erosion of confidence that needs to be reversed.

A number of contributors referred to a recent conference they had attended in Tasmania. Tasmania as a state has been told for decades by the rest of Australia that it is different. Rather than continuing to stew on the put downs, they have decided to celebrate their differences and taken pride in the competitive advantages they deliver. The food production sector in Tasmania has built a highly engaging provenance story on the back of these differences

and use it to explain to customers why their products are better choice than those produced elsewhere. The State Government in Tasmania has backed this initiative, ensuring it is properly funded, and as a consequence it is building confidence and creating value.

In a world where change is unrelenting there is always more to be done. However, it should never be overlooked that much has already been done. Everybody connected with the industry should be incredibly proud of the progress that has been made over the last decade. Recognising publicly and proudly the contribution that our food and fibre producers make to the economy, in the same way that Tasmania celebrates its differences, will offer a strong message of support to those that have found themselves farming in a fishbowl in recent years. Their efforts are valued and appreciated by the wider community.

Ian Proudfoot
National Industry Leader,
KPMG Agri-Food New Zealand

Global Head of Agribusiness,
KPMG International

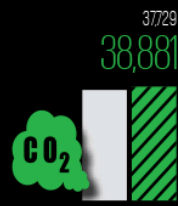


New Zealand - A different country 10 years on

Aotearoa New Zealand is a very different country to 10 years ago. We have grown in presence, and become more diverse. This infographic shows a country that has been economically successful - growing exports, tourism and wealth. This same growth, however, has stretched our infrastructure and challenged our environment; and has not been shared equitably across the whole population.



■ Data 2010 ■ Economic 2018 ■ Environmental 2018 ■ Social 2018

KILOTONNE CO₂ EQUIVALENT

Annual
Greenhouse
Gas Emissions
from Agriculture



HECTARES

Land covenanted
to the nation
through QE2 Trust



ANIMALS 000'S

Total cattle
in New Zealand



ANIMALS 000'S

Total sheep
in New Zealand



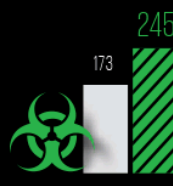
NUMBERS

New Zealand
population



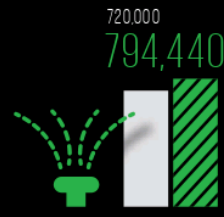
SCORE [RANK]

Yale University
Environmental
Performance
Index



NZ\$M

Government
investment
on biosecurity
in budget



HECTARES

Irrigated land
in New Zealand



PEOPLE

Incidence
of obesity in
New Zealand



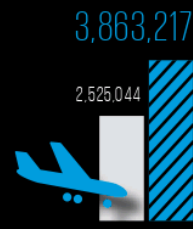
SCORE [RANK]

Corruption
Perception
Index



PEOPLE

Children living
in low income
households



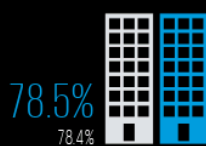
NUMBERS

Overseas
visitor arrivals



RANK

The Good
Country
Rankings



% LIVING IN URBAN AREAS WITH POPULATION OVER 10K

Percentage of
New Zealand
population living
in urban areas

**Aotearoa
New Zealand**
is a young country. We
are a country with growing
pains, but one that is becoming
clearer on the values that are
most important to our society. The
evolution of the primary sector over
the last decade positions our agri-food
industries to play a significant role
in a maturing country; one that
aspires to both care for its
citizens and contribute
to the world.

acknowledge

evaluate

accelerate

2010

The big opportunities and challenges facing New Zealand Agribusiness



Released on 19 April 2010, the first KPMG Agribusiness Agenda hit a quiet news day. It got an immediate response. Federated Farmers suggested the report overlooked micro on-farm issues by delivering a strategic helicopter view which pushed the 'clean green' issue. However they did concur with our views on the importance of profitable farm businesses, investing in broadband, and water storage.

The report was tabled in Parliament as part of a question to the Minister for Communications and Information, Stephen Joyce, on the Government's investment into rural broadband. David Carter, then Minister of Agriculture, referred to the report in an address to DairyNZ's Farmers Forum, agreeing that New Zealand can no longer compete as a food exporter on the basis of low prices.

He also supported the report's description of water resources as NZ's liquid gold.

The report provided commentary around 12 themes grouped under: production methods, market realities, sustainability, and rural infrastructure. It argued that New Zealand's future was tied to securing better prices for the products we grow rather than trying to compete with low-cost producers on volume.

We highlighted that the intangible connection between New Zealand and its clean-green-pure experiences and products; which had developed through the country's nuclear free positioning, 100% Pure tourism campaign, and the Lord of the Rings. While this was benefiting the industry, it was at risk. Noting claims of 'commercial greenwash', the report suggested the industry must urgently ensure it was using practices consistent with the golden goose, New Zealand's global image.

On co-operative structures...

We consider that co-operatives have the ability to deliver the future for New Zealand agriculture; however they need to be flexible in how and where they source capital, and non-supplier structures may need to become a more common source of capital.

On volatility...

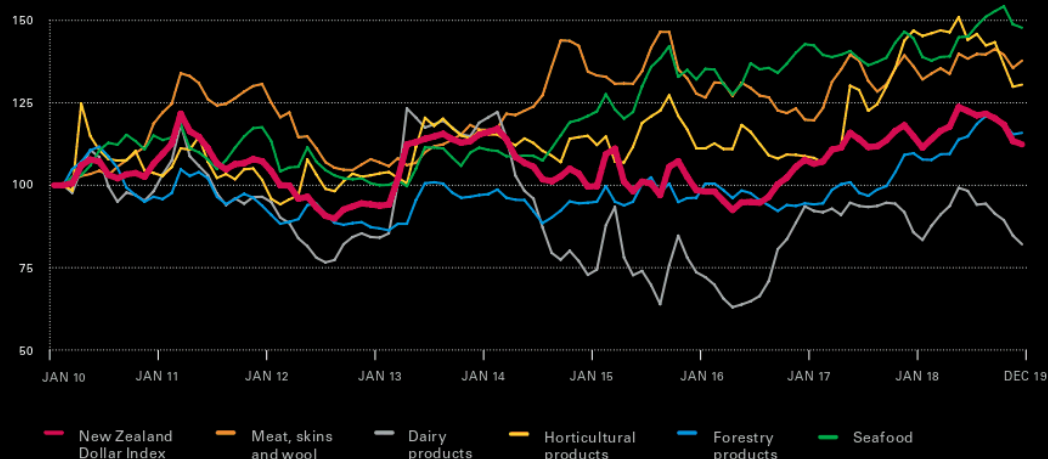
Volatility has been a fact of life for the agribusiness sector and we expect that as demand and supply positions in global markets become tighter, further price shocks will become an increasingly common phenomenon.

On sustainable business...

Industry leaders must be prepared to put their personal views on climate change to one side, and think about sustainability as a business opportunity rather than purely a cost.

Commodity prices have remained volatile across the decade - but have trended up

1 JAN 2010 – 31 DEC 2018



2011

Realising global potential



The second Agenda was prepared against a backdrop of high commodity prices, biosecurity issues, extensive free trade negotiations and the Christchurch earthquakes. Leaders recognised the significant growth opportunities available to the sector but also highlighted that most of their time was spent talking about issues they had little ability to influence (including exchange rates, commodity prices, and the weather).

Drawing on Jim Collins' book, Good to Great, we suggested that the primary sector needed to face up to some brutal facts if it was to move forward and realise its potential. Specifically, that customers have significant power; that New Zealand is a small producer on a global scale and the world does not owe us a living; and that markets are consistently volatile. It is fair to say that

most in the industry have recognised these realities, and now spend far more of their time and effort targeting the attributes they can control.

The Agenda suggested that successful countries, like successful companies, develop a vision of what they wish to achieve and build plans to deliver their vision. We suggested that the industry was ready for a national conversation on its 50-year aspirations; so that policy choices and strategies on priority issues like biosecurity, market access, sustainability and governance could be made within an aspirational growth framework. It is pleasing that the Primary Sector Council is finally leading this conversation and will deliver a consensus vision for the industry later this year.

The Agenda also saw the debut of the industry leaders' Priority Survey, to identify and rank the most pressing issues facing the sector. We saw biosecurity assume top slot, which was not surprising, given that the kiwifruit sector was starting to recognise the full impact of the PSA incursion.

On R&D spending...

Equalling or exceeding the OECD R&D benchmark must be achieved in the fullness of time.

On water...

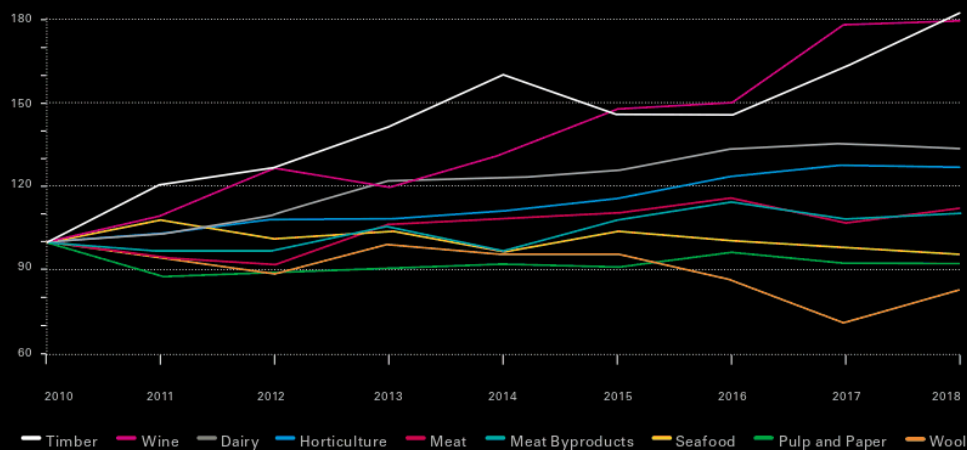
Without the necessary investment in storage and infrastructure, our water will remain a great natural asset rather than a great economic asset.

On foreign investment...

As a small country with a limited amount of equity available, we will always need foreign capital to take advantage of good ideas.

Timber leads the way in volume growth over the decade - Seafood, Pulp and Wool have declined

2010 - 2018



acknowledge

evaluate

accelerate

2012

People unlocking the future



Underpinning the 2012 Agenda was the recognition that traditional volume-based, production-push models were not going to create the future that the industry aspired to. The report argued that success would come from connecting passionate people with the tools they need to build strong customer relationships; thus creating sustained prosperity for all New Zealanders.

We challenged industry leaders on the need for an industry strategy. More than 80% considered there was a benefit in articulating a vision to accelerate attempts to lift the value of New Zealand food and fibre products, and to attract talented people into the sector. The vehicle to create such a strategy was far from clear; although we highlighted that the most important component to success would be the mix of people selected to lead the exercise, something demonstrated when Minister O'Connor appointed the Primary Sector Council last year.

The Agenda also explored the effectiveness of 'industry good' activities and the innovation system.

The sector's historic success has been built on intergenerational investments made in the 1960s and 70s. There was concern that levy arrangements did not enable similar investment to be made into the platform for future success. Our work highlighted strong support for levy investments targeted at areas of market failure.

Since 2012, the industry good sector has transformed. New levies have been introduced and the organisations have become clearer on how they contribute to supporting their funders to prosper.

The Agenda also highlighted that New Zealand business relies heavily on government funding for innovation. With government's reticence to take big R&D risks (as failure doesn't play well in the newspapers), the message was clear: companies need to take the lead on bold innovation strategies. We need to rely on more than the 'eureka moment' and No. 8 wire for success.

The need to amplify limited R&D budgets by collaborating with domestic and international partners was highlighted; as was the need to develop an ecosystem to support innovative start-up businesses.

On broadband...

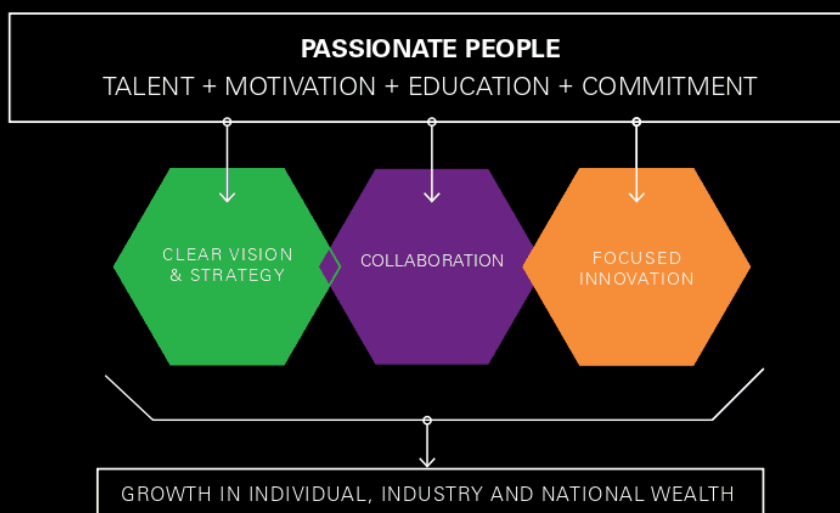
There is concern that the Government's focus is on delivering more entertainment options to urban voters, rather than leveraging their investment to create economic value.

On trade...

Industry leaders express concern that the Government was focused on volume over value in respect of the wide range of trade negotiations in progress.

On Halal food...

The attributes of New Zealand production align superbly with Halal, and we should aim to be the world leader in this market.





The State of the Nation

Maintaining people-powered performance



Volume 1: The State of the Nation

The 2013 Agenda was published in four instalments across the year, each covering a different theme. We introduced case studies to celebrate organisations striving for step change in their organisations.

Volume 1 sought to understand what motivates those who work across the primary sector; and more fundamentally, why do we do agriculture in New Zealand?

Our attempt to articulate this purpose was captured as **"enhancing the lives of New Zealanders and international consumers through utilising our world-class natural resources sustainably to provide prosperity to our society and a commercial return to those investing capital."**

The report highlighted that the contribution the primary sector makes to New Zealand is not well understood by wider society, and that the onus was on the industry to make the effort to engage more substantively with the public. The industry stood to benefit from better regulation, reduced inconsistency and lower costs; while a better-performing industry would pay more tax to enhance social investment in assets such as schools, roads and hospitals. The report suggested that open conversations exploring the factors that are most important to stakeholder groups is critical, as well as ensuring the facts are presented in an engaging way (something that has become more critical with the rise of social media).

Volume 2: Maintaining people-powered performance

New Zealand's agricultural success has been driven by talented and passionate people since commercial farming started in this country.

In this volume, we suggested the industry's X-factor was the capability, know-how, passion and drive of our people – which competitors cannot easily replicate. The challenge was securing enough people with the necessary skills to not only replace retirees, but to enable long-term growth. The report also noted that the skills needed are changing, as new technology is adopted and the regulatory environment evolves.

The Agenda highlighted there is no single solution to securing the necessary talent to maintain and accelerate our people-powered performance. One suggestion was that industry organisations need to position roles as opportunities that should be sought-after by the next generation. We highlighted the development of the St Paul's Collegiate School's Centre of Excellence for Agribusiness, and the associated NCEA programme that is now being used in 56 schools. (See the case study on page 17).

The report also highlighted the importance of investing in people (both employment conditions and development), which has started to become a fundamental measure of whether a business is truly sustainable. It discussed the need to provide clearer pathways into the industry and farm ownership. As Professor Jacqueline Rowarth noted in her Foreword, getting this right will ensure primary production professionals will choose to stay in New Zealand and thus realise the vision of a dynamic, vibrant industry.

On collaborating with the wider the community...

If we can have broad agreement around how New Zealand's natural assets will be managed and utilised for our collective social and economic benefit, that is something worth getting out of bed for.

On a Capital Gains Tax...

There is a relatively widely-held view [that this tax] has the potential to level the playing field in respect of investment options behind and in front of the farm gate.

On the role of women...

The underrepresentation of women in leadership roles in business in New Zealand and in the global agri-food sector more generally, does not justify the industry continuing to ignore the transformational contribution that 50% of the population can bring to it.

On attracting urban youth...

Attracting young and unemployed people in our cities to jobs in the rural sector would alleviate this wasted economic potential.

acknowledge

evaluate

accelerate



Evolving a truly customer-centric industry



This was the first Agenda to focus exclusively on a theme that has become central too much of our thinking over the last decade – namely, the key role that consumers play in shaping markets. The report suggested it is not New Zealand's place to be 'all things to all people', but that organisations need to be very selective about the opportunities they pursue. Success should be measured by how effectively an organisation services their key markets, rather than the total number of countries they sell to.

We argued that the ability to capture a greater share of our products' value relies on us actively promoting relevant attributes of the product. We suggested it was critical organisations invest in getting 'boots on the ground' in their markets; to better understand their customers, and identify the most effective way to articulate their story.

This Agenda featured case studies on Zespri, Comvita and NZ Winegrowers to showcase the investments organisations were making, both individually and as industries, to build sustainable relationships with customers. As John Brackenridge noted in his Foreword, New Zealand has woken up to both our vulnerability and the amazing opportunities in front of us. What has got us here, however, will not get us to where we want to be.

On the realities of adding value...

A winning strategy is easy to write, but realising it in practice is far more difficult. Challenges at every step of the journey include changing customer expectations, working with regulators, responding to competitors and taking producers with you.

On immersing in markets...

Having people on the ground in offshore markets, with daily exposure to a country's culture, enables early detection of emerging trends which can be fed into product and marketing strategies.



St Paul's COLLEGIATE SCHOOL

When we first spoke to Peter Hampton, St Paul's Collegiate's Deputy Headmaster back in 2013, the school was preparing to open the doors to its ground-breaking new Centre of Excellence for Agricultural Science and Business.

Fast-forward six years and the Hamilton-based school has created a new NZQA approved curriculum - Agribusiness - designed to attract some of our best and brightest into the primary sector - that's gaining traction throughout New Zealand.

The University Entrance (UE) approved achievement standard based courses were gazetted in 2018, following five years of planning with NZQA and the Ministry of Education. In its first year, the programme won a Prime Minister's Education Excellence Award; as well as being short-listed for an International Schools Award.

In 2018, more than 1,000 students across 56 schools studied Agribusiness at NCEA Levels Two and Three. As a shining example of successful collaboration between education and business, the initiative had industry support from the start. Drawing together both rural and urban educators was another key to success.

"From early on, we had support from the likes of DairyNZ, Beef + Lamb, and Gallagher," says Peter Hampton. "We also engaged with other schools from throughout New Zealand; both rural and urban, ranging from big public schools to smaller private schools."

The curriculum covers a wide range of topics relevant to the next-generation of agri-producers - including supply chain innovation, value-add products, future proofing and trends such as alternative proteins.

"We wanted to develop material along the entire value chain, and improve the public perception of primary careers and what they can offer our tyouth," says Peter.

And the effect of the new curriculum has rippled even wider. St Paul's Collegiate through the financial support of its business partners is also providing free resources for all New Zealand teachers, free teacher training, and is creating links with agri-related programmes in New Zealand universities.

Their ambition is to increase participation to 200+ schools and 5,000+ students by 2021; feeding the primary industry with a talent pipeline of motivated and career-focused students.





Balancing the needs of the environment, communities and businesses



The industry relies on everybody doing the right thing every day. It only takes one person, accidentally or intentionally, to abuse an animal, contaminate a stream or underpay their workers and the reputation of the whole industry is put at risk. The final volume of the 2013 Agenda addressed the increasing focus being placed on the industry's license to operate.

The report argued sustainable businesses are not grown from rules and regulations; but from individuals and organisations standing up and making practical contributions to restore the environment, strengthen their community, or enhance the economy. The need to better understand the urban mind-set in relation to issues like water, land use, animal welfare and biotechnology was highlighted during the Roundtables.

This understanding would enable organisations to paint a more compelling picture of how they are contributing to making the country a better place for all New Zealanders.

In addition, we noted that customers are becoming increasingly interested in how sustainability issues are managed. Open, honest engagement around these issues builds trust and can assist in securing a premium in market.

In 2013, many industry leaders still saw community and consumer interest as a threat. Over the past five years, however, we have observed more contributors welcoming scrutiny; given that it sharpens an organisation's focus on how it can benefit all stakeholders. We also sensed in 2013 an emerging perspective that is now commonly being articulated by many in the industry. Namely, that economic value alone is not a compelling enough purpose to guide strategy – the industry needs to articulate a bigger 'why'.

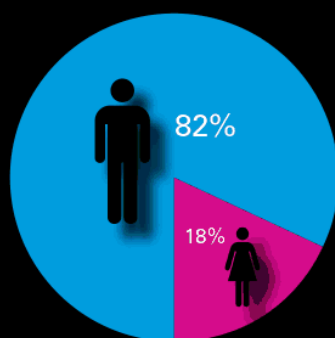
On the full environmental costs...

An estimate of the direct and indirect environmental costs of food and fibre production amounted to 224% of global EBITDA in 2010, or USD199 billion, the highest of any sector of the economy.

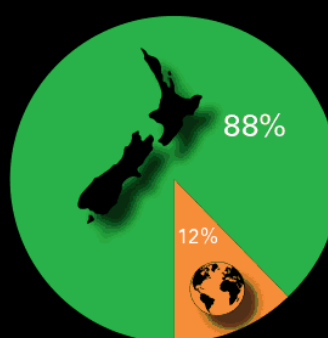
On biotechnology...

The industry is currently stuck in a no-man's land between a GM and a non-GM future; which provides neither the production benefits nor the market benefits that could be derived from having a clear strategy either way.

Director Diversity in Boardrooms



MALE VS FEMALE



NEW ZEALAND VS OVERSEAS

The diversity of thought in boardrooms across the agri-food sector has featured in many roundtable conversations over the years. In 2013, 93% of co-op Directors were male and 2% lived overseas. Progress has been made on both measures but there is more to be done.

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Facilitating growth in an uncertain world Exploring our global future



We began work on the 2014 Agenda against a background of growing global uncertainty. Much of this connected to the lingering impacts of the Global Financial Crisis, but also concerns about climate change, terrorism, digitalisation, and the impact of emerging disruption in food value chains.

We therefore decided to produce two Agendas in 2014; one which had a New Zealand focus (**Facilitating growth in an uncertain world**), and another which explored global megaforces and their potential implications for agri-food systems (**Exploring our global future**). In Part 3 of this 2019 Agenda, we update our global agri-food outlook and consider how organisations should be responding to these issues.

Uncertainty about New Zealand's political future dominated the 2014 Roundtables. With an election ahead, there was some concern about how a potential change of government might impact the industry's ability to sustain growth. That said, it was recognised that a new government might also bring greater investment to address sustainability challenges, support growth of the forestry sector, and develop an industry strategy.

After the WPC80 scare which had occurred during the year, there was also discussion on whether the industry had invested appropriately in food safety, or had treated it as a cost to be minimised.

This scare – together with a perception that the wider community had lost confidence in the ability of farmers and growers to appropriately manage the environment – led one contributor to suggest that it felt like they were 'farming in a fish bowl'. In 2014, this was viewed as impediment to progress. Today, the industry is now much more open to scrutiny; it is acknowledged that such engagement can increase the prices our products command in premium markets.

We also celebrated the export successes the industry had enjoyed in the previous year, highlighting that many sectors had achieved record returns; while also noting that continued success requires long-term investment in nurturing markets. The recently-launched New Zealand Avocado Go Global Primary Growth Partnership (PGP) was featured in a case study, as an exemplar of a collaborative long-term market transformation plan. Their PGP goals included opening new export markets and increasing industry value four-fold to \$280 million. We get an update on the growth of the avocado industry as a result of this PGP collaboration on the following page.

On vibrant rural communities...

Policymakers need to recognise that one-size-fits-all legislation will not always work, and rural communities often require different solutions to deliver equitable outcomes.

On utilising collectively-owned Māori land...

Given the country has finite land available, Māori organisations are well-positioned to make a significant contribution to industry growth by providing owners with options to bring underutilised collectively owned land into full production.

On trading with Asia...

Adopting a vision to become Asia's delicatessen could guide the industry towards products that have attributes that are not easily replicated, and are tailored to Asian consumers.





When we talked to CEO Jen Scoular back in 2014, the New Zealand avocado industry had set an audacious goal to triple productivity and quadruple returns by 2023. She's happy to report they're on-track to achieve this – helped along by the global consumer love affair with the Insta-worthy fruit.

"We've doubled our yields and our industry value in five years; so we're tracking to reach \$280m by 2023. It's a value story more than a volume story – we're still challenged by very irregular volumes of fruit, but we are creating more value for every tray we produce."

Other milestones include gaining access to China in 2018, boosting domestic sales to \$50m this year, and launching a New Zealand marketer's group that sees competitors working collaboratively to improve the local consumer experience.

"Back in 2014, we didn't yet have clearly-defined ambitious goals and a path to meet them," recalls Jen.

"We were fortunate to get Primary Growth Partnership (PGP) investment from the Crown to undertake the activity required. Since then, we've worked really hard collectively as an industry – and we have absolutely made a step-change."

Jen says there's been another global "tailwind" that's helped to drive their success.

"The demand for avocados has really sky-rocketed in both developed and less developed countries, and without a doubt, social media is helping that. Avocados are one of the most pinned foods on Pinterest."

To capitalise on this, NZ Avocado has invested heavily in digital platforms – with websites in New Zealand, Australia, Japan, South Korea, Singapore, China and Thailand.

They are noting some subtle cultural differences among users. Thai consumers post beautifully-styled photos, for instance, while Kiwis tend to post more comments. The Chinese prefer to visit the New Zealand website, because they want to authenticate the product.

"Previously, as a producer of just 1 % of the world's avocados, we would struggle to hear what our consumers thought of New Zealand avocados. But with 125,000k followers on Facebook, we now get their feedback straight away.

"We used WeChat recently to ask our Chinese social media followers which images they associated with avocados from New Zealand, so we could test-market some hero shots. Conversations like that are incredibly valuable to us."



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Growing value The future is in their hands



Volume 1: Growing value

With the 2015 Agenda, we mixed things up again. Growing value, the annual state of the nation analysis, was released at Fieldays. We then asked agribusiness CEOs to nominate the person in their team most likely to have their seat in 20 years. We led this group of future leaders through a day-long design-thinking workshop, to envisage what the industry could look like in 2035. These findings formed the basis for Volume 2, The future is in their hands.

During our Roundtables, the steep decline in dairy prices was top of mind for many. While there have always been contributors that do not support co-operatives (or the dairy industry model), the discussion in 2015 was more extensive, and explored whether the dairy industry has a fit-for-purpose structure to maximise the value of milk produced in New Zealand.

Recently, Minister O'Connor has initiated a comprehensive review of the Dairy Industry Restructuring Act to ensure this question can be confidently answered in the affirmative. We see the review as a positive step for the dairy industry; not least for demonstrating to the wider community the critical role the industry plays in securing New Zealand's economic future.

In the context of the milk price decline, the 2015 Agenda highlighted that New Zealand has no inherent right to sell products in global markets at a premium. To maximise value, each step in the value chain needs to be understood and worked on proactively to maximise the benefits secured. The report suggested a comprehensive conversation about the industry's future can no longer be deferred, despite the majority of the industry being in a comfortable position.

The Agenda explained the KPMG Enterprise DNA model that we developed through work with Te Hono member companies. We identified a series of common nodes in the organisational DNA of companies consistently successful in capturing higher value for their products. These nodes include: existence of a pivotal leader, a strong ambition, a clear strategic anchor, an understanding that success relies on resources and investment, a commitment to customer

intimacy, an emphasis on recruiting capable people and, importantly, a ruthless focus. Many organisations are recognising the commitment needed to become a high-value enterprise and are working to enhance their DNA to lift the value they capture from their products. Sanford had started this transformation journey and was profiled in 2015 Agenda. We provide an update on progress from Sanford's CEO, Volker Kuntzsch, on page 22 of this edition.

Volume 2: The future is in their hands

The first Volume talked about the need to paint a picture of the industry's future, in order to inspire disruption and provoke action. That is exactly what we did when we joined with Chrysallis to run the Fork to Farm Summit with over 50 future industry leaders. Volume 2 of this Agenda was produced by two of KPMG's own future leaders, Justine Fitzmaurice and Julia Jones, who worked with the group to develop a picture of New Zealand's thriving agri-food sector in 2035. The group came from diverse backgrounds – including students, farmers, scientists, marketers, accountants, engineers, government officials and more – bringing a wide range of perspectives to the table.

The future leaders were very clear on key matters. Firstly, the industry will only achieve its potential if it has a collective vision of its future. Secondly, success will depend on organisations learning to collaborate. They were clear that those leading the industry today need to learn to trust others; and let go of history. They highlighted that change is a conscious choice – requiring willingness, energy and commitment from individuals and organisations across the sector.

Another key insight was that organisations need to listen to voices of young people and leverage their enthusiasm. They see a disrupted future as packed with opportunity. They believe we have the potential to succeed by thinking big and engaging with disruption head-on.

We challenged the future leaders to think about what has to happen at four points in value chain (fork, distribution, processing and farm) to deliver long-term industry success.

They identified four areas where the most urgent action was needed. Firstly, we must be focused on deep consumer insights rather than relying on traditional market research data – to find smarter strategies targeted at the best opportunities. Secondly, they suggested it was time to stop talking about collaboration and get on with actually doing it in a meaningful way. They strongly believed that we need to lift R&D investment at both company and industry level. Their final priority was attracting more top talent to the industry. Despite the room being filled with more than 50 very impressive future leaders, they still wanted to see a greater diversity of people in the industry across all levels.

On leadership...

CEOs are appointed to lead. Directors, management and the wider team are looking to the CEO to set strategy, make the necessary decisions that lead the business into the future.

On brands...

It is still hard for many in the industry to comprehend that value is not always linked to hard assets, but can come from investing in brands; intangible value is created by articulating what our products are and what they stand for.

On food safety...

When it comes to food safety, New Zealand cannot afford to be average; our economic prosperity relies on the trust we earn from being ahead of our competitors.

On positioning our products...

Our food and fibre products should be as aspirational as a Louis Vuitton handbag, as must-have as an Apple iPhone, and as sought-after as a table at Copenhagen's Noma Restaurant.

On redefining export...

Stop defining your market around your product and start defining your markets around what your product makes possible; its experiential value.

On learning from champagne...

There are 32 Champagne houses that compete actively in the marketplace, under the umbrella of Champagne; this is orderly free enterprise and is what we want to replicate.



When the KPMG Agribusiness Agenda last profiled Volker Kuntzsch back in 2015, the energetic and passionate CEO had been in the job just 18 months. He'd begun the important work of instilling a culture change throughout Sanford, and had set a bold new vision: "to be the best seafood company in the world."

Moving from volume to value-add and customer-driven, while striving to utilise every aspect of the fish resource, was another key goal for Kuntzsch – and he's been busy implementing this in a variety of ways.

Firstly, the company underwent an improvement programme introducing capabilities that would enable Sanford to cope with its strategic shift as an organisation. In addition to these significant changes, the Board then approved a \$120m investment programme over two years starting with FY19; covering both operational upgrades, and an emphasis on innovation and brand development programmes. One such programme has seen Sanford enter the nutraceuticals market, producing Greenshell mussel capsules from its farms in Marlborough.

This retails online via www.seatome.co.nz, with the product's point-of-difference being the company's end-to-end product stewardship.

Kuntzsch has always been passionate about "showcasing who we are and what we can produce here in New Zealand." Cue the opening of the Auckland Fish Market in December 2018 – a stylish 8-restaurant, two-bar operation which is attracting tourists and locals. Located on the ground floor of Sanford's 94-year-old building, it also features a Sanford & Sons fishmonger in the centre of the market.

Despite the progress, the past few years haven't been all plain sailing for New Zealand's oldest and largest fish operator. The effect of climate change is being felt, with abnormally high water temperatures during the 2018 summer resulting in supply challenges across the aquaculture and fishing divisions. "If you had asked me five years ago what our biggest risk would be, climate change would not have been it. Now, it is our main risk across every part of the business."

However he says this further reinforces that's Sanford's strategy is on the right track. Making the pivot from volume to value-add, while diversifying the company's portfolio, will help mitigate those external and future unknowns.

FUTURISTIC FORK TO FARM

Our future leaders had many ideas about how the agri-food sector would operate in 2035. These are some of the big ideas they suggested.



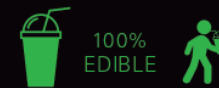
Zero processing

because products are grown market-ready



Global version of My Food Bag

delivering New Zealand meals to the world population



Edible packaging

to reduce waste and make it easier to eat on-the-go



Running a pipeline to China

to deliver liquid milk



3D printing

to create food at home



Super – freighters

equipped with full on-board processing facilities

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Thriving in exhilarating times Foresight to the future



The World Economic Forum declared that 2016 marked the start of the Fourth Industrial Revolution, also known as the fusion revolution. Fittingly enough, our Agendas focused on the speed of change facing society and how organisations need to respond.

The first volume, **Thriving in exhilarating times**, explored how effectively New Zealand's agri-food businesses were handling transformation-related challenges. The second volume, **Foresight to the future**, extended our analysis of global trends shaping the agri-food system, and explored three future-state scenarios for New Zealand agri-food.

The fusion technologies of the Fourth Industrial Revolution unleash unprecedented change for agri-food sector. heralding the arrival of the first Global Agrarian Revolution, we are observing unprecedented investment into farm system innovation, genetics, novel food, processing solutions, distribution channels and circular waste applications.

We estimated that primary sector exports of around \$37 billion (at the time) were ultimately generating around \$250 billion in revenue at the point of final consumption. As we looked at the numbers, the realisation was that we grow plenty of value, the challenge is to

capture a bigger piece of this pie in New Zealand. The ability to evolve our business models will determine how much more of this value can be realised for the benefit of all New Zealanders.

The Agenda recognised many organisations had maintained their growth ambitions over the preceding 12 months, despite a background of volatile market prices in many sectors. We were pleased to find an industry largely in good heart, despite the challenges that consecutive years of depressed milk prices had placed on the financial and emotional wellbeing of many. Case studies on Plant and Food Research, Villa Maria, Rodkit Apples and Landcorp showcased organisations challenging themselves to do things differently to secure their long-term future. We are pleased to revisit the Pāmu story in this Agenda, to reflect on the more recent steps in their transformation from volume to value.

Among the wider sector, though, we identified something of a disconnect. While many leaders recognised that rapid change was the new normal – with technology and business models quickly evolving – they were doing little to interpret and embed these new opportunities within their organisation. There was an over-riding belief that their business models were robust enough to thrive, despite the change going on around them.

Our discussions led us to question whether the industry has fit-for-purpose governance. We questioned how many Boards were seeking to reimagine their agendas, or possessed the necessary knowledge to support management in unleashing the potential of their organisations. Leadership capability across the sector is critical to long term success and it has again been a key theme of our discussions this year.

On brand New Zealand...

There is a need to take proactive steps to preserve and enhance the perception of New Zealand being a 'good country' for the world rather than just good for itself.

On customer intimacy...

We don't just need to walk in our customers shoes, we need to live in their houses and understand the challenges in their day to day lives, our executives need to be in market as often as possible rather than trying to make decisions from Auckland or Christchurch.

On taking calculated risks...

The desire to replicate past success makes organisations vulnerable to the future; and breaking the gravitational pull of the status quo is one of the most pressing leadership issues the industry faces.



When we last interviewed Steve Carden in 2016, he succinctly explained why Landcorp needed a new purpose – and brand name – for its future: “We can no longer intensify farming and push more animals on farms. The animals and the environment cannot handle any more stress. The model previously used is no longer viable.”

In recent years, we've seen the State-owned business shrug off a complete focus on the traditional volume based, risk-adverse approach of the past – and work to be a more nimble and successful innovator. Underpinning this transformation is a diversified land-use model that's capable of producing a range of specialty animal and plant-based products.

“We've transitioned from being conservative into a nimble and vertically-integrated foods company,” says the Pāmu CEO.

“Driving innovation on farm and post farm gate has been our focus.”

Developing cow-alternative milk products is just one example. Within the past two years, Pāmu



Agribusiness Agenda 2019 24

We concluded the first volume of the 2016 Agenda with JFK's famous line:

"We choose to go to the moon in this decade and do these other things, not because they are easy, but because they are hard."

President Kennedy recognised that the biggest benefits come from things that can appear almost impossible. The rewards come from doing the hard stuff, the stuff that seems a bit crazy, the stuff that makes you uncomfortable (even scared), the stuff that makes you stand out. That was our message to our agribusiness audience: the rewards of articulating your moon shot is the incredible focus and direction you will gain and it could make the seemingly impossible possible.

has launched the Spring Sheep New Zealand brand; and inked a deal with South Korea's largest pharmaceutical company to supply deer milk for its range of cosmetics. (Pāmu is into its third year of milking 80 red deer hinds, which produce 5000 to 6000 litres of milk each season).

Sustainability is now one of the key platforms of the modern brand. Pāmu translates as 'to farm' in te reo, and also reflects Kaitiakitanga, the Māori concept of guardianship of the environment.

Carden says the business has continued to expand its forestry operations, as part of its income diversification strategy. There's also been a focus on boosting technology on-farm – with Farm IQ software being used to "keep a really accurate eye on everything that is happening across our farms."

And on the people side, the Pāmu Academy was launched in 2017 to improve health and safety on farms. The business reported a 25% reduction in significant harm-related incidents in FY2018.



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The recipe for action



Designed around the theme of a cookbook, the **Recipe for Action** set out 110 ideas from industry leaders aimed at helping enabling New Zealand's primary sector to capture more of the value it grows. It was another election year, but in stark contrast from three years earlier, there was very little focus from leaders on the potential outcome of the election. Their focus had pivoted from matters of domestic concern towards how they could best operate within consistently-changing global markets.

Instead, leaders indicated they were focused on developing strategies based on doing what is right for the environment, their communities and their consumers. This approach would require them to reach beyond regulatory requirements, regardless of the colour of a future government. This expanded focus meant our Roundtable conversations touched on a wider range of issues than ever before, and the Agenda explored some themes in-depth for the first time.

One theme that stood out was the lack of a compelling New Zealand food story. We produce food of exceptional quality and have world-class chefs, yet most tourists leave without having a singularly New Zealand food experience. The Agenda offered a range of ideas that would help to build a stronger food culture; such as making indigenous ingredients and cooking methods more accessible, and designing unique experiences for tourists. We profiled Monique Fiso of Haikia, who we caught up with again this year to see how her journey has progressed. We also case study EAT New Zealand in this Agenda; a national organisation that has launched Feast Matariki this year, with the goal of creating a uniquely New Zealand food festival.

The 2017 Agenda explored the advantages of accessing more diverse thinking - whether listening to youth, investing in the Māori agribusiness sector, or creating pathways for people with diverse backgrounds into the industry. We also canvassed ideas for changes to our education system to promote easier access to lifelong learning; as well as ideas to foster collaboration, accelerate the pace of technology adoption, and deepen connections with customers.

On creating value...

It is not the processing asset that makes a product exceptional; but the brand, innovation, people and tailoring we put into it.

On effective storytelling...

The goal for the sector must be creating content that people want to share; viral content that educates, entertains and engages the community.

On water quality...

The industry has appealed to the head, but it is the heart that is shaping policy; bold action is needed to preserve the license to operate.

Some of the bolder ideas in the Recipe for Action



Utilising food to engage with New Zealand's global whanau

Ireland are masters of leveraging the power of their diaspora to keep them connected with the homeland and acting as promoters of the country and its products. New Zealand food offers an opportunity to reconnect kiwis with home, reignite their passion for our products and encourage them to act as promoters.



Professionalising the industry within the farm gate

Growing compliance obligations make it harder for professional farmers to draw on past experience to ensure that they are complying with all relevant legislation. A continuing professional development programme would make it easy for them to access the knowledge they need and recognise farming as the professional career choice it is.



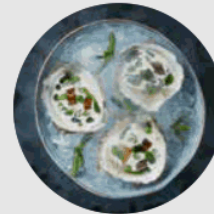
Providing public support only for collaborative projects

The government is too often seen as a solution to a problem in New Zealand. It was suggested that the government should limit support and co-investment to projects involving multiple organisations collaborating to create a more prosperous future for the country.



Creating a green bank that funds environmental enhancement

Meeting regulatory and community expectations in respect of the environment is going to place costs on the industry with limited potential of short term return. Creating a green bank collaboration, involving existing banks that can lend only for sustainability investment on preferential terms could accelerate the necessary investment.



Plenty has transpired since we last caught up with Monique Fiso. In less than two years, she's transformed a pop-up restaurant into a bricks-and-mortar restaurant, featured on a Netflix series with some of the world's top chefs, and shone the global spotlight on New Zealand's food culture.

Her Wellington restaurant Hiakai, which uses Māori and Polynesian ingredients to create excitingly authentic dishes, has firmly established itself as a flag-bearer for New Zealand cuisine. But growing demand means increased amounts of ingredients – and some unique challenges in sourcing them.

Fiso has been connecting with iwi and others across the country to ensure a steady supply of little-known ingredients; from dozens of indigenous plants, to tītī (muttonbird) and weka.

"It can still be a struggle at times, but now with popularity increasing we can get some ingredients in commercial quantities – we work very closely with our suppliers we can give them a heads up when we know we'll need more."

They also forage locally for ingredients. Adding to the richness of the provenance story, they have had to work closely with Wellington City Council to ensure transparency and overcome regulatory barriers.

"The Council quickly understood that New Zealand would be missing a huge part of the food culture if we didn't have access to these ingredients we have to forage for."

Seasonality is another factor. With very fleeting seasons for some ingredients, Hiakai has had to get creative around perseverance – which Fiso views as a positive.

"The menu has consequently become more complex, dynamic and interesting with the different preservation methods," she says.

"For example, the Kiekie blossom is only available for a month in August; so we have to do a massive haul and preserve, dehydrate and ferment as much as we can."



Dark chocolate smoked harakeke seed truffles - a filling of smoked chocolate terrine, with a coating of toasted harakeke seeds, smoked with manuka in the cloche.

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We need to tell you our stories



For the 2018 Agenda, we talked with both industry leaders and groups of ambitious farmers, to gain an alternative perspective on the issues facing the industry. These conversations clearly highlighted the pressures farmers are under on a daily basis – as they seek to balance the environment, weather, animal welfare, employees and their families; while also trying to run a profitable business.

They also highlighted the ‘reality gap’ between their working lives and the perceptions held by the wider population. Our contributors were proud to be food producers, but were questioning the lack of understanding around what they do and the contribution they make.

To this end, the Agenda argued the need for the sector to gain more ownership of its own narrative. Now is the time for the industry to actively tell its stories – as an unbalanced narrative is threatening both the social license to operate, and the provenance stories that support product premiums. In a world of fake news and unreliable facts, the sector needs to focus on telling the truth.

This means data-backed, verifiable stories that support product provenance but also connect a product to the real people that grow them.

Technology is transforming supply chains and putting an informed consumer at the centre of a value web. This consumer-centric value web means every organisation involved in producing a product has the opportunity to connect with consumers and tell their story. We suggested that using verifiable attributes – product features that are valuable to a consumer and proven by data – offered many opportunities to tell effective, truthful stories to consumers.

Given that water and land use played a central role in the 2017 election, and has a prominent position in the Coalition Government's policy programme, it was not surprising that industry's use of natural capital featured highly in Roundtable conversations. Leaders recognised the sector needs to be more transparent in explaining its impact on the environment; and as a case study, we highlighted Ravensdown's launch of its integrated reporting initiative. We recently followed up with Greg Campbell, Ravensdown's CEO, to get an update.

On forestry...

Policy settings offer opportunities for the forestry sector to provide environmental mitigations to other agri-food producers, as well as lifting its economic contribution to the economy.

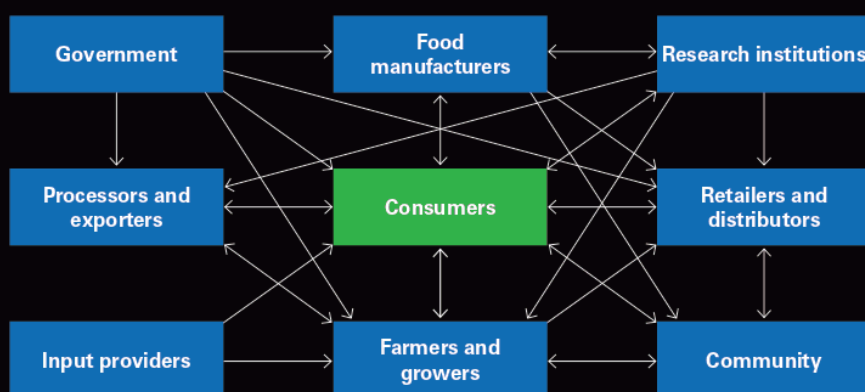
On rural energy supplies...

The ability of our ageing rural power network to reliably deliver power to remote businesses at an economic costs is making the decision to invest in transformational technologies harder.

On social media...

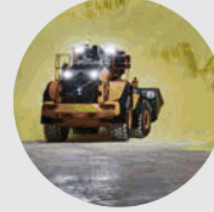
While social media strategy remains a dark art to many industry leaders at a personal level, they recognise these tools are critical to engaging with consumers and potential business partners.

Envisaging the future: a consumer-centric value web





ravensdown



Last time we spoke with Greg Campbell, CEO of Ravensdown, the farm nutrients and environmental experts were preparing to release their first integrated report. Now they are about to release their third – as they continue to position themselves as part of the environment's solution, not the problem.

Campbell says the company is not afraid to "put its feet to the fire" by publically reporting on its sustainability performance. "Among other measures, the dedicated website at integratedreporting.ravensdown.co.nz reports on the company's carbon footprint (154,407 tCO₂e in 2017). Ravensdown is soon to publish its 2018 footprint and announce its 2030 reduction target"

"The low-carbon economy is a reality that we all need to get our heads around," says Campbell.

"While we're helping farmers reduce their environmental impact, we've got to walk the talk ourselves. This starts with publically reporting on our CO₂ emissions; and then continuously looking at the technology, training and processes that will help reduce that."

Campbell was also one of 60 CEOs from a cross-section of New Zealand industries – including the likes of Air New Zealand and Z Energy – who signed up to the Climate Leaders Coalition in July last year.

As well as setting the big goals, reducing the environmental impact of agriculture comes down to the work Ravensdown is doing with farmers – day in, day out – behind the gate. "Fertiliser is a valuable tool in the tool-box. But like anything,

there can be consequences if it is under or over-used. We educate our farmers on how to use it smartly, and that's why our farm consultancy practice is a crucial tool for us."

Investing time and resources into reducing environmental impact has been an exciting area of growth for the company; with both staff and shareholders appreciating their honest reporting. The company is building on its 19 Net Promoter Score and is proud of its top-quartile employee engagement score.

"Being transparent about our values has also improved our employment brand out of sight. Generations coming into the workforce want to work for a company that's part of the solution."



The ClearTech collaboration with Lincoln University strips farm dairy effluent of e-coli

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Updating the views of the latte drinkers

When it comes to the democratic process in New Zealand – whose voice really matters? One of the themes of the 2013 Roundtables was that the views of the industry or the rural sector were increasingly irrelevant; because it is the Auckland latte drinkers who ultimately determine who the government will be. This inspired us to ask our Auckland team their views on a range of issues that directly impact on the agri-food sector's license to operate. For this latest Agenda, we again asked our largely millennial, culturally diverse, mostly urban teams across the country for their views on the same issues.

This year we also asked our team if they are proud of New Zealand's primary industries. Despite their concerns about the environment, 86% suggested that they were proud of industry, and 76% felt some degree of connection to food produced in New Zealand. This is an encouraging sign; and suggests there is a platform for the industry to develop deeper, trust-based relationships with our urban communities.

Net support / (opposition)
(Supportive – opposed)

2013 2019

Limiting the use of animal housing to intensify farming practices	41 %	11 %
Limiting construction of irrigation and water storage schemes designed to increase agricultural output	-41 %	2 %
Strengthening legislation to protect our waterways and landscape	86 %	93 %
Requiring farmers to obtain resources consents to continue farming activities	-15 %	3 %
Continuing to limit use of GM technologies in day-to-day food production in New Zealand	61 %	7 %
Allowing Councils freedom to develop water and environmental policies	-24 %	-31 %
Including agriculture in the ETS so that sector pays the cost of its GHG emissions	42 %	30 %
Using taxpayer funds to develop a NZ integrity brand backed by accreditation standards	53 %	34 %

While we claim no scientific rigour, some of the movements in net support levels for the issues (those supportive or strongly supportive of the statement less those opposed or strongly opposed) are notable.

1 While still not supporting the use of animal housing or genetic technologies, the net level of support for limiting the use of animal housing has reduced 30% and by 54% for the use of GM technologies. Given these technologies could provide part of the solution to reducing the greenhouse gas footprint, the warming in attitudes towards them is interesting.

2 In contrast, our team has become stauncher in their belief we need to protect the environment and water resources. Support for strengthening legislative protections for the environment has increased to net 93 % positive. From a majority in 2013 opposed to constraints on irrigation development, there is now a small majority supportive of such limits being introduced.

3 It is interesting that our team are even less convinced that leaving the regulatory function to Councils is the correct course of action. This could mean a lot of work at a national level, as net opposition to requiring farmers to obtain resource constraints has become another small net majority in support.

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Taking the industry's pulse – shifts in priority over time

We introduced the industry leader's Priority Survey in the second Agenda in 2011, and have used it to track their views for each Agenda since. The survey has evolved over the years, as new priorities have been added and others removed or edited. However one thing has remained constant: the top ranking given to maintaining a world class biosecurity system.

YEAR / AVERAGE PRIORITY SCORE

2011 / 7.10

World class biosecurity	8.90
Understand global product/ eating trends	8.29
Ensure practices support clean/ green image	8.24
Effective mechanisms for extension	8.08
Innovate with customers	8.02

2012 / 7.34

World class biosecurity	9.17
Deliver market signals to producers	8.31
Codify environmental expectations	8.31
Invest in irrigation/ water storage	8.19
Deliver high speed broadband	8.12

2013 / 6.90

World class biosecurity	9.28
Deliver market signals to producers	8.28
Invest in irrigation/ water storage	8.22
Developing future leaders	7.90
Deliver high speed broadband	7.88

2014 / 7.23

World class biosecurity	9.55
Food safety strategic importance	8.64
Sign high quality trade agreements	8.58
Invest in irrigation/ water storage	8.52
Deliver market signals to producers	8.41

▲
3 UPS
3 DOWNS
▼

Deliver high speed broadband	▲
Sign high quality trade agreements	
Invest in irrigation/ water storage	

Increasing rural/ urban understanding	▲
Evolving capital structures	
Incentivising students into agri careers	

Restricting foreign land investment	▲
Sourcing and utilising global innovation	
Developing light export models	

Restricting foreign land investment	
Effective mechanisms for extension	
Understand global product/ eating trends	▼

Codify environmental expectations	
Creating global sourcing chains	
Implement water costing mechanism	▼

Evolving capital structures	
Exploring scale organics	
Embed resources in export markets	▼

Analysing the results over the first eight years of the survey (to avoid a spoiler of 2019's results), no other priority has featured in the top five in every year. Delivering high-speed broadband connectivity has appeared on six occasions, but its aggregate score (8.19 out of 10) only makes it the fourth-highest ranked priority across the period. The second highest aggregate score (8.59 out of 10) goes to treating food safety as strategically important, a priority which

has been ranked second or third in each year since it was introduced to the survey in 2014. The remaining two top five aggregate priority scores over the period include: delivering clear market signals to producers (8.23 out of 10), and signing high quality trade agreements (8.13 out of 10).

It is also interesting to look at the movers and shakers each year. Restricting foreign investment in land has always been a low-

ranked priority, but it is the only one that has featured in the 'largest increase in priority score' list on three occasions. Other priorities to make this list on two occasions include: increasing rural/urban understanding, incentivising students into agri careers, developing light export models, establishing an umbrella body to unify the industry's voice and, more recently, tracking synthetic and alternative proteins. The largest decreases in priority

score are more of a mixed bag. They are often issues that have dropped from focus as the world has moved on, being superseded by newly-emerging priorities driven by regulatory, consumer or investor pressure.

2015 / 7.17

World class biosecurity	9.58
Deliver high speed broadband	8.60
Food safety strategic importance	8.60
Deliver market signals to producers	8.38
Sign high quality trade agreements	8.30

Restricting foreign land investment	▲
Exploring scale organics	
Changing policy to influence FX rate	

Increasing rural/ urban understanding	
GIA collaboration/ cost sharing	
Articulating a collective industry vision	▼

2016 / 6.97

World class biosecurity	9.38
Food safety strategic importance	8.55
Deliver market signals to producers	8.25
Deliver high speed broadband	8.20
Create NZ provenance brands	8.18

Umbrella body to unify industry voice	▲
Tracking synthetic and alternative protein	
Developing light export models	

Reforming levies for long term projects	
Creating single open access data platform	
Mandating minimum H&S practices	▼

2017 / 7.25

World class biosecurity	9.23
Create NZ provenance brands	8.60
Food safety strategic importance	8.54
Deliver high speed broadband	8.51
Innovate with customers	8.50

Engaging with communities	▲
Tracking synthetic and alternative protein	
Increasing rural/ urban understanding	

Mandating minimum H&S practices	
Food solutions for dominant demographics	
Incentivising students into agri careers	▼

2018 / 7.41

World class biosecurity	9.62
Deliver high speed broadband	8.73
Food safety strategic importance	8.63
Create NZ provenance brands	8.52
Innovate with customers	8.50

Umbrella body to unify industry voice	▲
Restricting foreign land investment	
Incentivising students into agri careers	

Engaging with communities	
Delivering R&D incentives	
Licensing to accelerate market access	▼

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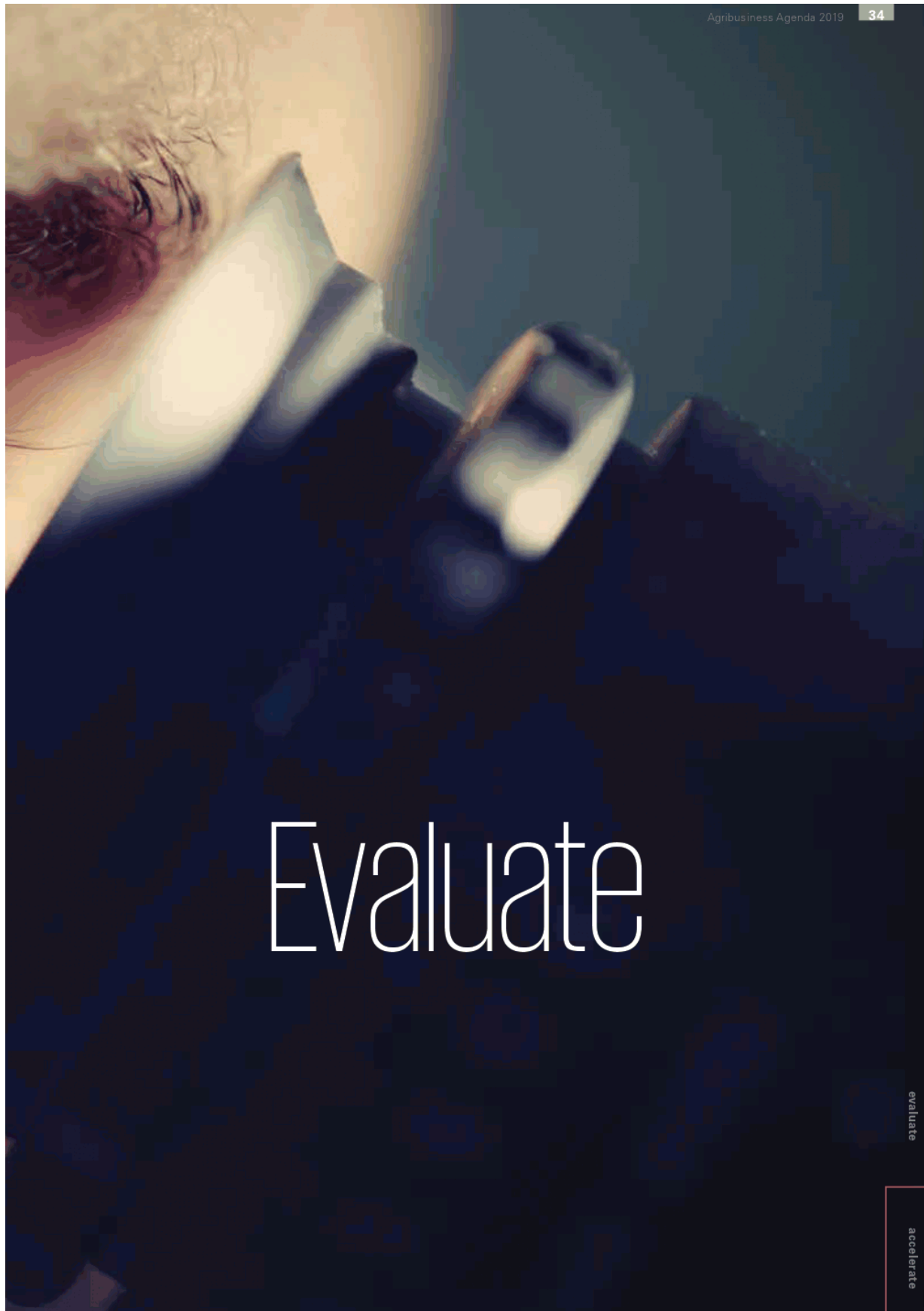
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We reveal the results of the 2019 industry leader's priority survey on page 38.







The year in review

June 2018

- **MPI and Plant & Food Research** issue a report assessing consumer response to protein, recognising the meat industry are aware of the potential threat but highlighting the opportunity for New Zealand's traditional animal based agriculture.
- **Woolworths and Coles** announce environmental commitments in line with consumer expectations; with Coles pledging to half foodwaste in two years, and divert 90% of waste from landfill from 2022, and Woolworths stopping the sales of plastic straws and reducing plastic packaging of fruit and vegetables.
- **Organic Wine Growers New Zealand** entered European markets on behalf of its 180 members.
- Germany's, **Bayer** closes USD63 billion **Monsanto** takeover.

December 2018

- **Coalition Government** announce farmers will have access to grants to plant trees on their properties as part of a new fund.
- **Pāmu** sign deal with South Korean Pharmaceutical Company **Yuhan** to supply deer milk for cosmetic products.
- Taranaki's first farm with *Mycoplasma bovis* is confirmed by **MPI**.
- The revamped **Auckland Fish Market** is opened in Auckland with owners, **Sanford**, using the market to showcase the wide variety of quality New Zealand produce.
- **CPTPPA** came into effect on 31 of December, with the trade agreement enhancing access to new markets.

July 2018

- **Synlait** launches an environmental sustainability programme with impact reduction ambitions such as increased premium pay-outs to suppliers for best practice dairy farming.
- New laws in Australia are introduced to stop **modern slavery**, meaning around 3,000 Australian businesses would need to identify modern day slavery in their supply chain.
- **Federated Farmers** elect Karen Williams as arable chairperson, being the first women to lead the Federation's arable sector.
- **Danone, Mars, Nestle and Unilever** launch a sustainable food policy alliance to focus on driving progress in public policies that effect health, communities and the planet.

January 2019

- **New Zealand Yarn and Hemp NZ** form strategic partnership to be catalyst for market leading hemp fibre processing.
- **Fish & Game** survey reports Kiwis are more worried about levels of pollution in lakes than they are about the high cost of living.
- Government sets to roll out **new organic standards** as the organic industry continues to grow by 30% over the last few years, being worth NZD600 million.
- A record USD3.1 million for a 278kg Bluefin tuna was paid at the first auction of the year at **Tokyo's new fish market**.
- Signing of a **veterinary agreement** between the UK and New Zealand should provide reassurance to farmers and exports about trade after Brexit.

August 2018

- New Zealand **wool producers** land contract to supply a US company with fibre for home insulation as a healthier alternative to fibreglass.
- **PGG Wrightson** sell seeds division to **DFL** for \$421 million.
- **Fonterra** appoint Miles Hurrell as interim CEO.
- **Lincoln and Canterbury Universities** explore partnership options under a new memorandum of understanding.

February 2019

- The cost of the response to *Mycoplasma bovis* to dairy farmers has been released with **DairyNZ** asking farmers to approve a levy of 3.9cents/kg milksolids over the next two years.
- Broccoli prices double, with lettuce also increasing by 80%.
- **Government** declare a Hawkes Bay seasonal worker shortage, one of the countries primary apple growing regions.
- **Walmart** announce their subsidiary, **Jet**, has launched same-day delivery of fresh seafood to customers.
- French insect farming startup **Ynsect** raises USD125 million, breaking European agtech record.

September 2018

- **NZ AgriTech** officially recognised by globally connected **Farm2050**, a collective of major global venture firms and agribusinesses dedicated to supporting AgTech innovations.
- The **UK government** introduces new agriculture legislation to replace the EU subsidies for farmers after Brexit, placing more emphasis on environmental standards.
- **Potato virus**, PMTV is found for the first time in New Zealand, affecting potatoes used to make chips.
- **Food safety crisis** in Queensland in which numerous punnets of strawberries were found to be contaminated with needles.
- **MPI** confirm no strawberries as part of the Australian contamination scare were on New Zealand shelves.

March 2019

- **Fonterra** invest in minority stake in **Motif Ingredients**, a US based food ingredients company developing plant based and cell-grown animal products.
- **Westland Co-operative** signed conditional agreement to sell the West Coast dairy co-operative to Chinese-owned **Mongolia Yili Industrial Group** in a deal worth NZD588 million.
- A full size merino sheep is used in a scoping study into **robotic sheep** shearing.
- **AngusPure New Zealand** announce they are partnering with 63 Angus beef farmers in a programme to improve the quality and taste of their meat.
- **General Mills** commit to regenerative agriculture across one million acres of land by 2030.
- Dutch company **DSM** develop a feed additive to limit methane burped out by cattle, sheep and goats by up to 30%.
- Avocado-wrecking beetle is detected by **Biosecurity NZ** in five Auckland areas.

October 2018

- **Lewis Road** launch Gold Top jersey milk containing a2 B-Casein protein.
- **Tegel** plans to build farm in Northland are denied by overseas employment office.
- **Silver Fern Farms** commit to investing in future red meat sector leaders through its Plate to Pasture Youth Scholarships.
- **Massey University** are developing a state of the art consumer and sensory science facility to determine what drives people in their food choice behaviour.
- **Marks & Spencer** puts New Zealand wool at the centre of a new menswear range.
- **Countdown** pledge to sell only New Zealand grown free farmed fresh pork.

April 2019

- Recycling programme **Agrecovery** provides an easier way for farmers to sustainably dispose of waste offering a one stop shop approach.
- Wairarapa company **Breadcraft** launches hemp seed, cricket flour wraps.
- **Coca Cola** plans to establish a dairy processing plant in Ireland.
- **Beef + Lamb** launch "Taste Pure Nature" campaign in California, with positive feedback and demand.
- **MPI, Dairy NZ** and **Beef + Lamb** release a 2019 Mycoplasma bovis national plan to support farmers.
- **Meadow Mushrooms** create world first green packaging for their products made of out mushrooms.

November 2018

- **Greenlea** claim blockchain first with their 'single trade window' service, providing service to process an export deal with Korean Customer.
- Cannabis start-up **Helius** has approval for Auckland's first cultivation license, after a NZD15 million investment from a small group of investors.
- As honey counterfeiters pose a major threat to New Zealand, **Midlands Apiaries** introduce high tech solutions of complex packaging materials and manufacturing processes to make it difficult for others to counterfeit their products.
- Tauranga agtech startup **Robotics Plus**, received USD8 million from **Yamaha**.
- The **European Commission** release report setting new policies to boost supply of plant based protein products by European farmers in response to demand of plant based products.

May 2019

- **Zespri** reports gross earnings exceed \$3 billion, a first for the kiwifruit marketer.
- **PepsiCo** patent a process to ferment oat flour and dairy milk together signalling that drinkable or spoonable clean-label products such as yogurt could be coming from the well-known brand.
- Meat alternative company **Beyond Meat** topped year's best first day for a US initial public offering after rising 163% from its IPO price of USD25.
- **Fonterra** sells **Tip Top** to global dairy company **Froneri** for \$380 million as part of its review of their investment portfolio targeting on reducing debt by \$800 million.
- **Zero Carbon** bill goes to parliament with targets for greenhouse gas reduction including specific provisions for methane.

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Leading in a world of unprecedented change



A central element of the annual Agenda is our 'State of the Nation' assessment of New Zealand's agri-food sector. Each year, we provide an analysis of the top-of-mind opportunities and challenges from conversations with industry leaders and influencers, as well as publishing the annual Priorities Survey.

In the first section of the report, we acknowledged the progress the agri-food sector has made over the last decade. In this section, we evaluate where it is today.

With the start of a new decade just over six months away, we asked leaders to think about how the industry is positioned to unlock its potential on issues that are critical to them. Given that many organisations have had a '2020 vision' for years, it seemed an opportune time to ask our contributors to what extent their organisations have delivered on these aspirations. Or perhaps more importantly, how prepared they felt for the decade ahead.

Te Hono recently invited a globally-recognised innovation expert, Larry Keeley, to talk at an industry forum. Keeley is the founder of Doblin, a Chicago-based innovation consultancy, and the author of *Ten Types of Innovation, the Discipline of Building Breakthroughs*. During his talk, Keeley confirmed that the unprecedented pace of change society is experiencing is likely to continue to accelerate. He also explained that the rising levels of societal angst and uncertainty is driven by fear, the natural reaction to change.

We have been writing about the impact that transformational change will have on the agri-food sector for many years – and have always argued this should be primarily viewed as an opportunity. It is

fair to say, however, that our perspective on how change will impact the industry has not been something all contributors have agreed with. The top-of-mind issues raised during our Roundtables have often been focused on immediate, tactical challenges; rather than actions needed to shape a business fuelled by disruption.

We had no reason to expect anything different this year, particularly as the sector has generally experienced a good year. Pricing has been strong, exports are at record levels, and the weather has largely been normal. We have had no major new biosecurity incursions, and labour shortages have not got any worse. We expected that water would still be a key theme, as supply reliability issues continue due to inadequate investment in storage. We also expected the impacts of the US/China trade war to be a talking point, along with a range of views on the review of the Dairy Industry Restructuring Act (DIRA); and, of course, biosecurity, particularly in light of the *Mycoplasma bovis* eradication investment. Finally, we expected discussion on the environment and the future of the tertiary education sector.

Our expectations, however, were turned on their head. The industry leaders who joined us at our eight Roundtables across the country raised the broadest spectrum of topics we have ever had as our source material for an Agenda. While they raised all of the expected topics (with the exception of DIRA, which never got a substantive mention), they were certainly not the focus of our discussions. Instead, the conversations all took their own direction and focused on distinctly different themes – but all underpinned by a perspective that revolved around the central question: *what do we need to do to get closer to consumers, in order to secure benefits for industry stakeholders and the wider community*. Notably, for the first time, there was widespread acceptance that significant

change in markets, in communities and in organisations is inevitable rather than a controllable variable.

The underlying driver of this new clarity was apparent. Industry leaders are concerned about the long-term viability of the industry; in light of the environmental, social and financial pressures they are facing. They recognise that attitudes and expectations have shifted across society, and will continue to shift. Some practices that were once acceptable, because the end justified the means, are no longer acceptable. Other practices that are still in common use today will become harder to justify in coming years, particularly in relation to the stewardship of living creatures. Change consequently becomes a matter of survival rather than choice. Concerns about the demands this change will place on the operational and financial capabilities of organisations were discussed in every session. Contributors also highlighted concerns about the impact such dramatic change will have on the mental wellbeing of producers.

Having analysed the Roundtable conversations, we have distilled them into five core themes which are outlined on the following pages. All of these themes recognise that doing things differently is becoming increasingly urgent and requires strong leadership.

Analysing leaders' priorities

Reviewing the results of the annual Priorities Survey served to reinforce our conclusions. In 2019, leaders are very conscious of the multiple challenges the industry faces – along with their own organisations – with regard to the social license to operate. Accordingly, they are more focused on priorities that will help address these.

Biosecurity – still #1

We were not surprised to see world-class biosecurity retain the number one ranking for the ninth consecutive year (although its priority score dropped 5.6% on 2018, reflecting the lack of a high-profile incursion during the year). It was interesting to note that leaders want to see higher priority placed on 'collaboration and cost-sharing to proactively manage biosecurity risk through the Government Industry Agreement (GIA) structure'. This gained seven places, to finish in the Top 10 priorities for the first time. This supported the conclusion we had drawn from our conversations; that leaders are willing to invest their time in enhancing collaborative models that are working effectively.

Also moving into the Top 10

The Top 10 sees two other new entrants in 2019. 'Imposing penalties on those farmers who fail to protect their livestock' raised six places to rank sixth. This had previously sat just outside the Top 10 in the last two years, and with the increased focus on the ethical framework underlying food production, it was no surprise.

'Delivering R&D incentives to support innovation' also raised six places to equal seventh. The need to accelerate investment in innovation was a recurring theme during the Roundtables. Changes the Government has made to supporting R&D activities, via the introduction of a tax credit mechanism are designed to assist in accelerating investment.

Moving out the Top 10

Three priorities dropped out of the Top 10 this year. 'Developing future leaders' fell from eight to 13. This likely reflects the sector's broader focus on securing the full spectrum of skills and capabilities needed, versus leadership talent specifically.











'Schemes to regenerate native ecosystems' dropped from ninth to 15th equal. We suggest this reflects the current uncertainty around what the Zero Carbon framework will mean in practice, and the unwillingness to commit to significant system change until these rules are clarified.

'Investment in irrigation and water storage infrastructure' fell from ten to 19. This no doubt reflects the increased challenge of getting a project off the ground as Government seed money has been withdrawn; and, potentially, the lack of significant drought events compared to recent years.

Arriving at 11 and 12

The two priorities ranked 11 and 12 both recorded significant lifts in their rankings – and further support the conclusion that leaders are intent on preparing their

HERE ARE THE 2019 TOP 10 PRIORITIES...

RANK 2019	RANK 2018		ACTION	PRIORITY SCORE 2019 / 2018
1	1		World-class biosecurity	9.08 / 9.62
2	4		Create New Zealand provenance brands	8.38 / 8.52
3	6		Sign high quality trade agreements	8.27 / 8.35
4	2		Deliver high speed broadband	8.08 / 8.73
5	3		Food safety strategic importance	7.95 / 8.63
6	12		Penalties for those that don't protect animals	7.91 / 8.04
=7	5		Innovate with customers	7.89 / 8.50
=7	13		Delivering R&D incentives	7.89 / 8.02
9	7		Deliver market signals to producers	7.72 / 8.31
10	=17		GIA collaboration/ cost sharing	7.67 / 7.71

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organisations for disruptive change ahead. 'The need to lift commercial collaborations with partners across the industry', which rose from priority 22 to rank eleventh this year, reflects our Roundtable discussions that focused on where collaboration needs to evolve in the future. 'The need to embed resources into export markets' ranked at 12 (up from 17th equal last year). This reflects the growing recognition that having people on the ground is a highly-effective way of getting closer to consumers in off-shore markets.

All-time high scores

Only two priorities recorded their all-time high score this year (compared with 16 last year). 'Mandating minimum health and safety practices' (which ranked 23 with a score of 7.08) reflects recognition that there are consequences to not taking health and safety seriously; including constraints on the ability to sell products to premium markets.

'Taking practical steps to minimise food waste' (which increased 13 places to 26 with a score of 6.81) was also the priority recording the highest score increase. We were interested to note this – given that food waste is a significant focus globally, but one that has largely existed under

the radar in New Zealand. As leaders turn their attention to the impact their organisations are having on the environment, and the community, addressing issues associated with waste may well provide the low-hanging fruit for immediate impact.

Declining average priority score

Having seen the average priority score increase year-on-year over the last two years, we noted that the average priority score fell from 7.41 to 7.00 this year. This reflects a drop in the priority scores given to all of the priorities, bar four. In a world where leaders must juggle an ever-growing range of pressing issues, one potential explanation for this is that leaders are adopting a 'watch and wait' approach. In other words, they are seeking clarity on which priorities will have the most immediate impact on their organisation. It could also explain why more collaborative priorities, such as creating New Zealand provenance brands and signing high-quality trade agreements, have moved up the rankings to sit at two and three.

The largest declines in score

The largest decline in ranking this year was 'developing New Zealand-wide integrity mark systems', which fell 12 places to be ranked 35. (This

would appear to contradict the boost in priority being given to developing national provenance brands). There has previously been a view that a national integrity standard might add some value to our products; but this is becoming harder to envisage. It is likely that emerging technologies, such as blockchain, will supersede the one-size-fits-all model of a national standard. Other significant declines included 'investment in irrigation and water storage', as previously noted; and 'effective extension of innovation to farmers' (which fell 10 places to 24th equal). The scale of this latter fall surprised us, given the amount of change producers will be expected to incorporate into their production systems over the coming decade.



▲ MOST SIGNIFICANT INCREASES IN PRIORITY RANKING

Practical steps to minimise food waste	6.81	Up 13 places
Lift commercial collaboration	7.64	Up 11 places
Food solutions for dominant demographics	7.33	Up 8 places
GI/A collaboration/ cost sharing	7.67	Up 7 places
Penalties for those that don't protect animals	7.91	Up 6 places
Delivering R&D incentives	7.89	Up 6 places
Incentivising students into agri careers	7.47	Up 6 places
Mandating minimum H&S practices	7.08	Up 6 places

▼ MOST SIGNIFICANT DECREASES IN PRIORITY RANKING

Developing NZ wide integrity mark system	6.25	Down 12 places
Invest in irrigation/ water storage	7.28	Down 10 places
Effective extension	7.05	Down 10 places
Engaging with communities	5.75	Down 8 places
Schemes to regenerate native ecosystems	7.44	Down 6 places
Tracking synthetic and alternative protein	7.19	Down 6 places

METHODOLOGY OF THE SURVEY

We once again used an online survey tool to obtain industry leaders' views on the most pressing priorities for New Zealand's primary sector. We asked contributors to rank a range of priority items on a scale of 1 to 10; with 1 being an item they consider to be of no priority for the industry, and 10 requiring immediate attention and action. We used exactly the same set of priorities in 2019 as in the last two years. We received responses from around 70 industry leaders. As in previous years, the full survey results will be made available on the KPMG Agribusiness Agenda 2019 page on our website (kpmg.co.nz).



Clarity supports confidence



A recurring theme through our conversations was attempts to explain the inconsistency between the prices producers are receiving for their products – which are generally at good levels – and the low confidence levels that industry leaders are observing among farmers.

Recent Agendas have reported on the pressures producers are feeling from regulatory change, and a growing perception that the public no longer trusts them to look after the land. During our Roundtables this year, industry leaders pointed to a broader range of issues that they believe are making producers feel uncomfortable. This would explain the breakdown in the traditional correlation between returns and confidence levels.

Firstly, leaders suggested that many producers were concerned about the value of their land. This was in the context of banks restricting the availability of debt (which is addressed specifically on page 51 of this Agenda); the removal of foreign buyers from the market as a result of changes in the overseas investment regime; and the impact that a comprehensive capital gains tax could have on land values (although this risk has since receded, with the Government taking the proposal off the table).

Producers are recognising the industry is undergoing unprecedented change. They are constantly hearing about the emergence of novel foods; which some commentators have been too quick to claim will render irrelevant our traditional competitive advantages in the production of animal proteins. At the same time, the calls to regulate how farmers, growers and fisherman look after the environment are growing ever-louder; driven by social media movements and organised action such as the School Strike 4 Climate movement. They also recognise new regulation is coming, particularly in relation to carbon, but are unclear on what costs

this will have or the timeframes for implementation. Combined with the challenges of securing labour, new reporting requirements, biosecurity concerns, weather vagaries and other daily pressures; leaders are concerned that many producers are feeling like their problems are mounting and they have less ability to control their own futures.

When shifts in confidence occur, there is often a tendency to write them off as cyclical. However in this case, many of the issues impacting confidence relate to structural changes that are reshaping the future of the agri-food sector globally. These pressures are not going to be relieved by the rain finally arriving, or prices recovering, as has been the case in the past. The point was made that the decline in confidence could become a mental health epidemic in rural areas, if action is not taken to provide clarity where possible (and support when clarity is not possible).

There are practical things that can be done to provide clarity across the industry. Firstly, it is important the Government delivers on its commitment to consider the impact each piece of new legislation will have on rural communities. Such reviews can resolve friction points before they become problems or add to a narrative of unreasonable regulation or cost.

It was also suggested that supercharging the central role that women play in rural communities will enhance the resilience of these communities. Providing sufficient funding and resource for programmes focused on developing the skills and capability of women – run by organisations like Rural Women New Zealand, the AgriWomen's Development Trust and the Dairy Women's Network – will assist in creating a stronger platform to enable the industry to handle change into the future.

Processors and marketers also have a role to play. They can provide real-world insights to producers on the future of the agri-food system, and changes in markets, to ensure narrative on these issues is balanced. For instance, taking

producers into market and exposing them to consumers helps build understanding of how markets are evolving; and provides confidence about making investments that will assist in growing and capturing value. The industry is slowly recognising that social media is apt to hijack communication, prioritising emotion over science and facts. Taking more control of the narrative around agri-food is critical, but it needs to be done in a way that engages the emotions and intellect of both industry participants and the wider community.

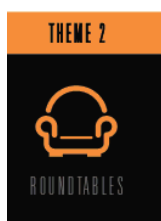
Another point was raised around the importance of clear communication. It is more important than ever that leaders – whether in national or local government, or within the industry – are consistent in their messaging about key issues like regulatory change. Giving tailored messages to different stakeholder groups has always been part of life, but in a connected world where these messages are shared instantly, and often without the nuance, such an approach contributes to uncertainty.

There are big challenges ahead. We have always believed a big challenge is a big opportunity, when it is approached with the right lens. As we move into a period of rapid change, delivering clarity when possible and helping the wider community understand the big picture underwrites confidence. We believe an industry vision is critical to achieving this, and we are hopeful the Primary Sector Council will deliver a compelling vision later this year. This must provide the foundation stone on which we can build clarity and lift confidence for all in the industry.

The UN Sustainable Development Goals provide a framework for considering issues such as policy impact on rural communities and female empowerment. Raising the level of understanding and use of SDG's and their associated tools would enable us to refine and amplify the impact of our policy settings.

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Consumer-centric futures



Export success has historically been measured in terms of volumes sold or the number of stores a product is listed in, rather than the value returned to New Zealand. As one contributor pointed out, this would be like the All Blacks assessing their performance based on the number of games they start, rather than their results.

As new channels to market open and market expectations develop, there is a need to rethink every aspect of the consumer experience to optimise it for the target niche. Our Roundtables covered a wide range of issues in relation to how our agri-food organisations are engaging with markets and consumers. These have been summarised as:

Trade beyond transactional

Contributors acknowledged the Coalition Government for assessing the benefits of the Comprehensive and Progressive Trans-Pacific Partnership Agreement (CPTPPA) and ratifying the deal, despite being staunchly against it while in opposition. While contributors suggested that CPTPPA is a high-quality deal that offers a template for future negotiations, they noted that the complexity of each deal is increasing. As more people view trade as a driver of inequality rather than an enabler of inclusiveness, New Zealand Inc must be prepared to invest in market access in the same way that we invest in other assets of national significance, like infrastructure or intellectual property. Our view of trade needs to extend beyond the transactional; recognising that each market access arrangement is a strategic partnership between two countries. The agri-food sector needs to work with government to demonstrate that we want these partnerships to be mutually beneficial, particularly as many governments appear to be favouring protectionism. The work the apple sector is doing collaboratively to support

the development of the Indian pipfruit industry, well in advance of any market access agreement, is a great example of the message we want to be sending about trade with New Zealand.

Our competitors are evolving too

While New Zealand has a long-established reputation for premium quality, this should be no cause for complacency. During our discussions, it was noted that we cannot afford to continue underestimate the quality of competitor product. Other countries have observed the same market signals as us; and responded by investing in their product quality and value chains to secure a share of the premium space. Our competitors are not static – they are telling their story effectively and collaborating when it creates value. For example, Chile's investment in horticulture is very obvious when they present a single face to global customers at the global fruit shows. Consistently monitoring what is happening around the world is important, but it's not enough. We need to do more than simply respond reactively to competitors; we need to anticipate their actions in order to move faster and further in bringing our premium products to the world.

Becoming brand-centric

Brands are used by agri-food companies around the world to secure shelf space and consumer loyalty. Many global food companies are essentially portfolio businesses that are consistently fine-tuning how they deploy their brands to maximise return. With a few exceptions, we have been largely weak brand owners in New Zealand; with our brand stories often representing a confused mixture of national and product attributes. Whether an organisation is focused on e-commerce, retail or foodservice channels; a well-told brand story can assist through the many choices in front of consumers. While there is a

cost to branding a product properly, it was suggested that the real cost of 'half branding' our products (such as putting a logo on the pack but not delivering a true experience) was significantly greater.

Engaging with new value channels

Digital platforms such as Amazon, Ebay and Alibaba offer the ability for New Zealand brands to connect directly with global customers. While technology overcomes the tyranny of distance, it also challenges companies to think strategically about how they invest to reach their target consumer. In the retail space, these platforms offer a plethora of choice to consumers, making it difficult to stand out. The opportunity inherent in foodservice – which now accounts for over 50% of the market in some countries – was highlighted by a number of contributors. By marketing to chefs and restaurant owners, this channel provides an alternative way to reach the right consumers.

Delivering insight at point-of-sale

Historically, consumers have trusted the retailer to ensure their food is safe, or to provide information on the product's provenance. As more organisations are choosing other pathways to market, such as selling direct, it is now up to them to fulfil this role. They need to provide the necessary insight consumers need to make their purchasing decisions. Utilising digital tools that enable consumers to understand product attributes and provenance at the point-of-sale is becoming critical to securing a fair return for a product. The risk of leaving consumers unsure about what they are buying, and where it comes from, will see many reverting solely to price to make their purchasing decision.



"Trust in the process"

With food frauds being regularly reported in the media, it's little wonder that consumers are growing more suspicious of what's on their supermarket shelves. The Centre of Food Integrity (CFI) reports that the "trust gap" between consumers and food/beverage companies has grown wider in recent years.

As consumers start to actively challenge the information they're given, brand owners are being motivated to verify their supply chains, one data point at a time.

Kiwi-grown company Trust Codes is helping brand-owners to do just that.

The Auckland-based company has developed Matrex®, a blockchain solution that was born out of its original anti-counterfeit technology. By placing a Trust Codes® cryptographically unique QR code on product packaging, it gives consumers in global markets real-time intelligence on their shopping choices.

"Consumers are starting to ask questions around their food – and all aspects of it," says Paul Ryan, Trust Codes CEO.



"These consumers are motivated to do their research on the spot... they want real-time intelligence they know they can trust. This includes everything from verifying the product is what it says it is, through to the way it is produced. For example, the use of plastics in the food industry has become a hot topic and there's a strong focus on regeneration of food production practices."

As well as food safety and provenance, the strong correlation between food and health is driving the call for greater transparency.

"We've become highly-attuned to the health effects of food, and consumers are using this lens to look more closely at the brands they choose to align with."

While Trust Codes does not publicly list its customers, the technology is being used by brand owners throughout the dairy, infant milk formula, honey, beverage and meat sectors. In 2016, Australian infant formula producer Camperdown announced they were implementing codes on their tins as a means to reassure their Chinese customers.

The Cloud-based platform works with any modern smartphone camera or WeChat – there's no dedicated app to download. It provides a digital fingerprint for each and every product; using proprietary algorithmic technology to validate the contents of each packet, tin or box.

In addition, it gives manufacturers the chance to interact with their consumers. They can also use the platform to share key product information with consumers;

such as tasting notes, product matches, gate-to-plate tracking, or information about the primary producer.

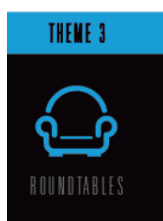
As Paul Ryan explains, the Blockchain capability of Matrex® combined with Trust Codes® provides additional assurance when working within "informal supply chains" – or in countries where consumers are justifiably wary of non-authentic products.

"The current state of Blockchain is much like the early days of the internet... it is still an emerging tech, but it is going to be BAU soon. It will be woven into all processes – not as a standalone product as some are marketing it – but as an integrated part of brand transparency solutions."



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New environmental expectations



While few leaders we talked to foresee an animal-free future for the New Zealand agri-food sector, there was little disagreement that the sector must respond to the environmental expectations of Government and the wider community. There is simply no choice in the matter, if the sector wants to preserve its license to operate.

We had numerous conversations around: how land use should be determined; the priority that should be given to regenerating the environment back towards its natural state; the impact the Zero Carbon Bill will have on the industry; and whether the shift towards these new expectations should be incentivised or enforced. The role that water plays in the industry's future featured in some conversations, but was not raised to the same extent as it had been in previous years.

It is clear that no individual or single organisation will solve these environmental challenges on their own – the only way forward is through co-ordinated action. A number of contributors suggested the pending transformation is the most significant change to the industry since subsidies were dropped in 1984. It should not be overlooked that every person starts this journey from a different place, both in respect of their personal beliefs and the measures that they have already taken in their business.

One contributor suggested that New Zealand is lagging behind many countries on community recognition, understanding and openness to change. Strong leadership will be needed to guide the industry through what will be a challenging decade or more. Past transformation has been steered by industry titans; leaders that were prepared to publicly stand up

and take action, whether it was in their interests or not. Now is the time for the next generation of titans to step forward and identify themselves, and begin leading the challenge.

The Zero Carbon challenge

The Prime Minister announced the Government's plans for climate change action on 8 May, after we had completed our Roundtable conversations. While the intention of the package is broadly supported, a specific proposal to require a reduction in biological methane of between 24% and 47% by 2050 has been negatively received by the industry; particularly as the thresholds are greater than targets suggested by the Parliamentary Commissioner on the Environment. Before the details were known, industry leaders were signalling that adapting to the new climate regime is going to be both challenging and confronting for many around the country. It will change land use, and force farmers to sacrifice part of the commercial value of their land to enhance its environmental value, without any prospect of short-term financial return.

The key concern around a mandated carbon reduction strategy focused on the costs associated with transition. Little consideration was given to the opportunities that it could unlock. Many believe that while net carbon zero is a realistic target for the industry, planting more trees is not the pathway to achieve this. While the One Billion Trees Programme has created new economic opportunities in the forestry sector, there is no desire for this to become the Three Billion Trees Programme to deliver carbon neutrality, given the significant adverse impact this would have on rural communities. It was clear that the industry is looking to the government and international partners for technology that reduces agricultural emissions, while

acknowledging that achieving the targets will likely require land use change. It was pleasing to note new funding in Budget 2019 directed towards delivering tools to producers to assist in this transition.

Enhanced management of land use

A feature of this year's Roundtable conversations was an increased willingness among industry leaders to think differently about how land is used, in order to ensure it delivers better environmental and economic outcomes. Over the last decade, the debate around land use has become polarised around dairy, as the availability of irrigation water saw many farmers convert their farms. This has led to a flawed conventional wisdom that making water available somehow causes land use intensification and adverse environmental outcomes. Water does not cause pollution, of course. It is poor farming practices or the use of the wrong system that have damaged the environment and polluted the waterways; and leaders suggested this should be the focus of land-use change conversations.

The reality is that our devolved system for managing land use is not delivering optimal outcomes for anyone. The system is inconsistent, slow and has limited teeth to address non-performance. It is not resourced to keep pace with changes in scientific knowledge, technical innovation and social expectations. To date, processing companies have been light-handed in prescribing how their suppliers operate, and rarely provide premiums for higher care production systems.

A range of options for managing land use were suggested – from introducing a national management system, and providing more comprehensive guidelines to councils, through to placing obligations on banks and processing businesses to influence



the behaviour of their customers and suppliers. It was agreed that any solution needs to be powered by the best available analytical tools, so the decisions made are fully informed. The bottom line is that we must seek to move towards optimal land use for the environment, the community and individual land owners; and provide farmers with the time and tools they need to transition when change makes sense.

One contributor talked about his experience of land use decisions within Māori organisations. Groups of land owners are actively pooling land holdings as they make conscious decisions about how their land is used in the future. The owners recognise that collaborating with other owners provides the scale necessary to support investment in higher-value product opportunities. Many Māori organisations are leading the way in proactive land use management, as they seek to balance their commercial returns against their community purpose.

Regenerating Aotearoa

A number of conversations pointed to the critical role our natural environment plays in New Zealand's two largest industries, agri-food and tourism. While there has been significant change in many farming systems over the last five years, these have enhanced existing systems rather than driving a fundamental shift in the systems being used. A number of conversations highlighted that the sector may need to face up to a reality that existing systems will never be able to deliver the environmental benefit being sought. Some contributors noted that, in future, land owners will likely be required to use regenerative practices on their land to generate better environmental outcomes.

Regenerative agriculture is not about planting billions of trees or taking productive land out of production. Rather it is about farming in a way that enhances biodiversity, enriches soils, improves the cleanliness and quality of waterways and streams, and strengthens ecosystems. It also helps to capture more carbon within the farming system. Providing land owners and producers with tools to help them explore opportunities – and enhance their systems in sustainable ways that reduce environmental impact – can only benefit both our agri-food and tourism sectors. This will be of great value in selling the Aotearoa New Zealand story to the world.

Incentivising change

If we are serious about securing our environment in New Zealand, it is critical that we use the right mechanisms used to guide change. There is no doubt that many in the agri-food sector will be asked to face confronting choices; and they need appropriate pathways to facilitate these difficult decisions. While there are many calls from activists to use penalties and taxes to enforce change, industry leaders would prefer to see a mixed framework, which includes carrots to incentivise people towards the right decisions. There is no doubt that more will be achieved, and the pace of change accelerated, with the right incentives and rewards. This means helping people to understand how investing in the environment can deliver economic return; supporting them with the costs of making these investments (potentially through a Green Bank, referred to the 2017 Agenda); and rewarding trail-blazers for their positive leadership.

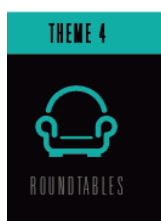
Industry leaders recognise that paying for greenhouse gas emissions and the use of other elements of natural capital will become a reality for the industry. The design of the charging mechanisms should be focused on lowering emissions rather than raising revenue. Placing agriculture in the Emissions Trading Scheme (ETS), even an enhanced ETS, will not achieve this. However a system that baselines emissions on each farm, and rewards farmers that reduce their emissions at a faster pace than national targets, would drive change. It has taken decades to make progress on water, due to the confrontational approaches that have been adopted to the issue. We simply do not have the luxury of time to make progress on climate change. Learning from the mistakes of the past, and designing a system that delivers progress rather than retribution, is critical to securing our environment for future generations.

As New Zealand embarks on its transition towards a low-carbon future, it is critical that we ensure all the costs and externalities are reflected in the prices we seek to charge customers for our products.

In our view, it is critical for New Zealand to become the first agri-food sector to achieve an attribute premium for producing net carbon zero food products. This also makes it imperative for the industry to seek a fast transition, rather than targeting 2050. It will also require other sectors to appropriately price the products and services they deliver. In particular, this applies to tourism. Our rural economy cannot be expected to continue to subsidise the economic and environmental cost of the deluge of low-value tourists we have attracted to the country in the push to grow visitor numbers.

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Collaboration, leadership, trust



The 2015 Future Leaders Agenda showed the importance that cohort placed on collaboration, leadership and trust. It was interesting to hear those three words come up time and again during our Roundtable conversations.

Within our contributor group this year, we had a number of people that had joined or returned to industry in the last year, which made their observations highly relevant. To an outsider, silo-like behaviours appear to be more enshrined in the agri-food industry than in other sectors (partly due to funding structures such as commodity levies and competitive research funding). They also noted the sector's tendency to keep government 'outside the tent' as long as possible, despite its ability to enable actions and align investment for impact.

As we noted in the Acknowledge section, significant progress has been made over the last decade in building bridges and trust between leaders across the industry. This is driven by initiatives such as Te Hono, which has created relationships between leaders via the Stanford Bootcamps. Our companies are also seeking to work together in offshore markets. A good example is Primary Collaboration New Zealand in Shanghai, featured in the 2017 Agenda, which has companies joining to benefit from an established market entry point. The EAT New Zealand initiative, showcased on page 46, is another example of positive collaborative activity.

While we have made a good start, the challenge now is to scale-up the collaborative activity so that it has a transformational impact. Both commercial and industry good organisations have effectively collaborated with government at an individual sector level, but there is little happening at an industry level. Critically, there is no representative organisation for the Government to partner with on the macro challenges.

While the need for an umbrella organisation still ranks lowly in our Priorities Survey, it appears that a top sector body looks increasingly necessary. This would provide a single, strong and viable partner to the Government; rather than having to stitch together collaborations with 20 to 30 different sector bodies, each with their own agenda.

It was suggested that capital availability will accelerate collaborative activity. It is expensive to be consistently successful in international food and fibre markets, and few New Zealand companies have the scale to make a transformational investment using their own resources. By way of comparison, Zespri spends more than \$150 million each year promoting its story in key global markets. For many organisations, the ability to share costs on elements that are generic or non-competitive will enable them to accelerate market growth strategies until such time they can make the investment themselves.

One of the constraints on collaborative behaviour is historic. Our future leaders had a clear message on this (i.e. "get over it"), but for many leaders, the frustrations of failed collaborations remain raw. Past initiatives have often under-delivered because they have been inflexible, over-governed, and ultimately unworkable constructs. Too often, they have been designed by committee in an attempt to get buy-in. In a fast-moving world, the aim should be to partner with a coalition of the willing, rather than waiting for everybody to get on the bus. It was suggested that organisations will be more successful if they take risks and experiment together with a common purpose and passion.

The willingness of governors to take risks is a theme that featured prominently this year. In a small market like New Zealand, where personal brands are tended carefully, the fear of career-limiting failure remains. This limits the risks that leaders

are prepared to take – even when the rewards may be huge. As one contributor noted, the role of an outstanding governor is to recognise when current strategies are no longer fit-for-purpose, critically assess proposals put in front of them, challenge 'group think' around the board table, and take some calculated risks.

We all instinctively assess ideas through the lens of our own social and economic background. This makes it critical to bring diversity of thought to conversations at leadership level. At times, it will mean discussions take longer; but the quality of those discussions will be higher and the outcomes richer. These deeper conversations can also lead to Boards making the brave decisions that will have the biggest impact. Our contributors believe we have a right to expect more leadership from our boards and their executive teams.

We could do worse than learning from Singapore, a country with massive aspirations in agri-food. When the Singaporeans look to achieve a strategically important economic transformation, the Government and industry collaborate closely. They work to identify and resolve skill shortages, jointly underwrite the investment necessary to share the risk, and direct the best available capabilities at solving the key problems. This shows the kind of big-picture, collaborative perspective that New Zealand would benefit greatly from.



As two of the biggest contributors to the New Zealand economy – it makes perfect sense to create a global marketing tool at the intersection of food and tourism.

Eat New Zealand, launched in March 2018, is a collaborative platform that's designed to put New Zealand cuisine on the international traveller's map.

The not-for-profit food movement has attracted a passionate cohort of chefs, restaurateurs, producers, media, tourism and event operators – all keen to champion the unique gastro-tourism New Zealand has to offer.

CEO Angela Clifford explains the value of this pan-industry approach:

"One of the biggest problems we face as a nation is that food is siloed across different industries – tourism, agriculture, manufacturing and so on. But once you knock the tops off the silos and work together, the alignment becomes very clear... and there's an organic opportunity to collaborate. Instead of creating a hierarchy of information, you create a web."

Angela says the vision is people connected to New Zealand through our food and the ultimate goal of the movement is to place New Zealand cuisine firmly on the world map – in a similar way that 'New Nordic cuisine' has re-energised Scandinavia's food and tourism sectors.

"Our country is ripe for this type of gastrationalism. It's a wonderful lens through which to understand New Zealanders. Our home-grown food is absolutely world class, and we have incredible ingredients being enjoyed around the world. But we've not always been strong at connecting those with people's experiences when they visit the country... and that is precisely what Eat New Zealand is designed to do."

More than two thousand food businesses, searchable by region, are listed on eatnewzealand.nz. They include a wide range of eating establishments, farmers markets, events, food tourism venues, operators and producers throughout the country.

It also includes an 'itinerary' function, which allows visitors to keep a wish-list of places they'd like to visit or remember.

Social media plays a large role in their storytelling; particularly from those keen to educate people about how our food is grown, and how we can move New Zealand toward a sustainable future.

"Seeding an idea through social media brings everybody into the conversation, and creates an open forum for discussion," says Angela.

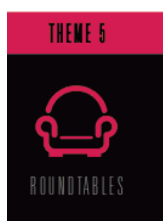
Eat New Zealand promotes events held around the country which aim to highlight our best food makers and growers. The collective has just announced New Zealand's first national food celebration, Feast Matariki, which comprises more than 100 events and regional activations during June - July.

"Throughout the country, we're encouraging people to reconnect with where our food comes from, and to recognise the truly incredible ingredients we grow, catch and make here. It's also a time to acknowledge the manaakitanga or hospitality that is an intrinsic part of who we are as Kiwis."



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No one solution to labour shortages



Some contributors believe labour and skills shortages are the biggest challenges facing the industry. If the agri-food sector was the only sector of the economy grappling with this issue, it would probably be a solvable problem. However with other sectors also facing severe labour shortages – construction, hospitality, healthcare, and education, among others – the competition for talent has become a war. There is no single easy solution to ensure the sector has the people it needs to support its growth.

Contributors also highlighted an additional risk: that labour issues could impact the ability of the industry to secure a premium for its products. If the labour resource is not available to undertake the extra handling required for the processing of premium products, the easiest option for producers is to put more of their product through commodity channels.

We heard comments from a number of leaders that the Government is doing little to mitigate the sector's labour challenges. A number of policy decisions – such as winding back inbound migration, limiting the Recognised Seasonal Employer (RSE) schemes, and allowing critical industry training establishments to fail – have all made the challenge of finding skilled employees more difficult.

When industry raises these issues, the standard response given is that labour challenges would be solved by paying people more. This is simplifying the issue. Labour is a significant cost element for many agri-food businesses; and particularly after rises in the minimum wage, margin pressures mean employers cannot both pay more and remain sustainable. Furthermore, evidence suggests that even when more is paid, it can be a struggle to find workers who will commit to regularly attending a physical

job, drug and alcohol-free. The bottom line is drawn by simple market economics. While New Zealand-grown product can potentially secure a premium, in the light of labour cost increases, this premium is not always sufficient to justify the additional cost of labour.

Having heard about these challenges at many Roundtables, it appeared labour issues have become a millstone around the industry's neck; and a constraint on the contribution it makes to the country's economic prosperity. Thankfully, there are also examples of organisations seeking to utilise a range of innovative solutions to the problem. The case study on page 48 highlights the cadetships that Parininihi ki Waitotara have introduced, creating a relevant pathway to introduce young people to opportunities in the sector.

- We heard about the partnership between T&G Global and the Ministry for Social Development (MSD). Together they have implemented an innovative buddy-based support structure around MSD clients that have struggled to hold down a job. The buddy ensures that the client gets up on time, arrives at work with everything they need, and are supported through the working day. The programme effectively teaches people how to work; and ensures workers who would previously have been overlooked can be productively employed in the sector.
- As we have highlighted in previous Agendas, it is important that the sector delivers employees the jobs as promised. Good employers are taking steps to ensure that this is the case, by investing in all aspects of the workplace experience. We heard examples of upgrading working and living conditions, offering flexible work scheduling, supporting team members to take active roles in the community, and investment in training and development.

- Leaders in the kiwifruit sector reported that recruiting key skills into their sector has been less difficult in recent years. They suggested it had become a more attractive sector for young people to join; with the industry demonstrating innovation, growth and financial profitability. While not every sector enjoys the success that the kiwifruit sector is currently experiencing, there may be other means to the same end. To assist in attracting key talent, the public face of the industry could be focused on technological innovation and the impact the industry has on local and global communities.
- It was suggested that the RSE scheme should be recognised for what it achieves. It could be described as New Zealand's largest non-governmental aid programme, and one that transfers significant value to communities across the Pacific each year. Changing how the scheme is perceived will increase political understanding, and hopefully enable the scheme to grow sustainably.
- When it comes to robotics and automation, and how they will reshape future labour requirements, the impact on agri-food will be no different to any other industry. While this may provide a long-term solution to some labour challenges the sector faces, it is important that investment is made into these technologies today – so the solutions are available tomorrow to protect competitiveness. Solutions are often going to be bespoke to New Zealand's environment meaning we can't rely on the world solving our problems.



With a long and complex history as a Māori Incorporation, Parininihi ki Waitotara (PKW) is re-defining what it means to be a truly modern farming business.

Their wide portfolio now includes a comprehensive agribusiness company, forestry interests, horticulture, aquaculture (including live crayfish exports to China), commercial properties, and a Māori co-investment fund.

Underpinning their diversification strategy is an unwavering focus on sustainability, and creating value for future generations.

According to PKW's Chief Executive, Warwick Tauwhare-George, embracing opportunities outside of dairy is a natural progression for the organisation, which was first incorporated in 1976.

"We have been entrusted with over 20,000 hectares of some of the most productive land in New Zealand. Historically, we have been dairy farmers because dairy farms have been located on our whenua... but we are continuing to diversify, thinning our risk, and attracting new investment."

In 2019, seeking out alternatives to the traditional dairy farming reflects PKW's core mission "to be a successfully diversified and sustainable Taranaki Māori-owned and operated business providing meaningful opportunity to our people."

This also means keeping a continuous close eye on emerging commercial opportunities including the likes of Industrial Hemp, honey and sheep's milk – but always through the lens of kaitiakitanga (guardianship of the environment).

"We're not only looking at different farming systems, but also ensuring our activities are environmentally sustainable, creating wealth for our shareholders and for the future generations," says Warwick.

This social imperative is also being driven by PKW's 10,000+ shareholders. The Board and executive maintain an ongoing dialogue with shareholders, which helps inform their strategic mandate for the future.

"We kicked off the process by talking to all of our stakeholders – shareholders, staff and user groups – to put the question to them: 'what should kaitiakitanga look like, and how should we be operating as kaitiaki'?"

"We now have a strong set of pillars to operate by, so we really walk the talk, and deliver to our word."

Building a pipeline of talent is another key pillar of success for PKW. The organisation has developed a Cadetship programme, which it believes is a proven and successful pathway for Māori career development.

"As a significant Māori-owned business that's active across a range of industries, we have a wealth of experience and opportunities we can provide our cadets," says Warwick.

Two farming cadetships – which are 12-month full-time paid positions – expose the cadets to different options within farming, as they rotate through PKW's diverse business operations. They will also earn nationally-recognised qualifications in dairy farming.

A further two cadetships, for students of agribusiness and finance support, are based within PKW's New Plymouth head office.

And while the emphasis is on offering valuable career experience, it's also an opportunity for PKW to develop its future leaders – by immersing them in the business and its kaupapa.

"Younger generations have a clear sense of purpose, and we need to ensure they're attracted to the industry if we want to retain and revitalise the industry's licence to operate," says Warwick.

"By allowing them to live and breathe our kaupapa, we can positively influence those who will sit in our chair one day."

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OTHER THEMES



ROUNDTABLES

Also on the agenda

During the Roundtable conversations, a number of other issues were raised that demonstrate what else is currently on the minds of industry leaders.



Biosecurity

Risk growing annually

Despite again securing the top slot in the Priority Survey, there was less talk about biosecurity this year. It was suggested that while the likelihood of the Brown Marmorated Stink Bug establishing in New Zealand appears to increase each year, investment in minimising this risk has been cursory in comparison to the costs of the destruction it would cause (which would be to horticulture equivalent of foot-and-mouth). The incursion risk grows with more ports of entry into New Zealand. It is therefore critical that we have co-investment by government and industry into proactive risk reduction and response strategies.

It was suggested that one simple strategy would be to require the national airline to relay video information to inbound passengers; ensuring that visitors and New Zealanders understand the risks facing our country from a major incursion.

Mycoplasma bovis has again highlighted how an incursion can quickly shift from being a national, governmental issue into a localised and personal one – for those who have the misfortune to be impacted. Biosecurity is an issue that should be a priority on their risk register of every organisation; yet most are prepared to discount the risk until they find themselves at the centre of an incursion.



Biotechnology

Future-proofing the industry

In this year's conversations, industry leaders talked about the opportunities inherent in emerging biotechnologies; as well as the potential future impact of choosing not to use these technologies. Some contributors believed that unless we are open to using existing and emerging technologies, New Zealand cannot be a low carbon leader, a sustainable food producer, and a contributor to feeding the world. The ability to grow plants has always been our competitive advantage, however technology is transforming how plants are grown; and we stand to lose both expertise in plant science and our competitive advantage if we are not open to this discussion.

It was highlighted that we have political leaders from all parties that are listening and acting on the advice of scientists in relation to climate change – but are unwilling to trust the same scientists on biotechnology. The world continuously moves forward on biotechnology (our unscientific KPMG team survey suggests opinions have shifted), but New Zealand's capability remains stalled. Investing in research in these areas ensures we have the capability if and when a decision is made to permit their use. In the meantime, learnings from research will accelerate traditional plant breeding programmes. The message from industry leaders was clear: now is the time for a comprehensive conversation on this issue. We cannot afford to keep kicking it for touch.



China

Continuing to ride the Dragon

China has boosted New Zealand's economic prosperity over the last decade. While some remain concerned about over-exposure to China, we cannot overlook the stability of the market and its ability to pay good prices. It is unlikely the 2020s will see exports triple again, as Chinese growth slows; but that certainly does not mean the opportunities for New Zealand companies have been exhausted. One contributor noted that the food and hospitality sector is not slowing anywhere near as quickly as the wider economy. The government in China is focused on growing domestic production to provide food security to the wider population, leaving valuable opportunities for exporters to develop and extend markets targeting affluent consumers.

The key to success is being selective about the pathways used to access the Chinese market. The advice we have given in previous Agendas still applies: be selective about your partners, do due diligence into alignment of values, and do not consummate a deal with the first partner to come along. Market positions in China need to be constantly invested in. In particular, the extensive use of social media and e-commerce allows a challenger brand to become market leader incredibly quickly; so being on the right platforms and active in social conversation is critical. It was also noted that as the Chinese market matures, the failings they have forgiven in the past will not be so easily forgiven in the future. Getting it right every time is more critical than ever.



Two years into their partnership with Shanghai Maling, Silver Fern Farms are on a journey to navigate the complexity of China, their priority market.

Having a partner on the ground is proving particularly valuable as the company continues to apply its Plate to Pasture strategy – and placing the consumer front-and-centre of all strategic decisions.

The game-changing partnership with Shanghai Maling was completed in late 2016. Aside from the financial resources provided by the \$261m cash injection, the deal was noted for delivering the co-operative a “connected partner in the fastest-growing red meat market in the world.”

“Strategic alignment is so much more powerful than pure financial objectives,” says Chief Executive, Simon Limmer.

“We’re working on a long-term approach to develop the market – with our consumers as the focus.”

Limmer already had intimate knowledge of the Chinese market from his previous tenure with Zespri, which included a stint as GM of China. Since taking over the helm at Silver Fern Farms in March 2018, he has continued to visit China every two to three months.

“The pace, growth and value of China makes it an obvious market,” he says.

“It is part of the company’s DNA to become intimate with the market and our consumers...and this partnership helps us to find a way to understand the Chinese market more deeply.”

In-market partners also have the ability to amplify the New Zealand provenance story, he says, in a way that resonates with local Chinese consumers.

The key to navigating such a fast-changing and intricate market has been for both partners to align their respective objectives and vision. As 50/50 shareholders, both interests need to be respected and understood.

“It’s an iterative process, and we have a continuing dialogue to make sure both sides are represented,” says Limmer.

“This makes for a challenging debate, but it’s more valuable at the end of the day.”

Meanwhile staying competitive in the global market is also taking place set against another backdrop – namely the exponential global rise of alternative animal proteins. But Limmer says Silver Fern Farms is more than up for the challenge. In fact, it simply reinforces their strategy, which had long made the shift from being supply-driven to market-led.

“The way we see it, alternative proteins are serving to amplify the whole protein market. The debate has sparked the urgency to tell our story, so it’s also very exciting.”

With a rebalancing of protein in the global food system, new choices are flooding the market, and understanding the red meat brand in a competitive landscape has become critical to success.

“New Zealand has – in abundance – those attributes that consumer’s desire. These include qualities such as sustainability, health, taste, and food safety.”



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Debt availability

Significant risk of deep disruption

While this is an issue that was touched on by some contributors, it is not in the mainstream consciousness across the sector. Some are concerned about the impact that proposed changes by the Reserve Bank of New Zealand (RBNZ) will have on the availability of debt to farming businesses and the cost of that debt. The RBNZ proposes to require large banks to hold more capital to back certain lending that is systematically important to New Zealand's banking system. Our analysis suggests that this could see banks motivated to reduce rural lending books by between 10 and 15 billion, as well as increasing the cost of remaining debt.

No surprisingly, this is a big issue in the banking sector; and it should be an issue that farmers are discussing with their bank to understand how it may impact on their facilities at renewal time. We have three prime concerns about these changes. Firstly, they have the potential to drive banks to terminate facilities, which may require farms to be sold quickly with the risk that these sales collapse land prices. Secondly, the proposal comes at a time when farming businesses need to invest in reducing their environmental footprint and technology to meet the growing demands of consumers. Without access to debt, this investment will not be made; which will impact on the economy. Thirdly, restricting credit will further restrict the number of buyers for farms at a time when tightening of international investment rules has largely excluded foreign buyers from the land market, and many farmers are seeking to exit their business at retirement. We believe there has been insufficient detailed cost/benefit information provided so far by the RBNZ to support their proposals.



A one-stop shop for academia and research?

With a number of contributors having recently visited Wageningen University and Research in the Netherlands, there was discussion around whether a similar institution could be explored here. This is best described as a one-stop-shop model that consolidates capability in primary sector postgraduate education, along with pure and applied research, into a single institution. The barriers inherent in New Zealand's current system – which is spread across at least six universities and four crown research institutes – are significant. Collaboration is constrained by physical and funding barriers; institutes compete for funding rather than projects being prioritised based on impact; and much of the investment in the system is consumed in overhead.

When compared to the Wageningen model, contributors noted that our system appears to lack the co-ordination and critical mass observed in the Netherlands. The integration of commercial entities into the ecosystem around Wageningen is also missing in New Zealand, meaning activity is not always directed to the opportunities that will create most value. Many in the sector are emotionally attached to our current system, despite the fact they recognise it spreads resource too thin. As the Primary Sector Council develops its vision for the industry, it is critical that government and industry resources are directed towards a fit-for-purpose model. It may be that a more cohesive Wageningen-style model is right for enabling the future we aspire to.



Future organics

Hope from a legal definition

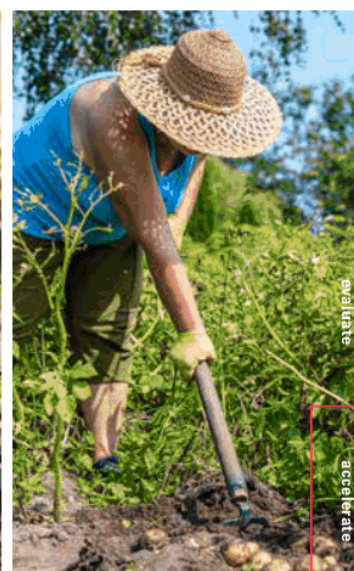
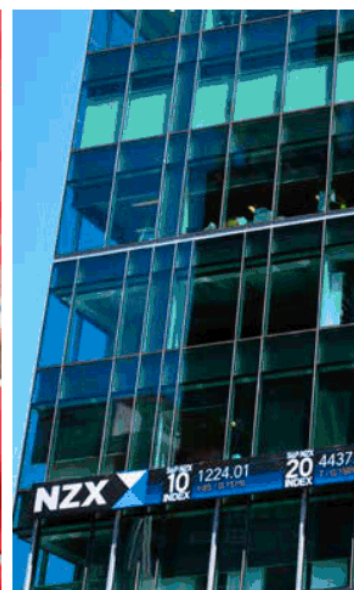
The role of the organics sector in New Zealand has been a subject that we have touched on a number of Agendas over the decade. The sector has consistently bemoaned the lack of a regulated definition of 'organic' in New Zealand, and the damage this has done to true organic producers, at home and internationally. Their products have been forced to compete with conventional products that have been misleadingly labelled organic, because there was nothing to stop more unscrupulous growers doing this. The good news for the sector is that work is progressing towards establishing a legal definition for organic products; which should assist the industry to enhance its reputation and access new opportunities to export products into international markets. The biggest challenge to organics remains the low cost of conventional food in comparison to the higher-priced organic alternative. Until all food prices reflect the true costs of producing food, including fully reflecting the environmental impacts a product has in the price, the differential will continue to make organics a more volatile, higher risk part of the food system for commercial producers.



Technology uptake

The crunch comes in the spring

Every aspect of the value web is being reshaped by technology... whether it's an AI-driven support system that augments the intuition of farmers and growers, a data-driven sales and operations planning system that matches products to markets for maximum value, or a social media platform that connects a business to its consumers. We have been consistent in our calls that there can be only one standard of broadband connectivity across New Zealand; and anything else would be an injustice to the most productive sector of our economy. New Zealand is currently ranked 18th globally for use of technology in business, and a contributor suggested that infrastructure issues continue to plague the adoption of digital solutions in the agri-food sector. It was also noted that despite the Government committing \$150 million to R&D, the rollout has been slow to date. The 2019 Rugby World Cup looms as a make-or-break event for technology adoption in rural areas. If the streaming platform works and delivers a great experience, it could be the tipping point for the uptake of digital technology in many aspects of rural life. If it is beset by buffering, it will demonstrate the failure of over a decade of policy and investment to connect our rural communities.



What needs to be done to supercharge the 2020s?

At the end of each Roundtable conversation, we asked our contributors their view on the single most important action that could set the agri-food industry on a course to amplify its success in the coming decade. Here are some of the highlights:

"Develop education and training programmes for farmers so they understand the reasons they are being advised to invest in evolving their farming systems, and can better understand the consumers they are producing food for."

"Carefully capitalise on the alignment that traditional Māori values have with the values of many premium consumers around the world, while preserving the cultural and spiritual significance of these values."

"Aggregate academic and infrastructure to secure critical mass, eliminate duplication and provide a platform for the industry to lead in innovation globally."

"Activate underused Māori land by making the necessary changes to the Māori Land Act rather than undertaking further rounds of consultation."

"Focus on our competitive advantage – growing natural grass – and sell the benefits of our farming systems to the world."

"Be prepared to make long-term investments in young people to build the capability that the industry will need in the future."

"Change the conversation for 'me or I' to 'us' to drive a focus on scaling game-changing initiatives to make them globally relevant through business-to-business collaboration."

"Get more scientific about the value of our products from a psychological perspective, so we better understand how consumers value products and ensure pricing is aligned to the perceived high value attributes."

"Everything done in the industry [should have] an ethical sourcing overlay so that we are able to demonstrate everything in our value chains is being done as ethically as possible. It may cost in the short term but will ultimately deliver better outcomes."

"Co-ordinate research efforts to deliver solutions that enable producers to regenerate their land in a meaningful way, while ensuring that they retain a sustainable business."

"We need to be clear about where we want Aotearoa NZ to go in the future so that as an industry and community we move in a consistent direction, while retaining and celebrating that unique sense of kiwi individualism everybody brings to the table."

"Be transparent on the Sustainable Development Goals that you want to have impact on, tell the world, and then keep telling them how you are doing."

"Provide certainty to the community and the industry – take clear positions on issues like greenhouse gases and commit to taking action over a longer term horizon."

"Ensure high quality food is available to all New Zealanders, so we become a global exemplar of a healthy society powered by world class nutrition."

"Shift the dial on leadership to maintain the vibrancy of the industry by focusing on people, skills, confidence and belief. Leaders can't contract out of responsibility, and need to be visible."

"Don't leave land use to chance, deploy advanced data and analytical tools to make better and more rational decisions on how land is used and support farmers when farms make sense."

"Welcome government into the tent as a partner and engage them in design in key programmes so they are comfortable to commit secure long-term funding to key transformation initiatives."

"Restore pride in what we do – profile the fact the industry is complex, data-driven and good for the world and New Zealand – focus on telling the stories of the industry's rockstars so they recognised as being the 'Teslas of the global food system.'"

"When possible, adopt a circular mentality to processes and value chains to ensure we focus ruthlessly on eliminating waste, to minimise environmental impact and maximise economic value."

evaluate

accelerate





Playing an infinite game...and thriving through wellness



Change is constant and it always will be. We instinctively search for new knowledge and use this information to look for better, more efficient ways to do things. As already discussed in this Agenda, the agri-food industry in New Zealand has changed significantly over the last decade; in what it produces, how it interacts with consumers and how it uses natural resources.

Industry leaders recognise that the pressure to change is unrelenting and likely to accelerate for the foreseeable future. As a consequence, the need to continue the transformation of organisations to become more collaborative, agile and resilient is an ongoing and significant focus for many of the leaders we talked to.

Recognising the extent of disruption

It is hard to comprehend the extent of disruption the agri-food system is facing globally. The reality is that much of what is considered usual agricultural practice today would not be that alien to the Vikings or the Romans. While we have introduced new equipment, in some parts of the world, and improved the genetic qualities of the plants grown or animals raised, the fundamentals remain largely the same - tend the land, feed the animals, add sun and water and wait for a product to grow. As a consequence, the industry has been ripe for disruption

for decades. Significant money is now flowing into the technologies that have the potential to reshape every aspect of the agri-food value chain, from what a farm is and how things are grown, through to new products, and to the way products are processed, distributed and ultimately consumed.

In our view, the world has not only entered the fourth industrial revolution, it has also entered the first global agrarian revolution. The basic premise of both revolutions is the same; the fusion of biological, digital and physical technologies to create exponential solutions that have the potential to transform industries and the way that we live our lives.

We see the agri-food sector as being at the centre of the fourth industrial revolution as combining the biological (a plant or animal), with the physical (a tractor or a hoe) and digital (knowledge and insight) has been what the industry has always done to grow food and fibre products. We do, however, distinguish the revolution in the agri-food sector from the wider revolution because the sector effectively missed the first three industrial revolutions, and is consequently facing more significant disruption over the next decade or so than any other sector of the global economy.

The agri-food market of the future

While food and fibre producers are facing dramatic change within their own farming operations, the wider transformation of society will have

a material impact on the markets producers ultimately sell their products into around the world. We often hear people talk about the market as if it is a single, uniform construction. Maybe in the past this was a reasonable approximation of reality, when channels to the consumer and the range of product options available were limited.

However, the technologies of the fourth industrial revolution are fragmenting markets into an infinite number of niches, aligned to the specific wants and needs of consumers around the world. As we note later in this report, the one size fits all solution has gone, to be replaced by a model that is trending towards mass personalisation and, eventually, solutions that deliver one size fits one products.

The global market in the next decade will be comprised of millions of niches. We expect that each of these niches will align with one of a number of key food system streams that reflect the ability of an individual consumer to make choices in respect of the food they eat and the way it is integrated into their daily lives. Given that markets are evolving rapidly it is hard to predict with accuracy what these food system streams will ultimately end up being, but we foresee seven primary streams which are likely to encompass the bulk of consumers around the world; subsistence, sustenance, first choice, flexible, integrated, ethical and premium.

Recognising that the expectations on producers are different for consumers in each of these streams is critical to determining where the products an organisation grows are targeted. It is important for producers to recognise that they are very unlikely to be able to feed the world, by developing markets across each of these seven streams, but in most cases maximising the value of their product will require them to target consumers in niches in more than one stream, recognising that each requires a tailored strategy and approach.

The challenge for organisations is that they are being required to make decisions on the niches they should target based on their expectations about how the system may evolve, and the assumptions they have formed about which of the 45 trends shaping the food system, discussed on the following pages, will have the most dominant impact on consumer behaviour and demand.

While we make predictions about the future of the food system, the speed and extent of disruption the sector is facing mean that the past does not provide a reliable predictor of what will happen in the future. The adoption of technology over the last decade has illustrated that the world is not linear, with many technologies

following exponential adoption curves that start slowly. However, as adoption accelerates it can't be overlooked that each doubling adds 100% more users. It is difficult to move beyond models that are built on historic data and trends, but it is critical that organisations do take this step to stand a better chance of capturing the opportunities in front of their organisation.

Recognising that you are playing an infinite game

In an environment of dramatic and continuous disruption, the biggest risk facing organisations is maintaining relevance. In the past, organisations developed strategies which used language like winning, beating the competition or leaving nothing on the table. The focus today is on long term sustainability and earning the right to serve customers and partners. This change in language is reflective of a change in the ground rules surrounding markets that the pace of innovation and disruption is imposing.

Well known business commentator, Simon Sinek, suggests that what we are observing is a fundamental shift in how business works, from a finite game (with rules, a start, a finish and result) to an infinite game; a game with changeable rules, where players

come and go and no endpoint. The organisational objective is to build the capacity and resilience to stay in the game, and thrive in an ever-changing world while competitors fail or exit the market. The problem for many traditional businesses, is that if you try to play an infinite game with a finite mind set you will struggle to match your competitors for innovation, effort, morale and performance.

Surviving in an infinite game requires organisations to enhance existing, and develop new, capabilities to enable them to retain a sustainable position in the markets that they choose to play in.

Internationally, we observe many companies using the UN Sustainable Development Goals to define the impact they seek to have and reporting their progress.

Our conversations during the year have assisted us in identifying a range of organisational capabilities that have not always been a priority in agri-food companies, but which need to be developed in response to the substantive changes that are occurring in how markets are function. We have summarised the attributes we believe will help organisations to thrive in their infinite game on page 60.

The seven primary food system streams

SUBSISTENCE:

Food availability is not assured and consequently these consumers will eat whatever food is available when it becomes available, often as a result of their own farming activities, with little concern about the nutritional composition or safety of the product.

SUSTENANCE:

This consumer has sufficient economic capability to buy the food they need for them and their family. Their focus is on sourcing enough nutrients to enable them to function in daily life and continue to generate income to buy more food in future.

FIRST CHOICE:

Greater economic capacity provides some ability to make choices about the food eaten which sees consumers start to seek out animal proteins (or equivalents) as an alternative to plant based foods. Priority is given to providing safe, nutritious food to children.

FLEXIBLE:

Consumer has the financial capability to choose from a wider range of food options and the attributes of the product start to inform the choices that are made. There is the capability to eat out on occasion and to invest in more expensive foods for special events.

INTEGRATED:

Food is fully integrated into lifestyle, the consumer can afford foods that provide functional and nutraceutical properties when necessary and regularly invest in premium food products and eating at 'experience' restaurants when they are spending time with family and friends.

ETHICAL:

Consumers which put the provenance of the product central to their buying decisions. They generally do not have financial constraints on their purchasing decisions, likely to be open to purchasing organic products, novel foods and experimenting with vegan and flexitarian diets.

PREMIUM:

Consumers where the cost of food presents no financial constraint and their focus is entirely on the experience that a product delivers. They wish to engage in novel food trends quickly. They focus on the attributes of a product and how expensive it is in making purchasing decisions.



The bottom lines in a fragmented, disrupted agri-food sector

Having explained why we believe the agri-food sector is now experiencing the first global agrarian revolution, our view that markets are fragmenting into millions of niches, highlighted that there are 45 identifiable global disruption trends, and explained that the fundamental rules underpinning markets have shifted. **We only see opportunity in the agri-food sector if you are prepared to approach your future with the right mind-set.**

The speed and extent of change can be viewed as a challenge or an opportunity. The only person that is able to determine the lens you choose to use is you. We have argued for years that the only practical choice is to view disruption as an opportunity, to understand the key bottom-lines shaping the industry and then to buckle in for what will be an exhilarating ride - one with the opportunity to double or treble the contribution the industry makes to New Zealand's prosperity.

We believe there are three bottom-lines shaping the future of the agri-food sector:

Sustainability is a non-negotiable:

To maintain social license the reality is that it is no longer appropriate to just do enough; there is a need to listen to all relevant voices, including those from minority communities, and do the right things for the organisation, stakeholders and the wider community. While conversations often focus on climate, land and water, achieving true sustainability requires an organisation to think far more holistically about the systems they interact with. This requires thinking beyond financial metrics and environmental consequences to include analysis of human, social, intellectual and technological dimensions in decision frameworks. It is becoming apparent, that as more organisations think about the wider impact they have on a value chain, circular thinking is being designed into business models, with greater effort being made to find partners to extend the life of non-renewable resources.

Food is central to future of the health system:

The connection between what people eat and health outcomes is irrefutable. As the social impact and costs of curative healthcare systems place an increasing burden on government and society, there is no doubt that policy settings will shift towards preventative care models. This places food at the centre of the health system of the future and increases focus on a food's nutritional density, functionality and impacts on health outcomes (both positive and negative). Recognising this shift presents a myriad new opportunities for food producers able to verify the therapeutic outcomes their products contribute to, but also flags risk for products that contain ingredients that are perceived to be bad for health. It also suggests the space that has traditionally existed between the food and pharmaceutical sectors will become increasingly blurred, as businesses from both sectors explore opportunities in functional and nutraceutical foods.

Diets will transition as consumers personalise experiences:

The last decade has seen the protein wave wash through the food system, with consumers placing significant focus on the protein they eat. However, we believe this central focus will evolve in the coming decade. We expect a second wave to come through the sector, shifting the focus of consumers from purely protein towards the complete nutritional density of their food as recognition grows that there are many other nutrients, oils, fats and minerals that are important to health. Secondly, consumers are thinking far more about the foods they eat and where they come from; we have heard many times in recent months that there is place for 'good food', whether it is produced from plants or animals, but no place for 'bad food', any food produced without awareness of the impact it has on health or the environment. We also believe consumers are taking more control of their diet. In seeking personalised experiences, they are transitioning from conventional food to nutrition arrangements that align with their lifestyle, world view and ethics.

Volume to...value, values or wellness?

The mantra over the last five years or so in the New Zealand agri-food sector in response to markets becoming more complex and disrupted, has been that we need to accelerate the shift of our products from 'volume to value'. While this is easy to say it is not nearly as easy to deliver on, as many organisations have found. The Coalition Government has recently been talking about making a shift from 'volume to values' which makes a lot of sense. While activities adding value to a product can be replicated or superseded by a competitor, underpinning a product with a set of values, that reflect the ethics and morals of New Zealand and the producer is significantly harder for a competitor to replicate or displace.

From the journey we have taken in preparing this Agenda, we think that there is an opportunity to take this position one further step. **We suggest that we should aspire to transition from 'volume to wellness'.**

We believe 'volume to wellness' encapsulates growing products that have attributes consumers aspire to inherent within them, and that are unpinning by a clearly articulated set of ethics and morals. However it goes further, and says our focus is on producing products that promote wellness; wellness for the consumer that eats the product and also wellness for our communities and environment in New Zealand.

Thriving in the infinite games requires organisations to make bold commitments to secure a sustainable place in the game and derive fair value from what they create. We believe as we move into the 2020s, a decade that will be dominated by health and wellness themes, now is the time to place wellness front and centre in our agri-food story if we really want to secure our share of the value we grow.

Organisational capabilities to thrive in the infinite game

Long term focus

A goal for any organisation playing an infinite game is to earn the right to continue to play. Looking to extract the last dollar at the expense of a relationship does not make sense if you are wanting to continue playing. Balancing an immediate return with the need to leave something on the table to build trust requires continuous and careful focus.

Own your own problems

When faced with challenges, too many organisations look to a third party, often the government, to provide solutions to their problems. The reality is nobody else has an incentive to solve a problem as quickly the organisation itself. Owning your own problems and actively seeking to find solutions is critical if you want to secure your position in an infinite game.

Hire ahead of the curve

The quality of people that an organisation employs shapes its culture. People are critical to creating successful businesses that can thrive and grow in disruptive environments. Organisations should make every effort to over-hire in advance of growth to provide the capacity to innovate faster and respond to unexpected disruption.

Seek good advice

In a sector that is experiencing significant change, such as agri-food, there will be a wide spectrum of opinions about how any market is likely to evolve. Being open to a range of opinions by encouraging internal discourse and seeking external advice will build a better understanding of the opportunities in front of an organisation and provide it with the courage to do the right thing.

Ensure financial resilience

Playing an infinite game requires ongoing investment in innovation to respond to threats as they arise. Organisations need to have the capability to make investments when required. This means they have to balance a desire for growth with prudent financial management to guarantee their balance sheet has the resilience to withstand an unexpected shock or support an opportunity to be grasped.

Address points of friction first

Too often organisations seek to build consensus around the points of agreement and in doing so overlook the (often critical) matter over which there is no agreement. While it is uncomfortable to focus on the points of friction, ultimately addressing these issues will drive better outcomes and enhance the likelihood of building long term, sustainable relationships.

Report on the right metrics

Historically the only metrics that mattered were those calculated from the profit and loss account. If you are looking to make a sustainable contribution to an industry this will require an organisation to report on a wider range of metrics which reflect the impact that the organisation has on its customers, business partners, community and environment. Using the UN SDG's as a framework to achieve this is an option for every organisation.

Keep an eye on the extremities

A business looking to survive in the infinite game should not ignore what is happening on the extremities of their organisation. If a small fraction of customers are unhappy and the organisation is not listening, there are now channels for the marginalised to be heard and this can quickly undermine an organisation. There can be no tolerance for non-performance.

Innovation comes from anywhere

We have learnt over recent decades that innovation does not come from boardrooms or brainstorming sessions. It comes from somebody saying "what if we did this?" Organisations need mechanisms that encourage their teams to bring forward innovative ideas. They also need to sense global business model innovation to identify seeds of ideas that could deliver a step forward if applied to the agri-food sector.

Stocktaking the global mega-forces

The mega-forces shaping the world's future are evolving as scientific discovery and knowledge become available.

The Agenda in 2014 highlighted 14 trends across economics, politics, demographics, social infrastructure, technology and the environment that our research suggested were shaping the multipolar world in which we live; a world where a disruptive externality can come from anywhere at anytime. The report highlighted the rapid impact that the Ebola outbreak in West Africa had on people all over the world during 2014.

We reviewed the mega-forces in 2016 and unsurprisingly concluded there was little change. We did highlight that given the breadth of applications being developed using fusion technologies, that it had become clear these products are going to have a more fundamental and transformational impact on society than we had previously envisaged. Rolling forward to 2019, we have identified the fusion revolution as one of two mega mega-forces, the other being the transition to a net zero carbon position given the consequences of doing nothing.

In addition to identifying these two overarching themes, we concluded three new mega-forces need to be incorporated into the analysis based on our research. Awareness of the fundamental impacts these new forces (Generation Voice will fight for its future, inequality can no longer be overlooked and we must be able to do that with plants) are having has become apparent recently in response to concerns over climate change and the political consequences of large groups in communities feeling excluded or left behind by economic growth. Some of the other forces have been renamed to sharpen their focus but the overall conclusion is that our world has only become more complex, or more multipolar, in the last five years.

The 'mega' mega-forces



Transitioning to a low carbon future is unstoppable

Higher incidences of extreme weather events together with increasing scientific consensus that human activity is contributing to an increase in global temperatures has resulted in governments, companies and civil society all making commitments to take actions to transition to a lower carbon future in an attempt to restrict the increase in temperatures to as close to 1.5 degrees celsius as possible.



Fusion technologies accelerate exponential change in daily lives

The increasing ability to fuse biological, digital and physical technologies reshapes all aspects of day to day life, creates opportunities for new business models that redefine how businesses work across many sectors of the economy and delivers the ability to transform agriculture given that fusing a biological product with knowledge and physical tools is the fundamental core of the sector's activities.



Challenging the global status quo



Geopolitical instability is a fact of life

The increased ability to consume and share information using digital channels creates an environment that can rapidly accelerate groundswell political movements. This is seeing unexpected political leaders coming into power, often based on the positions that they take on a single critical issue for disenfranchised groups with the community.



Economic influence will continue to shift as wealth grows in emerging economies

For most of recorded time, the world's largest economies were Asian. The shift of the balance of wealth to Europe and, ultimately, North America is a relatively recent phenomenon driven by the rapid industrialisation of these countries from the late 1700s. The first three industrial revolutions largely bypassed other economies and their influence declined. The growth emerging economies delivered as the west struggled to recover from the GFC demonstrated the wealth pendulum is swinging towards emerging economies and returning east towards Asia, disrupting the perspectives we have held for centuries on economic influence.



Leading in a integrated and instantly informed world requires new capabilities

While physical distances remain the same and national borders rarely move, technology has eliminated the time delays that were inherent in most cross border transactions 25 years ago. A faster, technology enabled world is highlighting the constraints of government, legacy international institutions and treaties and the challenges of regulating in a connected world. A new approach to government is required based on greater responsiveness and more collaborative approaches to regulation.



Inequality can no longer be overlooked

The gap between the haves and have nots has grown around the world, largely out of sight of those with influence and power in our communities. The benefits of economic growth have not been shared evenly, with many in the community believing they have received no benefits. Technology gives marginalised communities a voice. There is a need to listen to concerns being expressed and take action to ensure the benefits of growth are shared more evenly, to ensure the long term stability of society.

17 GLOBAL MEGATRENDS



LOW CARBON



FUSION TECH



GEOPOLITICS



ECONOMIC BALANCE



NEW GOVERNMENT



INEQUALITY



MILLENNIALS



AGEING POPULATION



URBAN DWELLERS



VOICE FIGHTS



FUTURE HEALTH



EDUCATION



DATA PLATFORMS



ENERGY SECURITY



MORE WITH LESS



IMPACT WHY



BIOECONOMY

accelerate

Future world citizens



Millennials facilitate the connected, instant access economy

Millennial consumers are leading the adoption of digital solutions that provide instant access to the products and services that they require without the constraints of long term asset ownership. New solutions that increase lifestyle flexibility are rapidly replicated and adopted, globally accelerating the development and growth of increasingly innovative business models. The use of digital solutions means that millennial consumers are no longer confined to the choices available in their physical location.



Anything but 'generation done' exerts their economic muscle

People aged over 65 represent the fastest growing segment of the global population, driven by increased life expectancy and falling birth rates around the world. As the population ages, the proportion of the population available to support the associated health and welfare costs of declines putting pressure on core social services. However, the ageing population are also consumers and in many parts of the world they have spent a lifetime generating wealth which they will use to secure products and experiences that enhance their lives.



Urban survivors are empowered to become urban thrivers

The growth of cities and urban areas around the world continues to accelerate, driven by migration from rural areas and natural growth in the population. The evolution of smart technologies to integrate work, mobility, nutrition and lifestyle elements into day to day life, changing the nature of urban living from one of battling the system to survive to one where life is enhanced by cities that are designed to work with and for their residents.



Generation Voice fights for its future

Generation Voice, those members of the community born after 2000, complete their schooling and enter into full productive economic and political life. This generation, and their children, will live with the consequences of climate change and they are not about to sit back and let their future be sacrificed without a fight. Generation Voice will be the most activist generation the world has seen, using the power of digital technology, to protect what is left of planetary resources for future generations.

Empowering infrastructure



Preventative medical systems enhance human health outcomes

Innovation drives the discovery of new solutions to a growing range of healthcare challenges facing society, however the cost of these solutions make it challenging to provide access to all but the most affluent members of our society. As a consequence, governments around the world focus attention on developing new primary care models that reshape lifestyle fundamentals, with the objective of preventing the illness and creating a fundamentally more healthy society.



Education delivered beyond the classroom multiplies impact

A high performing education system underpins aspirations for growth and development in any society. The impact of an education system depends heavily on the quality of its teachers and the effectiveness of the channels used to deliver knowledge and enhance learning. As technology evolves the constraints of traditional educational relationships built in a classroom dissolve, enabling the best educators to have an amplified impact on global society than has not been possible in the past.



Democratising data unleashes its potential for all of society

A world with billions of connected devices will see data lakes continuing to grow exponentially. Data is only valuable if insights can be extracted from the lake that create benefits for organisations or for society in general. The more relevant data that can be targeted towards answering a question, the better the quality of the answer. This is best achieved if organisations recognising the value of data is maximised, by sharing it with others to help find the solutions to the biggest questions facing society.

Seeking indefinite sustainable living



Energy security is now everybody's responsibility

Concern society is consuming finite energy resources too quickly, at the expense of the environment, has driven investment into renewable energy technologies but has also made it economic to recover fossil fuel reserves that were uneconomical to utilise. The need to transition to a lower carbon future while meeting increased energy needs, driven by economic growth, will require individuals to take ownership for their energy security in respect of both generation and usage, through solutions scaled to be embedded into day to day lifestyles.



Infinite search for ways to do substantially more with a declining resource base

A larger population and the emerging wealth of communities globally is fuelling a growth in demand for consumer products. These goods utilise natural resources in their production. The wave of demand is increasing stress on already limited resources, increasing prices and putting more focus on how products are used. Sustainable resource management becomes an increasing focus for governments and societies who will seek to influence how resources are utilised to generate more output from less input.



Impact rather than profit becomes the core of many organisations' why

Historically, the profit motive has been the primary driver underlying business. While some businesses, particularly co-operatives and mutual societies, have operated for the benefit of their members, the majority have measured their success based solely on the profit they create. Driven by the challenges facing society, a new breed of businesses are emerging that have a primary focus on addressing a social failing that too many in society overlook rather than reporting a profit. Having a positive impact increasingly dominates the why in society.



We must be able to do that with plants

Modern lifestyles rely on access to a vast array of consumer products many of which are made from non-renewable resources. As their availability becomes tighter and costs increase the search for alternative, more sustainable alternatives accelerates. Utilising the properties inherent within plants through the application of modern bio-technologies will unlock sustainable solutions that will supersede products made from plastics, metals and other non-renewable sources.

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Social platform

Global population growth is predominately occurring in some of the poorest, most environmentally-challenged, water-stressed regions of the world; areas where sufficient nutritious food is often difficult to find. With over 800 million of the world's population regularly malnourished, the food system is clearly not delivering effectively for everybody. The UN has sought to highlight the scale of the challenge through the Sustainable Development Goals (SDG's).

Yet the food system is expected to deliver more every day. Food issues however are not confined to emerging economies, many developed countries have significant levels of nutritional deficiency across their populations which is creating significant social and economic costs that governments are having to deal with. These are big issues that impact every member of society and as a consequence they should not be left entirely to governments to resolve; as they require broad community responses. Sustainability, in its widest sense, lies at the core of the food system. Communities need to produce sufficient food within the confines of the productivity capacity of the environment. Technologies such as genetic modification need to be explored, even though the long-term effects are not fully understood. Governments need to develop food systems that extend beyond their borders to achieve food security, and ensure their communities are responsibly educated on what constitutes healthy food. It is unlikely we will ever have a truly sustainable food system unless we collectively take responsibility to implement substantive solutions. **Leaving food issues unaddressed increases the risk of social imbalances destabilising society. In history, food inequality has resulted in social unrest, economic migration war and terrorism.**

Modern slavery becomes a growing issue in the agri-food sector

Society expects all employers to treat their employees fairly. This includes factors such as paying a fair wage, providing safe and sanitary conditions for workers and families to live and work and providing them with opportunities to develop useful skills and experience. The agri-food sector globally has often been viewed as a poor employer, providing

tough, unskilled physical work, often in harsh weather conditions, with anti-social hours and low pay; hardly a great story to tell the world. The reality has generally not been so bleak and in employment across the sector is increasingly demanding more skills to respond to new technology and consumer expectations. If producers fail to meet employment standards that are acceptable to consumers, they may find themselves being considered modern slave masters and having the market access of their products restricted, as more countries introduce Modern Slavery legislation. The ability for stories to go viral through digital platforms shows the power of society setting standards, and amplifies the impact for those that chose to ignore the rules. There is a threat to the image of an organisation and its ability to recruit and retain top employees, as well as to the sustainability of their supply chain, if employees are reported to be mistreated in any form. **Corporate responsibility groups are calling on organisations to imbed transparent reporting into their strategy. In 2017 Nestle and Unilever implemented best practice on slavery reporting, with Nestle reporting on 11 key human rights risks relating to its businesses as a way to increase transparency.**

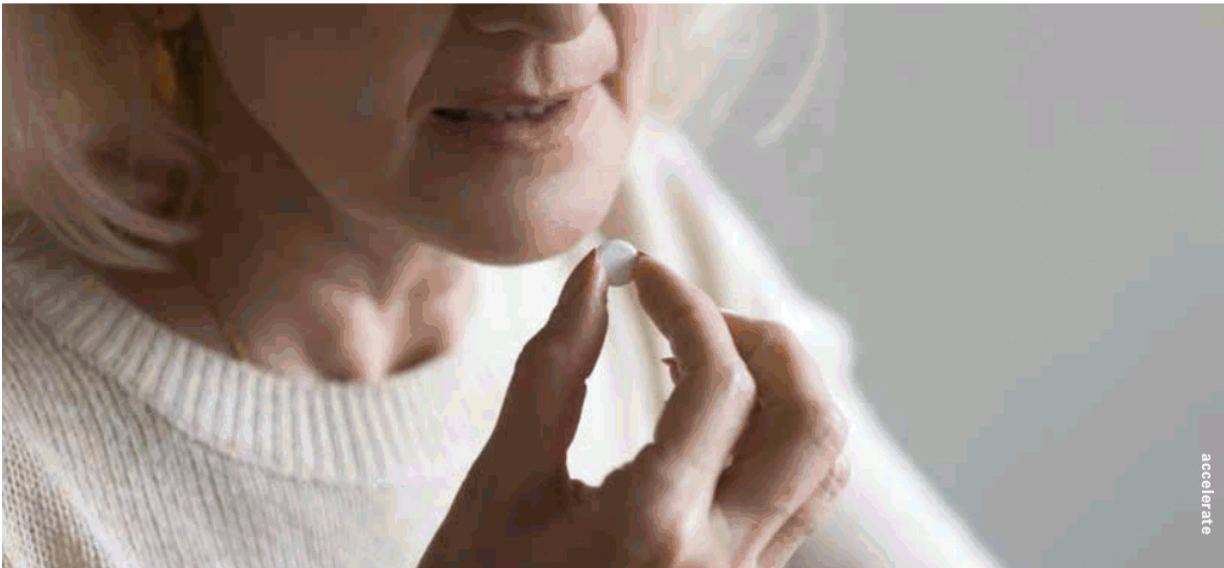
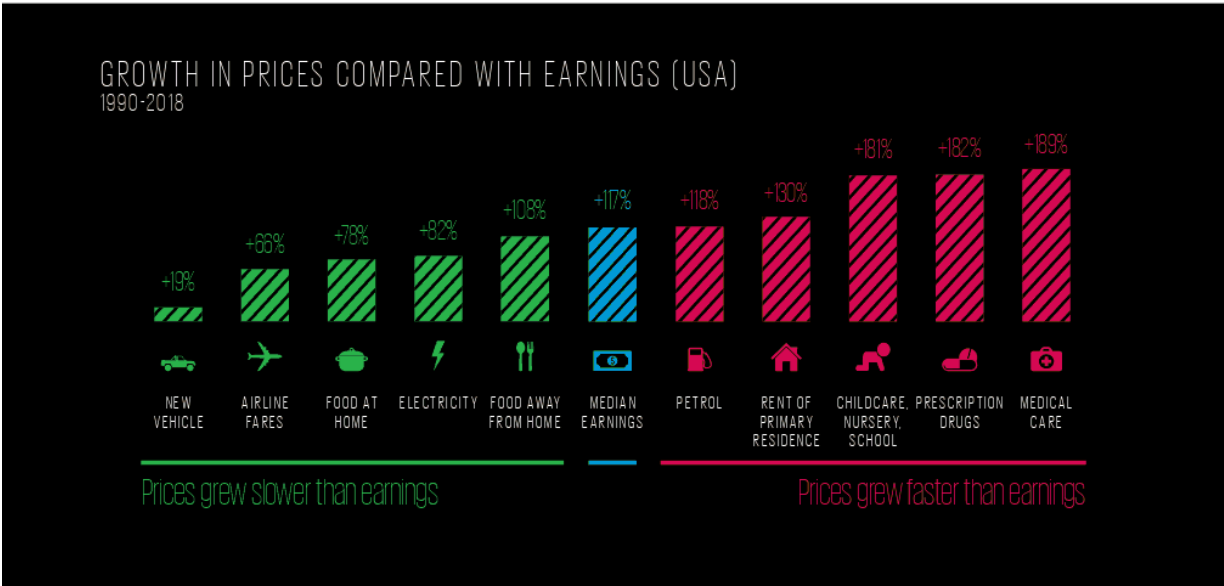
Governments pivot towards preventative healthcare to address fundamental health issues

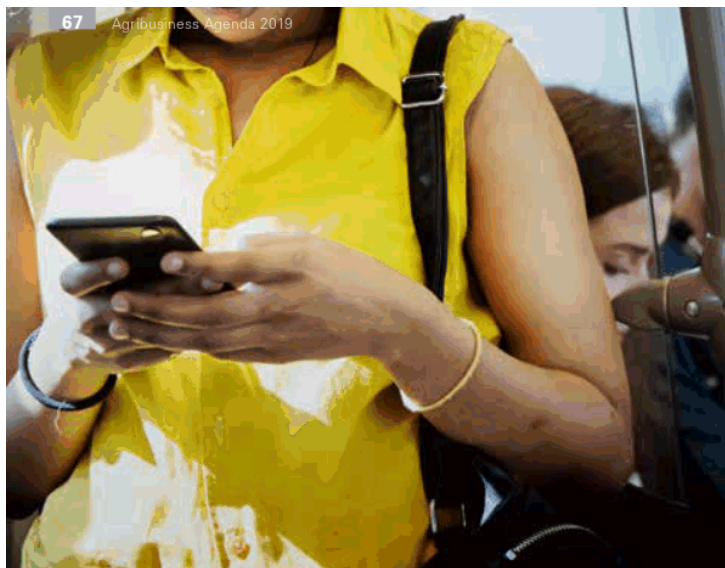
The World Health Organization has reported that non-communicable diseases (NCDs) cause more than 70% of deaths worldwide every year - with food being strongly connected to these illnesses as one of the top four behaviour risks. NCDs include lifestyle illnesses such as diabetes, metabolic syndromes and heart disease. The cost of treating these diseases is unsustainable for many governments, resulting in them adopting

preventative healthcare strategies which have a strong focus on educating communities on dietary matters. The role that 'food as medicine' will play in the future of the healthcare system as well as the agri-food system should not be underestimated. The impact that health and wellness will have on the global agri-food system in the coming decade is explored in more detail from page 69. **Several countries are implementing legislation to combat food-related illnesses; with the UK, Ireland and Spain introducing sugar taxes. In the US, the 2018 Farm Bill proposes a Produce Prescription Program, to encourage the prescription of food as medicine.**

Food production costs will increasingly reflect the true costs of consuming natural capital

Food spend as a percentage of income has consistently fallen in recent decades (the analysis on page 66 comparing the increase in median income in the US to movements in the prices of a range of products and services over the last 30 years, demonstrates this clearly). At the same time production costs have reduced, due to productivity improvements and an increase in the scale of many producers, however the reduction in cost has not been sufficient to enable producers to hold their margins. Some argue that the costs of producing food are currently materially understated as farmers, growers and fisherman have historically not paid for the natural capital they have consumed in growing products; most producers do not pay for the soil nutrients or ecosystem benefits that the plants they grow utilise, some are charged for water but for many this remains an asset that they can access freely. An analysis performed by KPMG in 2010 suggested that charging the food production sector for the natural





assets it consumes directly and indirectly would result in a charge that amount to 224% of the industry's EBITDA. Given the focus from retailers to keep prices down, it is clear that food prices around the world currently do not reflect the true costs of production, in particular the costs of natural capital consumed. **We expect there will be moves made by governments around the world, as part of the response of individual countries to climate change, to charge farmers for the natural capital they consume. This would overtime result in food prices increasing to better reflect the true costs of the inputs into the food production process.**



Philanthropy and social impact-centred business models to proliferate

With over 800 million people being failed by the global agri-food system, the industry offers huge scope for entrepreneurs and philanthropists to have life-changing impacts on the global community. Many start-up businesses are being formed with either a dual purpose (profit and impact) or a purpose beyond profit, particularly to reduce the number of people suffering from under-nutrition. We have observed that many of these start-up enterprises are receiving funding from a range of high net wealth individuals as they direct their philanthropic activities towards some of the biggest challenges facing the global community. For example the Bill and Melinda Gates Foundation is collaborating with private sector enterprises, NGOs and governments with the goal of preventing 1.8 million malnourishment related deaths by 2020. Corporate social responsibility (CSR) is also evolving. It no longer being sufficient to sponsor the local football team, organisations are investing in impact projects that align with the articulated purpose that the organisation has adopted (be that empowering women in rural communities, investing in skills for young people or promoting nutritional improvement). Consumers are expecting companies to be taking an active role in supporting the vulnerable in the global community. Demonstrating a strong commitment to purpose is a also key platform for attracting the best talent to an organisation. **The social enterprise One Acre Fund supports over 135,000 farmers in East Africa through a market bundle approach; providing local farmer groups with agricultural education, loans for planting materials, market training and crop insurance.**



Environmental regulation crystallises a step change in agri-food technology and investment

Governments have committed to address levels of greenhouse gas emissions from

economic activities in their respective countries. The Paris Agreement saw most countries commit to keeping the increase in global temperatures well below 2°C with an ambition to keep it close to 1.5°C. Delivering on the commitments that have been made is likely to result in most governments introducing regulations that target activities that generate emissions. Given that the farming of livestock is a significant creator of methane gas, one of the key greenhouse gas, we expect these regulations will ultimately have impact across the agri-food value web. Responding to new regulatory requirements will likely attract ethical investors to the industry, will spark innovation that will benefit all farming systems, and increases the amount of technology being deployed across the industry. Companies are already taking matters into their own hands in line with consumer expectations, proactively implementing systems to ensure carbon use is captured and actionable steps are taken to reduce emissions. We expect to see companies and regions pushing hard to achieve zero carbon status for their products as this is an attribute that ethical consumers are prepared to pay a premium for. **Arla Foods, a Danish dairy co-operative announced in March 2019 that it will target a 30% reduction of greenhouse gas emissions by 2030 and will work towards zero carbon by 2050, noting that setting the target focuses each of the co-op's dairy farmers on what they can do to improve their businesses.**



Food security and affordability remain a key priority for almost every government in the world

For many governments the availability and affordability of food is a top priority, as failures to deliver sufficient food to their population can lead to social unrest and ultimately could result in leaders being changed (via the ballot box or other means). Governments are taking different approaches to setting up resilient and secure national food systems. Some countries lack the ability to produce all the food they need to feed their populations and as a consequence governments, either directly or through sovereign wealth funds, are making international investments designed to secure access to sufficient supplies of product to meet domestic demand. Other countries are making significant investments to develop domestic production, including securing access to novel growing practices and new technologies. There are also initiatives to diversify diets to reduce reliance on products that are more susceptible to supply issues. Enhancing food handling practices and encouraging agri-food companies to minimise waste are also a

focus in an attempt to ensure that more of the national food supply is eaten. **The World Economic Forum initiated a five action initiative bringing together farmers, government, civil society and the private sector, facilitating partnerships at regional and country levels, and encouraging the exchange of knowledge around food security.**



The challenge of feeding the world attracts talented young people into the agri-food sector

The young people that are now coming into the workforce have grown up in a technology-enabled world; they expect instant access to knowledge and insight, they have a strong value system and a voice that they are willing to use when they see activity that is not aligned to their values. It is predicted that Millennials will comprise 75% of the workforce by 2025, and they will likely have the greatest spending power of any generation in history. Evidence indicates that the millennial generation reacts positively to companies and organisations that can clearly articulate their purpose and values and is prepared to take steps to bring these commitments to life. This means that they are attracted to a workplace or industry that is contributing to society, rather than operating solely for financial benefits. Roles that enable them to use skills to improve society are of particular interest – and opportunities in the agri-food sector to mitigate malnutrition and environmental degradation will be appealing to many. **We consequently expect to see companies across the agri-food sector recruiting employees into a wide range of roles with a commitment to let them use the skills and experience that they develop during a sabbatical period to make a contribution to helping the world to feed itself.**



Finance arrangements increasingly take account of how a borrower manages ESG in their organisation

To date, the investment that organisations have made into addressing environmental and social risks they face have predominately been seen as a cost. However, this is changing rapidly as investors and lenders around the world start to place more focus on the activities of the companies they are providing capital to and the impact that these activities have on the environment and the wider community. The consequence of this is a growing amount of green financing arrangements being entered into around the world, which is forcing those raising capital to link their Environmental, Social and Governance (ESG) performance

to the cost of the capital to they are able to secure. To secure green funding arrangements there are expectations being placed on organisations to report on their ESG performance using a recognised framework, such as Integrated Reporting, and provide an assessment of the impact they are having on society. As a consequence, there are opportunities for organisations that have adopted clear strategies to manage and reduce their impact on the environment and to actively support their community, to translate their actions into cost reductions. Lenders are finding creative ways to reward those that are proactive in addressing critical issues. In addition, the growing power of the consumer voice on social and ethical issues is benefitting the financial performance of organisations that have taken steps to enhance the sustainability of their business practices. The Financial Times reported an analysis of more than 300 of the world's largest companies across a range of sectors found that those with more ethical operations make bigger profits.



Bringing activist campaigners to the table to become part of the solution

The agri-food sector has always been subject to challenge by activists; perhaps more so than any other sector of the global economy (with the possible exception of the energy sector at certain points in history). However there is a unique paradox involved in the nature of the challenge that is placed on the sector. Organisations are coming under scrutiny as one of the largest users of natural and human resources (be that land, water, the oceans or soil or as a major employer globally of people) which has a range of positive and negative benefits on the community and society. It cannot be overlooked that the collective purpose in using these resources, to provide people with sufficient food, is undeniably positive. The very reason the sector exists is to feed the world. This provides a solid framework for working with those who may oppose various activities within the sector. When setting policies and operating practices, more organisations are inviting a diverse range of perspectives to the table. This helps them to design robust frameworks that enhance rather than detract from their social license to operate. Companies need to ensure they listen to every voice so communities are assured the sector is working with them, not against them, to maintain their social licence to operate.

The Health and Wellness decade

Like all other industries, the agri-food sector is being disrupted through innovation and technological transformation, with consumer needs and demands underpinning the pace of change.



Emma Wheeler
Senior Manager, Agri-food
Co-Author, KPMG

The growing focus on food-as-medicine is driving massive change within the agri-food industry. Traditional big food companies, agricultural producers, pharmaceutical businesses and start-ups are all being attracted to opportunities in food for health and wellness purposes. For agri-food companies, this means a shift away from commodity models where producers decided what to produce and what would be offered to consumers, towards the creation of highly specialised and enabled food that is designed with specific nutritional profiles.

As consumers become more educated about what they eat and attentive to the impact that food and lifestyle has on health, this is resulting in a health and wellness trend sweeping across parts of the community. This trend is shaping an evolution of not just food products, but the way in which we grow, consume and market our food. **The health and wellness food market was valued at USD769 billion for 2019.**

Our view, however, is that consumer focus on the impact that food has on health is still nascent and we will see the trend accelerate exponentially in the coming decade. As a result we consider it is likely that the 2020s will be a decade where health and wellness dominates the food system. This will drive change across the entire supply chain. From ensuring soil health is optimal to focusing on the growth of nutrient dense produce, through to the how food is presented to consumers (such as composition of the packaging used) and the way food is cooked and waste products re-purposed.

We have all been told many times that **prevention is better than cure**. In a traditionally reactive environment, or cure focused approach to health, consumers are awakening to the power of a proactive, preventative approach, with food as medicine as a core foundation.

It is notable that it is not just consumers awakening to the power of a preventative system; governments across the world are constantly challenged to meet the spiralling costs of curative care systems and are prepared to explore preventative care models with the expectation that a healthier population will reduce the long term costs of health.

It is significant that millennials, who have now taken on the role as the largest consumer group, are the biggest supporters of the health and wellness ideal. **It was reported that 53% of millennials place health and wellness as the most valued area of their life.**

The problem

Health researchers have long been aware of the farreaching consequences of poor diet and lifestyle. The rapid expansion of non-communicable diseases (NCDs) is due largely to lifestyle-related illnesses; including obesity, cardiovascular diseases and diabetes. Over time, the burden of these diseases is rising disproportionately among lower-income countries and populations. **The World Health Organisation reported that of the 56.9 million global deaths in 2016, 71% were due to non-communicable diseases (NCDs).**

One in five adults in OECD countries, and one in six children, are obese. The global paradox, however, is that one in five children under the age of five exhibit stunted growth due to malnourishment.

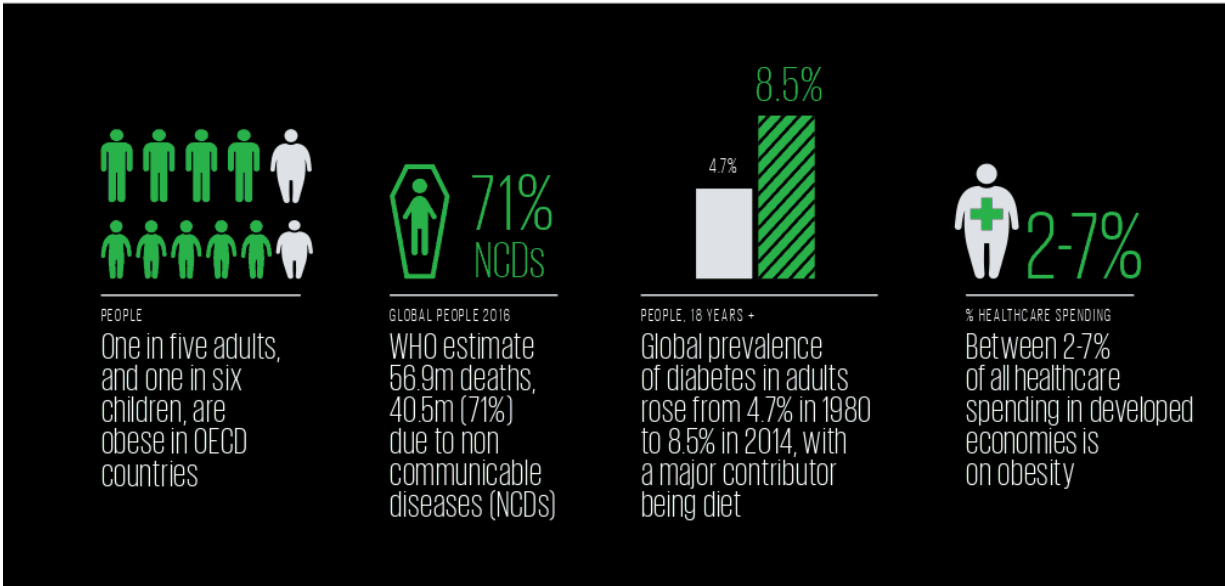
Many of the risk factors associated with NCDs are modifiable with behavioural change associated with diet. The cost of the global healthcare system is no longer attainable – 64% of Americans want to lower their healthcare costs, but don't know how to. It is estimated that malnutrition in all its forms could cost society up to USD3.5 trillion per year, with overweight and obesity alone costing USD500 billion per year. The global economic impact from obesity is roughly USD2 trillion, or 2.8% of global GDP.

There is a direct correlation between diet and health outcomes. The impact of people not having access to enough food, the right nutrients or eating too much of the wrong types of food are massive on the health of the global community. The direct financial costs of this trend are significant but the social and emotional toll that the impacts of inadequate nutrition have on our community should not be underestimated.

The potential cure

Many consumers have become aware of the strong link between diet and health and are now seeking out options that support their personal health requirements and provide broad-spectrum nutritional density. To date much of the education has come through public health campaigns and







individual consumers doing their own research to understand more about their diet. There is a need to amplify the availability of easily accessible, reliable and unbiased information to enable people to make the best dietary choices for their specific lifestyle and economic circumstances.

Many of the risk factors associated with NCDs can be mitigated with dietary behavioural changes. At a broader level, consumers are increasingly turning to food – rather than a pill – as a longer-term health solution. They are actively seeking out options that support their personal health requirements, and this has spawned a growing market for food-as-medicine. We have noted that some food companies are now viewing the Business to Doctor channel (B2D) as a key channel for them to support doctors in learning about how food can be used as an effective non-pharmaceutical prescription.

Health is no longer just the absence of disease, but the focus on wellness.

An eruption of products that have functional ingredients have reinforced the role of food as medicine, which has been around for centuries. Foods that specifically address personal health concerns have skyrocketed in popularity as have foods that contain specific functions; anti-inflammatory properties, or potent nutrient dense ingredients that support immune function, or improve gut health. Whole foods, in their most natural state with wide spectrum of nutrients, are recognised as premium products, and consumers are willing to pay more for them.

The organic food segment alone is worth EUR85b and is growing at 10.5% a year.

Less is more, with free-from foods gaining popularity, with products that are as close to their natural state as possible.



And the market impact

Agri-food organisations around the world are aligning themselves with health and wellness trends. They are looking for ways to leverage the opportunities through product re-formulation, new product streams, or partnering with smaller agile innovators.

Agri-technology is helping facilitate the food-as-medicine movement in a number of ways. **Technology** is assisting right from the seed, with the ability to implement plant genetics, and tools to assist with cultivars. It is facilitating the expression of certain features of a product, over less desirable attributes, such as specific nutrient content, flavours or texture, colour and shape or elements such as higher yield, pest and disease resistance, seasonality and storage potential. For example the use of **CRISPR-cas-9** to edit the genome of a banana when a virus was discovered that threatened food security in Africa. Or to edit crops, inserting omega-3s to promote anti-inflammatory responses.

With a massive 75% reduction in kitchen-prepared food between 1985 and 2015, **convenience foods** are being re-invented for the health-based era meaning there is a need for **convenient, on-the-go** options. The next generation of modern convenience food is emerging as a response to the rise in health eating.

Convenience in terms of packaging such as edible packaging from **water.io**, or single serving size ready-made salads from **Whole Foods**, and the ability to have personal vitamin delivery through **Vitality**.

Traditional big food companies are also alive to the potential of the health and wellness trend. It has been a key driver of acquisitions and partnerships activity across the sector in recent years: recent examples include **PepsiCo** acquiring **HealthWarrior** and **KeVita**; **General Mills** investing in **Purely Elizabeth**, **No Cow**, **Farmhouse Culture** and **Kite Hill**; **Mars** investing in **Kind**, the list goes on.

The food giants are not only bringing in smaller more agile start-ups under their umbrella; they are also tweaking their own ingredients to align with consumer demands. **Nestle** has set out to cut sugar in its confectionery by 40 per cent; while **Kraft** is reducing artificial preservatives and colours in favour of natural spices like turmeric.

As health and wellness increasingly becomes a driving factor for consumer purchasing choices, all those in the agri-food ecosystem must consider product attributes and adjust systems and formulations accordingly to position themselves for the decade of health and wellness.

Nature of a farm

Many in the developed world still imagine 'the farm' as the stereotype they knew from childhood; a farmer driving his tractor with dogs in tow, and a plethora of different animals living happily in harmony. This has never reflected the reality of the majority of farms around the world; which largely exist to provide subsistence living for a family unit or small communities.

Yet even those with a more sophisticated understanding of modern agriculture are needing to review their definition of a farm. Agriculture is undergoing massive transformation, driven by the need to produce significantly more food to supply a growing and increasingly hungry global population. The challenge is not just in producing more, but doing so in a sustainable and ethical way that provides nutrient-dense foods to support health for all populations. The sustainability of intensive farming systems is increasingly being challenged by consumers and regulators from a variety of perspectives – environmental impact and water quality, through the welfare of animals and people to the quality and nutritional density of the food being produced. To meet the demand for food, the search is on for new farming models, focused on meeting the nutritional needs of the population while better utilising natural resources and embedding food production closer to the ultimate consumers.



Cellular farming sees more food being grown from cells rather than growing an animal

The ability to create food that replicates meat, fish and dairy products – with a lower greenhouse gas footprint and without the need to slaughter animals – is likely to become a commercially-viable option in the next decade. Products are now being grown in controlled environments using cell cultures, rather than growing the entire animal. Techniques will be developed and scaled so this becomes a cost-effective way of supplying 'real' animal protein to consumers around the world. Consumers are already being educated on the techniques of cellular

agriculture; and the lower impact on land, water and the atmosphere means the products are being described by their developers as 'clean food'. **Organisations such as Perfect Day, Memphis Meats and Finless Fish are high-profile alternative food brands leading the way in this space. Perfect Day use microflora and fermentation to replicate the protein found in cow's milk.**



Optimising the contribution of the 'blue larder' to global food and fibre resources

With greater volumes of food being required for both human consumption and animal feed, access to prime agricultural land will become increasingly competitive. The ocean represents a viable and productive option; not only in creating more aquaculture farmed seafood, but also in providing space for innovative farming systems. While we may eat more seafood protein in future (much of which is likely to be grown in aquaculture farming systems rather than being wild caught), ocean farming will be increasingly focused on plants that can grow in and around the ocean, and that can make a significant contribution to global protein and nutrient supplies. Algae, seaweed, and water lentils are rich in nutrients and provide plant-based marine food options that will enable us to better utilise the 'blue larder' on a global basis. Organisations are quick to understand the potent power of bioactive marine-derived sources, and pharmaceutical companies are creating supplements harnessing these. **Parabel have created a protein rich plant protein from water lentils, with the protein structure similar to that of animal proteins; containing levels of essential amino acids and**

branched chain amino acids (BCAAs) that are comparable to whey, higher than other plant proteins including soy and has a protein digestibility-corrected amino acid score.

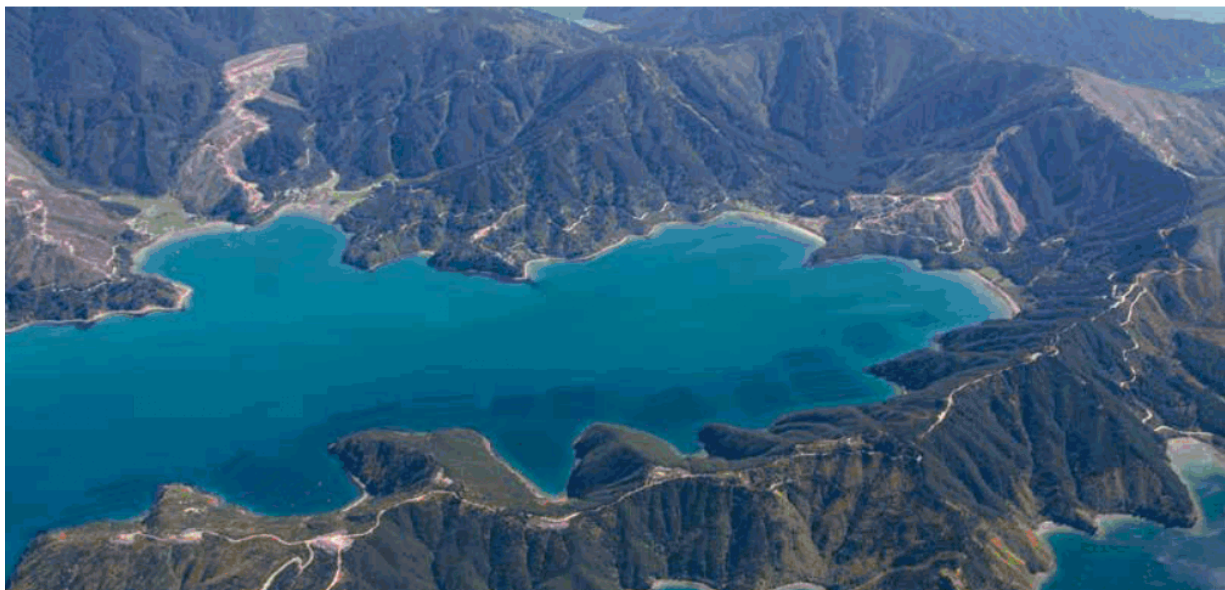


Vertical farming and covered cropping innovation redefines economics for plant-based agriculture

With consumers being willing to pay a premium for fresh and local produce, producers are incentivised to explore different systems to provide this. Businesses are creating closed loop systems (sometimes referred to as 'plant factories') that utilise resources in a circular fashion through the application vertical farming and covered cropping technologies around the world. Core to these technologies is innovation in the use of lighting systems which enable plants to grow quickly and with enhanced nutritional properties. Vertical farming is especially valuable in urban areas where land is scarce and expensive. The range of crops that can be economically grown in these systems is increasing, while the costs associated with developing a facility are decreasing – making them increasingly commonplace in many cities around the world. **In Shanghai, the district of Sunqiao represents a new urban approach to agriculture, showcasing what can be achieved with vertical food factories. VertiCrop and Plantagon are space-saving vertical farming systems designed to promote the farming of healthy crops in controlled and closed-loop environments. Emirates, the airline of Dubai, has recently announced an investment in covered cropping systems to enhance the supply chain for its flight catering business.**



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accelerate





Regenerative farming systems support a drive to achieve zero-carbon food

The quest for increased agricultural production, and the use of intensive farming practices, has over time depleted the natural capacity of land in many parts of the world and in some of the more extreme cases has left the land unable to be farmed. Regenerative agriculture recognises that agricultural land is part of a larger ecosystem, and that it is no longer acceptable for farming activities to simply make withdrawals from this system. They must also invest in the soil management techniques they use, the approach to cropping the land and activities undertaken to support the redevelopment of the natural ecosystem (including the setting aside of land from production, the promotion of native flora and fauna and the protection of wetlands). The ability to capture carbon in soil and aboveground biomass will contribute to reversing current global trends of atmospheric accumulation of carbon. As more producers aspire to grow zero carbon food, starting with a reduction in their carbon footprint, regenerative agricultural practices will help to not only ensure no more damage is done to the land but to restore its natural capacity. Institutes are forming to educate farmers and help subsidise their shift to regenerative practices. **For example, the Rodale Institute offers research, education and outreach; and is home to the longest-running comparative study of organic and chemical agriculture.**



Competition for prime agricultural land intensifies placing greater focus on returns being generated

Land is always in demand, however supply is largely fixed. Globally 40% of the usable land area is currently being farmed, with much of the land being used to grow commodity food products and stock feed for animals. Historically, food and fibre production has utilised prime land because there was no

alternative uses for this land, however as cities, energy and resource demand has grown viable alternative uses for the land have emerged. Prime agricultural land has often surrounded cities thus as urban regions grow it is not surprising that farmers are being approached to sell their land to developers to allow for further urban expansion. In mineral rich regions, such as the east coast of Australia, there has always been a tension between farmers and mining companies over how competing land uses can effectively co-exist. While the production of food is critical to the long term health and prosperity of our society the quest for low price food has meant the return farmers have generated on their investment has often been significantly below other land use options. **It is likely governments with a focus on food security will protect some high attribute agricultural land for continued food production, however for farming to be able to continue to utilise all its current space, farmers will need to place much greater focus on the returns their farming system is generating.**



Production of insects expands exponentially to deliver sustainable animal feed solutions

Insects are a natural diet for many animals, offering high levels of protein to promote growth. The United Nations Food and Agriculture Organisation (FAO) estimates that commercial animal feed production will need to increase by 70% by 2050. At the same time, the use of productive land to grow feed for animals will come under increasing pressure, as more focus is placed on the carbon footprint of food production. The opportunity for insects to convert waste biomass into protein and other important nutrients is second to none – making them a viable and valuable future source of stock feed. As a consequence, we expect to see the farming of insects at scale becoming increasingly common around the world in the next decade. Insects already

form part of the diet for many people around the world. We do expect to see more insect products finding their way into the human food chain, particularly as a replacement for commodity uses of some animal proteins, but do not envisage a time where they will become a preferred alternative to traditional animal based meat proteins in the foreseeable future. **Companies such as Ynsect and Enterra Feed are emerging as processors of insects into protein-rich food for animals.**



Circular production systems are developed to utilise co-products and by-products created by agricultural production

As part of their social license to operate, producers will need to demonstrate they are effectively managing inputs – and utilising outputs – from their production systems. A 'circular production system' is aimed at minimising waste and emissions, and making the most of any resources present in the system. Organisations will increasingly look for creative ways to build circular production systems; with the ultimate goal of using all by-products and co-products in a productive or socially relevant manner. For the agri-food system this includes looking at alternative packaging models and specifically designing uses for waste streams that are generated from the production of food and fibre products, including effluent, excess bio-matter and under grade production. The reliance placed on imports and exports across the global food system does challenge how effectively a circular systems can be implemented as exports, for example, represent an inherent leakage from a circular system. **Research from Europe shows that applying a circular solution could reduce fertiliser, pesticide and water use by 45–50% in 2050; while at the same time lowering land-use, greenhouse gas emissions, fuel and electricity by 10–20%.**

How we farm

For centuries, the essence of farming has not changed substantively. Producers have always cultivated plants, raised animals, planted trees or harvested the oceans; in order to provide food, fibre or fuel. Being naturally innovative, they have always made enhancements that deliver year-on-year incremental improvements in yields. Recently, however, the level of investment made into new agri-food technologies has sky-rocketed.

The fundamentals of 'how, where and when' we grow food are changing; and waves of investment are sweeping into innovative agri-food organisations. The sector is alive to the many opportunities available to disrupt traditional industry practices. We're seeing integrated digital solutions that augment the intuition of farmers and producers; precision agriculture tools that increase output while minimising the environmental impact of farming; and water capture technologies that enable unproductive regions to contribute more. Technology like robotics and animal and plant genetics are delivering solutions that address issues facing farmers, growers and fishermen.



Communication technologies enable data-augmented activity across the agri-food value web

The uptake of digital technologies and the IoT (Internet of Things) has been constrained by inadequate access to connectivity, especially in rural areas. However with investment in many countries into rural communication networks and the transformational potential of 5G technologies and other low-powered network solutions, digitalisation of the sector is becoming more feasible for many producers in remote rural areas. Having access to multiple data sets enables aggregation of data; which can enhance productivity, minimise waste, and improve traceability and product quality. New communication networks unlock the ability to collect, analyse and utilise data across the complete agri-food web. Adopting data-based farming solutions will become the norm on farms, as farmers understand the technologies available and experience the benefits

to productivity, sustainability and accountability that data augmented farming can provide. Ultimately, the technologies will deliver improved financial and social outcomes for rural communities. **Leading the way in data utilisation, the Netherlands was the first country in the world to have a national low-power, long-range, wide-area network (LoRa Network). Dutch telecommunications giant KPN implemented LoRa Network ensuring the Internet of Things applications were available across the Netherlands.**



Robots and drones reshape labour requirements for many aspects of farming

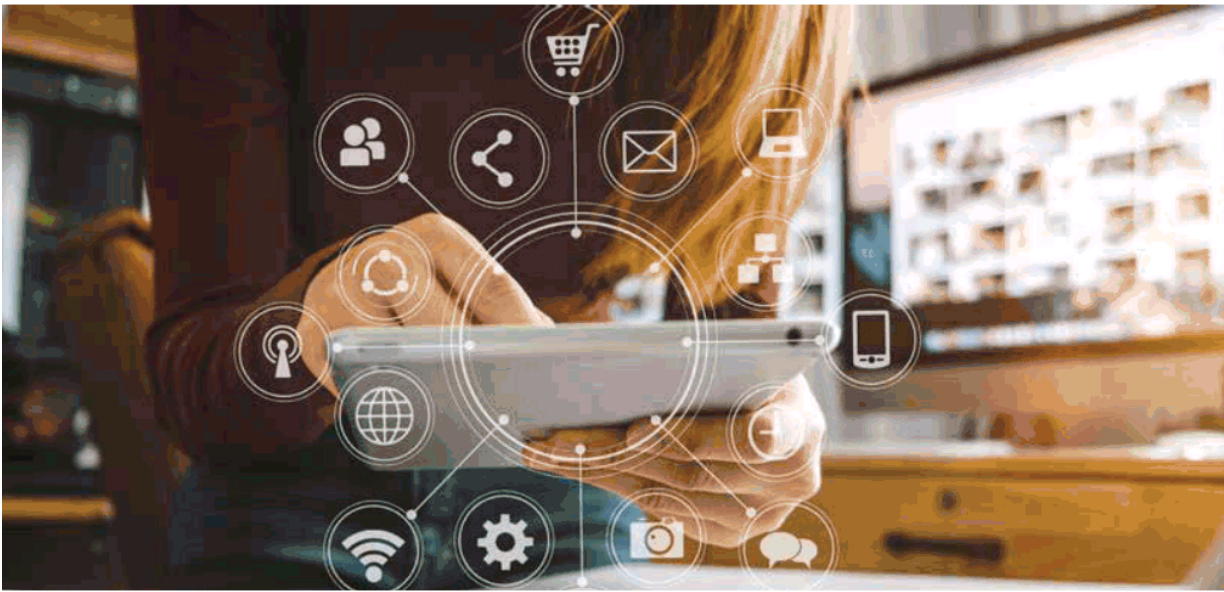
As the amount of food required to feed a growing and more prosperous population continues to increase, production systems are becoming increasingly complex, with the breadth of skills needed to operate a farming business continuing to expand. The skills, experience, education and business acumen required to undertake jobs within the agricultural sector extends not only to on-farm workers, but to rural support businesses, processors and the entire value web. With a shortfall of skilled labour in the industry already, and continued migration of young and skilled people from rural to urban regions across the world, the agri-food sector is facing a workforce crisis. The application of technologies, such as drones and robots, provides the ability to monitor farm production remotely, safely and cheaply, and enables available people to be deployed to roles that enable them to develop and utilise a wider range of skills and add more value. As the adoption of these technologies grows, it supports agri-food businesses

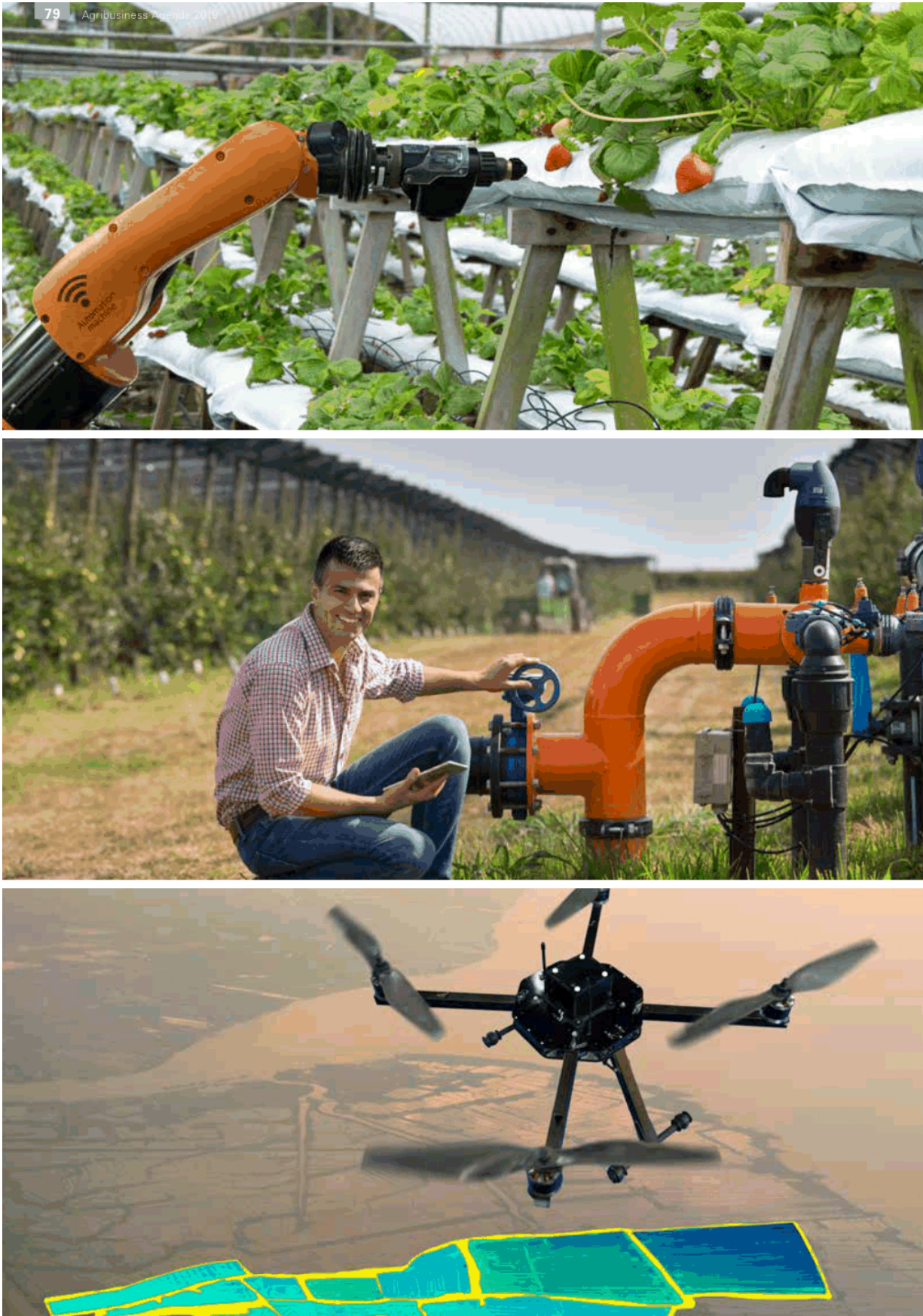
in producing more while using less resource as they also enable precision farming techniques to be applied in respecting of pollinating, spraying and harvesting. Farmbot is being promoted as the world's first open-source CNC (computer numeric control) farming machine. **Farmbot uses hardware that can move with precision to do activities such as plant seeds, water crops, measure the moisture content of the soil, and destroy weeds.**



Satellite-enabled systems improve farming practice, environmental management, resource allocation

Precision agriculture utilising satellite enabled farming is becoming more available as the cost and capability to regularly collect large-scale imagery of land areas from orbits of small and relatively low cost satellite systems increases. This imagery is then analysed using analytical tools, including biological algorithms, to observe, measure, understand and respond to inter and intra-field variability in crops. The emergence of these big data lakes being sourced from satellite imaging has the potential to transform farm production and risk management, in turn assisting governments and insurers to also understand farm dynamics for the purpose of better regulating environmental management practices and underwriting agricultural risks respectively. As the uptake of technology increases, the cost of implementing satellite-based technologies will make it feasible for smaller producers to utilise these tools on smaller parcels of land. Regular imaging will allow them to assess the effectiveness of production systems and enhance environmental decision-





making. **Aggregated images can create contour maps that allow the user to see where water flows, create yield maps of productive land areas, or determine variable-rate seeding. Use of this technology will also inform regulatory decision-making, including decisions around optimal land use for particular tracts of land.**



Digital agri-marketplaces evolve to facilitate transactions across the value web

Agri-food slowly morphs into a fully-digitised industry, online marketplaces are enabling the exchange of goods, services and capital equipment. Digital exchange services are common across the global economy but are only starting to emerge in the agri-food sector (with the exception of food delivery services which have grown significantly over the last five years). The challenge historically for many producers has been finding information on products and services relevant to their specific needs in an environment where there is a plethora of solutions from suppliers all claiming to deliver significant production benefits, but no tools to enable an easy comparison of attributes being claimed. Digital marketplace platforms facilitate the easy comparison of products and then make it simple for direct lines of communication to be opened up. Connecting producers to the suppliers of technology and farm system inputs, food companies to producers, and, in some cases, consumers directly with the producers their food will assist in ensuring value is spread across the value web based on the attributes an organisation brings to a product. **Indigo Marketplace is an example of an organisation that has built a more transparent and efficient supply chain, by directly connecting buyers and growers through their digital platform.**



Water scarcity promotes farming systems that maximise the benefit of every last drop

In the many agricultural regions facing water scarcity, access to water and rights to draw water from bores or aquifers are often the most valuable asset of a farming business. Currently 70% of the world's population experience water scarcity for at least one month a year and it is forecast to get worse over the next decade. Agriculture is the largest user of water worldwide, with the United Nations reporting it consumes nearly 70% of the world's fresh water. Water scarcity affects social and economic stability as well undermining the sustainability of natural environments and ecosystems. For the agri-food sector, enhancing water productivity is critical, if the industry is to make a significant

contribution to alleviating water scarcity. The mechanisms used to allocate water rights contribute significantly to land values and focus producers on farming systems that maximise the value extracted from all water available to a particular land holding. However, reducing the footprint will need innovation in water forecasting and precision irrigation technologies as well as serious consideration of using cultivars which have been modified to enhance their resistance to drought. **Digital solutions and innovative irrigation technology on farm offer techniques that can monitor water usage and encourage precision agriculture so no drop of water goes wasted.**



Bio-control technologies become prevalent as focus placed on minimising food residues

The emergence of analytical tools that enable laboratories to measure the constituent parts of a food product to the nearest part per billion means that it is now easier than ever to identify unwanted chemical residues in food products. Although the majority of these trace elements present no risk to human health they do create concern for consumers about the safety of their food and as a consequence they attract regulatory response. The impact of these analytical technologies mean that on farm practices that have been widely adopted in the past, for instance spray protocols, become commercially unacceptable as they create the risk that the resulting product could be rejected by customers or fail a phytosanitary inspection at a border. The focus has consequently moved to finding alternatives to traditional chemical pesticides, animal health remedies and crop protection products that have more natural composition and consequently do not give rise to trace residues that can be perceived as high risk. **There is much work being done by the large players in the crop protection space, as well as many innovative start-ups, to develop microbial based biological control agents that protect against disease through the use of natural enemies of plant diseases.**



Technology enables every producer to become a local producer for the world

The local food movement has been growing strongly over the past decade, as more and more consumers embrace the farmer's market model. For consumers, particularly those at the premium end of the market, seeking to connect directly with the producers of their food not only offers a sense of understanding the provenance of the products and ethics of the person that has produced it, but it can also shorten

the supply chain and alleviate food safety issues. Virtual reality, social media, and digital market platforms provide any producer with the opportunity to become a local food producer to the world as the technology provides the opportunity to interact in a deep and engaging manner way with consumers around the world. Virtual reality can put a consumer in the centre of any farm, social media provides the opportunity for conversation and a website can be used to tell the product's story and provide all relevant data to confirm the products provenance. Every producer now has the ability to set up a 'digital farmers market stand' and to be successful if they are able to articulate their story in a compelling and engaging way. FarmVR offer education through immersive technology as a way to enhance agricultural learning as a way to bring together individuals, businesses and communities so they can collaborate, share knowledge and build skills. **FamAR is another solution, an augmented reality app supported by an advanced back-end of an artificial intelligence software implemented in fully automated cloud computing system.**



Public Private Partnership deliver infrastructure to unlock the full potential of land around the world

One of the significant constraints on the productivity that is able to be obtained from any piece of land is the access it has to necessary infrastructure, in particular water, transport networks, energy and communication. The challenge for the agri-food sector is while this infrastructure is critical to maximising the value that can be extracted from a piece of land, the investment associated with building out these facilities in remote areas rarely makes economic sense. The cost of investing in rural infrastructure and the relatively small number of people that it benefits means that government is more likely to prioritise urban investment. Securing the necessary facilities to maximise the productive capacity of land is critical to utilising land effectively, and will require the design of creative funding models that could bring the infrastructure to life. One option for this investment is public private partnership structures, particularly given the long term nature of the assets involved. **It is likely that producers, processors and exporters may need to be investors in these partnerships and, as the direct beneficiaries of the assets, this could be facilitated through a co-operative vehicle.**

Products grown

As the world's population grows in size and wealth, producers will be required to continuously re-imagine the products that they grow, catch or harvest. What we eat in 2019 is significantly different from the food that was eaten just a generation ago and will be different to what we eat in 20 years time.

The increased multiculturalism of society, together with fast food, has fundamentally changed prevailing diets in many countries around the world, and brought diversity to others. Technological evolution has also had a major impact in shaping demand for products. Exponential change and new technologies will see food products continue to evolve in significant and dramatic ways. With powerful forces shaping global agri-food systems – including the practical implications of climate change, natural resource constraints, growing health concerns, new technologies, and the evolution of fashion and lifestyle trends – producers will need strategies that allow them to remain relevant. Understanding and predicting how a product will be used into the future is critical to making long-term strategic planning and investment decisions today, about the technology deployed on farm and the highest priorities for innovation.



Creation and optimisation of plants for food and fibre purposes using genetic biotechnologies

Biotechnologies, including the use of gene modification and editing, has the potential to create new, or manipulate existing cultivars, that meet the community's need for functional food and fibre products. Biotechnologists have the ability to optimise plants and create crops that have functional benefits, such as increasing certain vitamins or minerals beneficial for health, such as omega 3 fatty acids. Additional to functional capability, the ability to alter the genomes of plants to enhance the speed of growth, for example, will assist in diversification of land use and the management of climate change. Technologies also have the potential to manipulate resistance to weather conditions and diseases

meaning less chemical intervention, reducing environmental impact. There is still not a globally consistent view on the social and ethical acceptability of these technologies. It does appear that they have the potential to assist in providing the food system with greater resilience and mitigating the impact of extreme climate change on agricultural production around the world. **Tools such as CRISPR/Cas9 systems have been researched and proven as an efficient tool used for genome editing in a variety of organisms. Much research has been done into the developments in agricultural biotechnology, proving it is possible to generate food crops, such as Biofortified rice, which are nutritionally enhanced to improve the content and bioavailability of essential nutrients, such as iron and vitamin A.**



Unleashing the potential of the world's native flora for the benefit of global society

The global food system is based on very few key plant cultivars, with the Food and Agriculture Organization of the United Nations (FAO) estimating 75% of the world's food is generated from only 12 plants and five animal species. There is huge potential to discover and assess the full range of plant species that exist globally; and unleash more of the planet's native flora for the long-term benefit of society. Some of this has been used by indigenous communities around the world for food and medical purposes since ancient times. Identifying the natural properties inherent in these products could contribute to feeding the world, improving health outcomes, and supporting the economy. There is huge potential in medicinal purpose of plants, for example, with an estimated 45% of prescriptions in the United

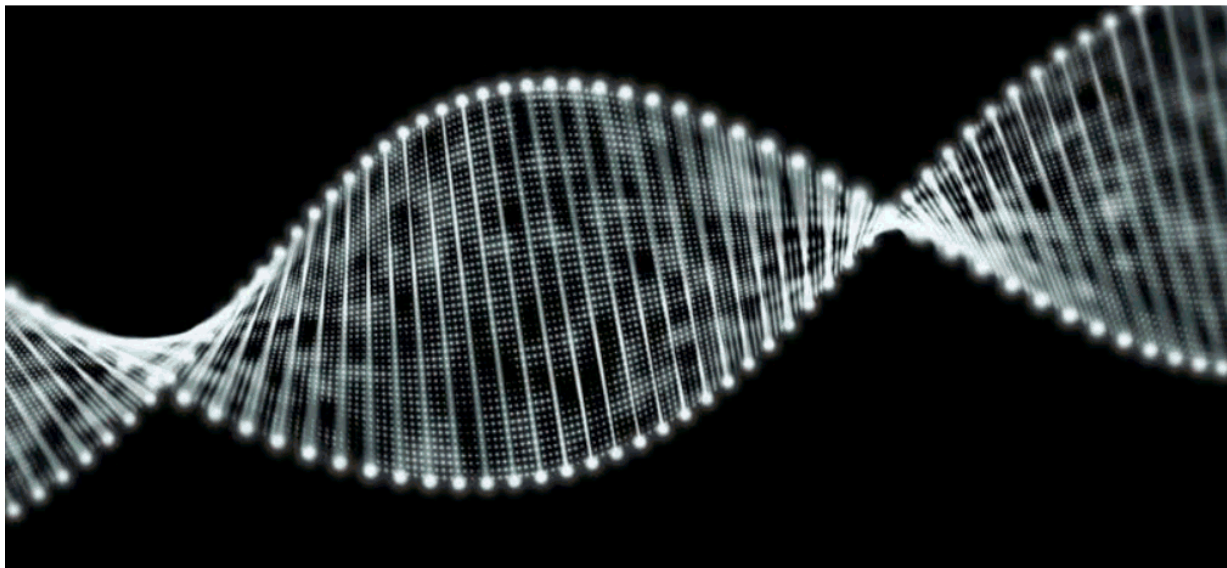
States containing at least one drug originally derived from plants. Exploring the potential inherent in native flora also provides the opportunity to work with indigenous communities, that often exist economical and socially on the fringe of society, and provide them with options to increase their economic empowerment. **It is expected that medicinal marijuana will exceed a global market worth of USD55 billion by 2024.**



Reintroducing biological diversity returns interest and de-risks the global food system

Monoculture production has delivered lower-cost food for the wider population, but the downside is that it has increased the risk of crop failure through disease incursion or adverse climate events. Re-use of the same soil, rather than rotation of several crops, leads to higher incidences of plant pathogens and diseases and can ultimately deplete the soil to point where it becomes uneconomic to farm. Utilising multiple crop varieties can reduce the risk of full crop failure, and introduce greater biodiversity into a farming system. There is growing recognition that systems with greater biodiversity will deliver improved environmental outcomes; while demand for more nutritionally-dense and specialised food choices are also expanding. Increasing the range of products grown does increase the cost of production and there are challenges passing these costs through to consumers. As a consequence, new or reintroduced heritage cultivars do need to deliver attributes to consumer that they perceive to be valuable so that they are willing to pay a premium for the product.







Reimagining a future for animal health based on lower antibiotic intensity

Anti-microbial resistance (AMR) is a serious challenge facing society, and the use of antibiotics in food production has come under increasing scrutiny. The use of antibiotic drugs and cleaning products has increased dramatically in many societies. It is suggested that these products have been misused in a number of agri-food sectors: for the treatment and prevention of diseases in livestock, in aquaculture, and in crop production. However, it should be noted that around 80% of antibiotic prescriptions are written for the treatment of human health issues. The result of collective overuse is a heightened risk of the emergence and spread of antimicrobial resistant micro-organisms. Anti-microbial resistance is a concern for both animal and human health; if food has been inappropriately produced with antibiotics, there is a risk that this could contribute to AMR and result in long term and potentially significant health issues. Future production systems will need to support efforts to maintain efficacy of antibiotics; with new and proactive ways of managing animal health. There are also significant opportunities for businesses to develop natural alternative remedies to maintain animal health in a sustainable manner. **Supermarkets and retail outlets such as Waitrose, Marks & Spencer, Tesco and Sainsbury's in the UK, have taken action to measure and limit the use of antibiotics in farming systems. Waitrose has publicly stated it has banned the use of the last-resort antibiotic, colistin, and is the only supermarket that has committed to publishing antibiotic-use data from its suppliers.**



Enhancing the nutritional density of human food supplies becomes a priority

The drive to scale-up food production has often come at the expense of nutritional quality. But as consumers learn more about the therapeutic value of food, they are demanding more in terms of functionality and quality nutrition. Given that nutrient-dense food can make a significant contribution to a population's health, and thus reduce the cost of healthcare, communities are actively seeking ways they can better produce foods that align with this. In turn, producers are looking to ways they can evolve their production systems in order to supply products with proven and desired health benefits. Sustainable land management that encompass a holistic approach to natural resources promote soil health and have been shown to create more nutrient-dense produce. **Medical providers and education institutes, including the likes of Harvard and Healthline.com, are working to educate communities on nutrient-dense foods that are easy to adopt.**



Shrinking the number of people with nutritional deficits by closing the food waste gap

Despite the fact that more than 800 million people experience under-nutrition and malnourishment every day, around 40% of the food produced globally is wasted. This misalignment of resources has placed the spotlight on underlying failings in the food system. In developed countries, consumers discard at least 20-30% of the food they buy, largely because they buy too much or the product expires before consumption. Retailers often overstock, or discard food that is not aesthetically pleasing. Additional problems such as harvesting practices, unnecessarily high quality standards, poor storage and handling practices, and shipping timeframes all create food waste, particularly in emerging economies. With a combination of government regulation and societal pressure, greater effort is

being made to lessen food waste via supply chain improvements, recovery of out-of-date food, and investment in new innovations. Solutions to food waste have attracted significant investment in recent years as it is seen as an area with many opportunities to both mitigate malnutrition issues and enhance the sustainability of the global food system. **Australia was first country to set a target to reduce the amount of food waste it generates by 50% by 2030. To help achieve this target, the Australian Government invested to support food rescue organisations such as Second Bite, FareShare, OzHarvest, and Food Bank Australia.**



Molecular science is used to recreate exclusive food experiences

Some novel food producers argue that food and beverage products are nothing more in substance than a combination of acids, fats, proteins and other chemicals. They are using this perspective to analyse the composition of products, particularly products like wine and spirits, with the goal of reproducing them through blending the composite chemicals. They argue that molecular designed food offers the opportunity to recreate storied products at scale for the benefit of all consumers, using the great wines of the world, aged whiskeys or classic ports as examples of the products they could supply. The question about this innovation is whether consumers will accept the disconnection of the product from its historical terroir, in favour of a more affordable option that is being produced through a chemical engineering process (although they argue that the process of distilling spirits or making wine is fundamentally an industrial scale, chemical manufacturing process). **The US company, Endless West, is an example of a start-up business focused on producing molecular spirits, it notes that it believes in the creative capacity of science to develop products where others see boundaries.**



Processing and distribution

There is much discussion in this report about disruptive technologies and the impact they will have on how we grow, process, distribute and experience food in the future. More than ever before, purchasing decisions are driven by information. This ranges from technical information on product functionality and authenticity provided by the product manufacturer or a traceability solution, to reviews written by users and social media commentary on the product and its competitors.

Highly-informed consumers are steering innovation in agri-products, to ensure the products they purchase meet their expectations and fit within their lifestyles. Many factors come into play here. Some consumers want products with strong functionality at discount price points, while others are looking for unique and highly curated experiences.

When it comes to distribution, digitisation has totally transformed the sector. Entirely new distribution models have emerged that connect consumers more directly to the producer – thus shifting where margin is captured along the value chain. Models are reflecting the time and convenience pressures consumers are under, and allow them to filter for specific attributes (be that price, nutrition, provenance, reviews or any other criteria). The challenge for retailers is remaining relevant in a world of unlimited choice online, and where delivery moves ever-closer to instantaneous.



Integrated urban food systems increase the food resilience of cities

Historically food was grown in the country and consumed in a largely subsistence manner. As cities have expanded over the last century, the disconnect between people and the sources of their food has increased; markets and supermarkets have become the prime source of food for many people. City authorities have taken a relatively passive position in respect of the food security of their cities however we have observed that more cities are looking to develop food resilience strategies. There are a number of reasons for this; the risk to social stability if significant and

sustained food shortages occur, the impact on the environment and roading networks from having food distributed around the city each day and the health consequences that are being observed in cities from poor diet and lifestyle choices that residents are making.

As a consequence, city governments are looking to develop integrated strategies to ensure that sufficient, nutritious food is available to their residents while also looking to gain enhanced environmental outcomes by integrating food production areas into the design of urban areas and tourism benefits from building the profile of a city as delivering distinct food experiences. Strategies being used include integrating food production into cities to grow crops closer to citizens (through the use of urban farms, vertical farming technologies and green veins along arterial routes), creation of farmers markets so consumers can engage with growers and investing in city food stories and promotions to attract visitors to a city. **Singapore, an island state with a population of around 6 million people, has recently created the Singapore Food Agency (SFA) to connect all aspects of the city's food strategy into a single agency. The SFA is responsible for diversifying sources of food imports, promoting grow local initiatives and ensuring the safety and security of the city's food supply.**



Plant derived technologies replace products sourced from fossil fuels and other non-renewable commodities

Modern lifestyles increasingly rely on access to a wide range of consumer products which are made from non-

renewable resources. Many products that are used in day to day life including food packaging, toys, clothes, homewares and household cleaning products are created with the intention of being used once and disposed of. There are often no options available for these products to be recycled. Advances in materials science means that new opportunities are becoming available to utilise the properties inherent within plants, including waste biomass, to unlock sustainable product solutions that could potentially supersede products made from plastics, metals, fossil fuels and other non-renewable sources. The obvious indicator of this trend is the emergence of takeaway food packaging made from bamboo fibre and drink bottles made from bioplastics, which are replacing products that have historically been made from plastics. The more transformational opportunities emerge when focus is placed on converting renewable biological resources using green chemistry techniques and biotransformation to create renewable plastics, adhesives, coatings, pulp and biofuels. **Scion, the New Zealand Crown Research Institute that works with forest products, is developing new bio-products that have specific function properties than traditional products, including lighter weight, heat and water resistant, greater strength and higher levels of flame retardancy.**



Personalising nutrition to the individual disrupts traditional agri-food value chains

Historically, food products have been produced at scale, with a single offering developed to meet the needs of millions of customers. As health



and wellness becomes top of mind for many consumers, and they seek products that fit their specific requirements, meaning traditional one-size-fits-all production methodologies are increasingly becoming less relevant. Consumers can now purchase kits to test their DNA and other genetic markers to gain insight to what they should eat to maximise health outcomes. This has enabled unique food prescriptions to be designed for an individual addressing their requirements. Traditional value chains will need to evolve so they have the ability to deliver dietary solutions in a world where the market for a particular product spec may not be a million people, but one person. This approach to personalisation will require investment to be meet the expectations of consumers. It is no longer good enough to define the pack size or flavour options for a particular product, these choices are ones the consumer wants to make and with a world of infinite flexibility they expect to be able to specify the format that fits their needs online. We are also observing retailers respond to this trend with their offerings, a good example being quick service restaurants (QSR) no longer defining the flavours of drinks you can buy but giving the consumer the option to personalise their unique flavour mix. **23andMe.com and DNAFit are solutions that tune individual diets, exercise regimes and lifestyle choices based on medical DNA test.**



Printing technologies offer game-changing foodservice solutions

Food printing offers a wide range of benefits including the ability to deliver tailored product options to consumers and the ability for restaurant operators to tailor their product experience in a way traditional foodservice products do not allow them to do. Alternative ingredients such as proteins from algae, beet leaves, or insects can be utilised in the ink and converted into nutritious products. Printing technology means that by-products and waste that would historically have been thrown away can be converted into food inks that can then be printed into edible food. Foodservice operators, who now account for over 50% of food sales in some markets, have been able to develop their business by supporting restaurant operators to deliver experiences by selling replicable products at low cost. The evolution of food printing technologies frees restaurant operators from standard specs and provides them with a chance to use printing technologies to create unique food offerings for their outlets, which could even be 4D in nature, so that the product could mature after printing. We expect to see foodservice operators evolve their business models in the coming decade to focus on supplying printers and food inks. These types of technologies can also boost the

visual appeal of food products as they enable new shapes and combinations to be introduced to the market. **BeeHex, a company which specialises in creating intricate bakery items, was founded following a NASA project to automate personalised meals for astronauts on deep-space missions. Foodini is currently selling their smart kitchen appliance online for USD400.**



Incorporating 'mobile meals' into busy lifestyles drives food innovation

As cities continue to grow and expand, people are spending more time travelling to and from work, school and other activities than ever before. Commute time has overridden time traditionally spent on food preparation, with meal times often spent in transit; thus driving the need for convenient and nutritious food options. Dietary habits are also evolving – with many consumers adopting daytime fasting, multiple small meals, or other alternatives to three meals a day to enable them to maximise their productivity or achieve health and wellness goals. Increased understanding of the nutrition requirements of the human body will drive innovation in product formulation, packaging, and distribution to supply sustenance solutions that fit seamlessly into modern lifestyles. These products will be designed to fit within a specific lifestyle niche and distributed in such a way that makes them easy to access by people wanting to use the products. Significant innovation will occur in packaging so that food solutions are able to be consumed more effectively and tidily on the go; for instance the processing of fresh fruit may extend from chopped fruit in a pot to the supply of gels or purees that contain whole fruit but are cleaner and easier to consume. **A new era of 'food shortcut' innovations will emerge; responding to how and when consumers find it more convenient or nutritionally optimal to eat.**



International trade thrives when the benefits are shared amongst participating countries

With consumers expecting that food will be available all year round rather than only being on the shelves when it is in season, international trade underpins food availability around the world. At the same time, the international trading environment is becoming more complex as World Trade Organisation rules have increasingly been superseded by countries entering

into direct agreements with each other (or multilateral agreements between groupings of countries such as the Comprehensive and Progressive Trans Pacific Partnership Agreement (CPTPPA). The importance of trade and the impact that it has on the economic fortunes of countries means governments are taking strong positions to protect their trading positions. Some commentators suggest rather than being mutually beneficial, trade is contributing to inequality with parts of a community winning and some seeing no benefit and often being left in a worse position. It is becoming increasingly apparent that future trade arrangements will be about significantly more than the movement of goods between countries; they will signal the political relationship the countries wish to have and will need to clearly demonstrate that benefits are distributed widely across the economy. **As a consequence an agreement, although notionally between governments, is actually an arrangement between economies and agri-food exporters need to be actively engaged in the negotiations as the arrangements around food are usually sensitive, given the focus most governments place on ensuring food security.**



Big Food seeks to partner with disruptive innovators to maintain consumer relevance

Traditional food companies are finding it increasingly difficult to maintain organic sales growth in their traditional brands and product categories, as consumers seek out novel new foods and experiences. Historically, the food companies and supermarkets have curated the product ranges that are being offered to the market however technology now enables consumers to seek out options that they are interested in and curate their own product ranges. By their nature, traditional food companies are heavily invested in infrastructure, which makes it challenging to pivot quickly in response to market signals. The companies tend to tie innovation activities to their existing brands and manufacturing capabilities as a consequence they find it difficult to respond to challenger brands that are often asset light and consumer led. Big food companies are using a number of strategies to respond to this challenge, including internal incubators, partnering with accelerators, or investing in disruptive start-ups to access novel products, innovators and their pipeline of ideas. Partnering or investing with nimble start-ups present win-win

opportunities for both parties. It allows large companies to create disruptive solutions outside of their traditional portfolios; while small organisations secure investment to scale their products faster. **Big Food giants such as General Mills, Kellogg's and Campbell Soup have all been investing into start-ups, or created venture capital funds, to gain access to innovative solutions in food.**



Concern about the environmental impacts of plastic waste accelerates packaging innovation

The increasing evidence that recycling systems for single-use plastics are ineffective has come under the spotlight recently. For decades, policymakers have focused on increasing the collection of recyclables and raising the diversion rate, rather than making a systemic change to the nature of packaging materials used. The weakness in the system has been highlighted globally when China closed its borders to importing recycled materials from around the world. The need to divert the majority of used products from being sent to landfill or ending up in the environment (particularly the oceans) accelerates the need to develop sustainable alternatives in the food system. Organisations are looking to natural products – such as bamboo, stone wool, or mushrooms – as a way to create packaging that is not detrimental to the environment. Bioplastics that are fully compostable and provide food safety protections are evolving, along with reusable packaging systems. It is also opens an opportunity for plastic waste or byproducts to be recycled into new products. **Algae-based alternatives have been developed as a biodegradable alternative to single-use plastic packaging. Mushroom-based packaging has also gained popularity with the likes of Ikea.**

Consumers and consumption

To cope with the increasing pace of life, consumers are seeking products and services that help them to manage the challenges of everyday life; from wearable technologies, artificial intelligence interfaces such as Alexia, self-driving vehicles and personalised operating systems, the list goes on.

The distance that individuals travel to work on a daily basis is a major contributor to busier lifestyles. With limited affordable options to live closer to their place of work as urban areas grow, commute times are increasing meaning traditional meal times are often spent in transit and not in a kitchen. In a time poor world, taking the time to stop for a meal is becoming a luxury few can afford, and as consequence an ever increasing percentage of the food consumed will be eaten on the go. However, when we do stop for food it will be an event to be shared with family, friends or colleagues and, as a consequence, it will take on greater importance. Increased pace of life is also increasing pressure on our bodies, with less time to consciously eat and exercise, recover and sleep. Emerging modern health conditions are exploding and the cost of our curative healthcare systems are out of control. Food is becoming medicine, and an integral part of healthcare regimes as a key tool used in managing the effects of existing health issues and the stresses associated with modern life.



Delivering clarity and confidence to consumers on food provenance

Increasingly, consumers want to know where their food has come and how it has been produced. This is occurring for a range of reasons – from simply enjoying the provenance story behind the product, to ensuring it aligns with a consumers personal values their personal values (such as animal welfare, social justice, or the environment) to gaining confidence about its safety, which is a dominant priority for consumers across Asia. This is being driven by an increased

level of product recalls, food fraud and food sabotage events that are occurring around the world. Ongoing scares will intensify the efforts that organisations need to make to be able to provide consumers with the confidence over the integrity of the products they are offered. This will see the adoption of digital, chemical and bio-technology solutions all designed to provide irrefutable proof of the integrity of the product. Other traceability solutions, such as blockchain, will offer streamlined data access to consumers and provide all the information that they could require in relation to the ingredients used in a product, how it has been produced and shipped to the retailer. Proactive producers are recognising that they will be asked to provide information into blockchain tools and are front-footing this issue, to ensure that they are able to use the data collected to provide a competitive advantage. As these technologies become mainstream, all producers will be held accountable for the integrity of their part of a value chain. **In 2018, an international scientific lab that specialises in honey fraud detection found almost half the samples selected from supermarket shelves was fraudulently marketed as Manuka honey. Organisations such as Midlands Apiaries, manufacturers of Puriti manuka honey, have introduced jars that contain 11 consumer security and anti-counterfeit features, such as invisible ink and laser etching, to combat food fraud.**



Eating for the environment – a rebalancing of protein in the diet

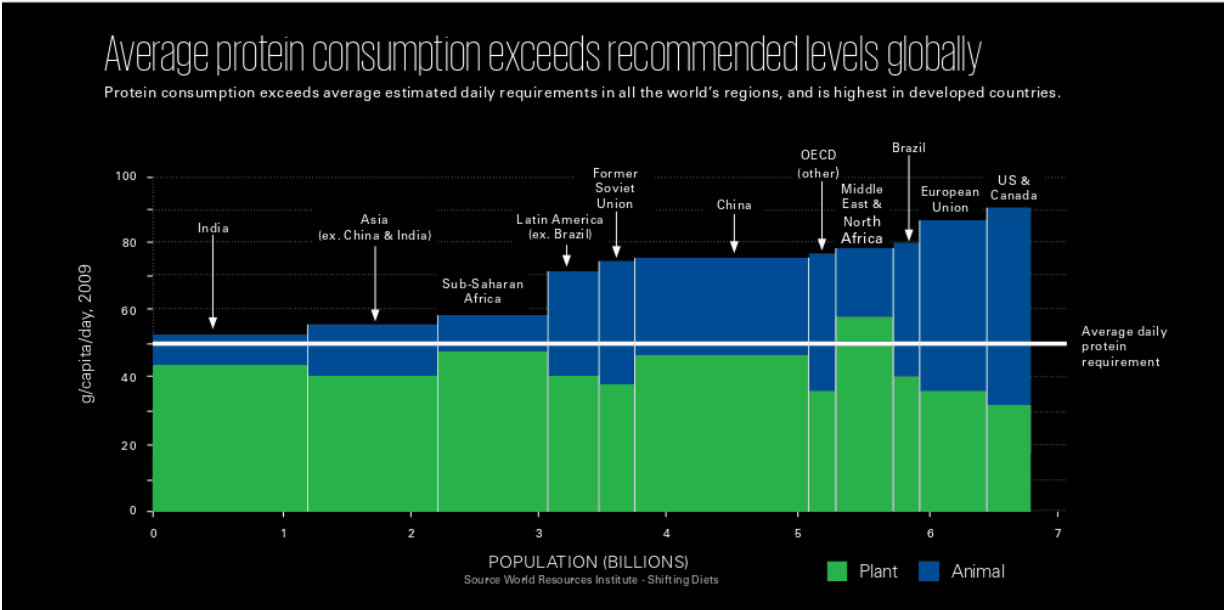
The food system in many countries has evolved with a heavy emphasis

on protein (this is demonstrated in the analysis prepared by the World Resource Institute on page 90, which shows that most of the world eats more protein than they need and in many regions the balance between animal and plant protein is close to 50:50). While protein is a building block for cell growth, over-consumption can have negative health effects – including links to cancer and other serious illnesses, which consumers are becoming increasingly conscious of. There is a growing movement, particularly in Europe, to educate consumers about the impacts of eating too much protein and encouraging them to consider a transition in their diet to reduce animal protein consumption and increase consumption of nutrient dense plant-based foods. Earlier in 2019, the EAT Lancet Commission released a report on the impact that the diet can have on the environment. Based on an analysis of scientific evidence the report concluded that there is a need for consumers to transition their diet from animal proteins to plant based proteins to help mitigate the increase in greenhouse gases. **It was reported that the global average protein consumption was approximately 68 grams per person per day – which is one-third higher than the average daily adult requirement.**



Food is fashion – the desire for new tastes and textures proliferates around the world

As with any other category of consumer goods, food products evolve in response to changes in market preferences. In developed countries, it is an inescapable fact that food is fashion – and producers need to be continually innovating with





new tastes and textures to maintain their relevance to consumers. This offers an opportunity for producers to front-foot the newest taste profiles and food experiences. When it comes to café-sweeping fads such as chia seeds, Kombucha or cold-brewed nitrogen coffee, it certainly pays to be a pioneer. Not only is taste important, but having an Insta-worthy aesthetic is also critical. A current search on Instagram for pictures tagged "food" presents over 400 million searches. Recognising that food is fashion means a food producer can't expect to cash in on a successful product for decades as they have in the past; a successful product is an indication that it is time to start innovating to find your next market shifting experience. **What may start out as food fashion can quickly become big business. Not too long ago, plant-based meat products were viewed as a passing fad. In 2019, pioneering company Beyond Meat went public with a USD1.5 billion valuation.**



Premium consumers seek out storied, artisan, ultra-fresh products



As the number of affluent consumers grows around the world, there is an increasing number of consumers with the financial capability and desire to seek out and experience highly-specialised choices around the foods they eat. The significant wealth that has been accumulated by the baby boomer generation who have reached or are approaching retirement and still have their health and a strong desire to experience new products, means they are actively seeking out storied, artisan and ultra-fresh products. It should also be noted that some millennial households are high-income with no children and approach life with a "treat myself mentality". Both of these groups have a willingness to pay a premium for products that are perceived as having health benefits and/or offer superior quality. Market-savvy producers are using story-telling techniques to create

intrigue around their products, and build connections with consumers. They may provide information on their farming practices, the story of care at every point along the production cycle, and the ethics and quality that are embedded into growing the product and bringing it to market. **For around USD9,000, you can order the Very Expensive Pizza from renatoviola.com. The seafood-topped pizza will be cooked by a master pizza chef at your residence (if you live in Italy), and is served with rare cognac and champagne.**



Reimagining food experiences as traditional culinary tours expand in food tourism

For many people, food provides a voyage of discovery through the diverse range of global cultures and lifestyles. As well as exploring ethnic foods in restaurants where they live, more people are being encouraged to travel, with food tourism being a burgeoning sector of the travel market. Culinary tourism is no longer just for the elite – with a full range of local cuisine and indigenous experiences, including AirBnB Experiences that showcase local street foods. Research from the World Food Travel Association reports that 81% of respondents say they learn about food and drink when they visit a destination; while 47% shopped for food at local grocery or gourmet stores. For most travellers, food is not the only reason that they travel but having the opportunity to try the local cuisine is an aspiration for over 90% of travellers. This gives food producers in host countries the opportunity to provide visitors with immersive food experiences while they are travelling and try to send them home as ambassadors who will seek out the food they have experienced and promote it to friends and family. **Organisations are creating food tourism offerings at a range of levels – from individual operators, to regional networks, and national level. Eat New Zealand, launched in 2018,**

is a collaborative platform that's designed to put Aotearoa cuisine on the international traveller's map.




The primary focus on protein is progressively superseded by a focus on broad nutritional density


Over the last decade, the food system has focused on the amount of protein being produced and consumed. Whether it is Masterchef or social media, everybody has been focused on the sources of protein on the plate. This has been compounded by many diet and lifestyle plans, especially those related to health and fitness, placing their primary focus on the protein sources and the amounts being consumed each day. It is our view that the focus on protein has been overplayed, while it is undoubtedly an important attribute of food, it is only one element of food and we expect the next decade will see focus move onto a wider range of attributes inherent in the product. This shift in focus will emerge as individuals become more educated on wholefoods and balanced diets and understand protein is only one component of a food product. There is a growing recognition that it is the balance of nutrients, minerals, fats and other elements that determine a food's long term impact on health and vitality. The focus on broad nutritional density will result in a rebalancing of the protein equation within diets. **Consumers are becoming more educated and doing their own research into understanding the optimal level of macro and micro nutrients to be included in their unique diets through the use of apps and creating tailored diet plans that have broad nutritional density.**

The call to action

Having acknowledged the significant progress that New Zealand's agri-food sector has made over the last decade, evaluated the opportunities and challenges facing the sector today and explored the dynamics of disruption that necessitate organisations to accelerate into the future, the obvious question is what do we need to do now, to set the industry up for a prosperous future. We have concluded on nine actions that we believe have the potential to create a platform that positions New Zealand's food and fibre producers, processors and marketers to play the infinite games ahead in a sustainable and successful way.



Feeding our community before we feed the world



This call to action is an Agenda that has been a decade in the making. It is an Agenda to fuel the prosperity of New Zealand in 2020s. Whatever form the KPMG Agribusiness Agenda takes moving forward we commit to play our part in realising this Agenda. We also commit to continue to hold the wider agri-food sector to account for the progress it is making in creating a better New Zealand, for all New Zealanders.


New Zealand can't afford to continue to be home to one of the world's most unhealthy communities. As producers of the best natural food and fibre products in the world, every participant in the agri-food sector should recognise the benefits they will derive from working with the government, schools and community organisations to ensure that every Kiwi has access to the food they need to sustainably improve our health outcomes before the first tonne is exported. Inadequately feeding our five million is not an option if we want to tell the world about the natural, healthy, nutritionally dense food we grow in New Zealand.

Creating a vehicle to evolve and enable New Zealand's primary sector vision

The Primary Sector Council is consulting extensively across the agri-food sector on the fundamental elements that need to be captured in a compelling vision that the majority of the industry will commit to realising. Once the vision is launched, there will be much work to be done to align policy settings and investment to enable it to be realised. An adequately resourced organisation, with statutory influence, is required to enable realisation of the vision and to ensure it remains relevant.

Collective investment into a Green Bank to fund the climate transition

The industry faces a massive investment programme into infrastructure, technology and science to transition to zero carbon as quickly as possible. At the same time debt is becoming scarcer and more expensive. Banks, processors, exporters, the Superfund and others should establish a Green Bank to provide sustainable financing, with preferential terms, to accelerate this transition. The Government must exempt the vehicle, which should operate as a not for profit entity, from the tight capital constraints the RBNZ is proposing to impose on banks.



Articulating and amplifying our authentic food story on the global stage

Our goal should be to make a New Zealand meal the dining option people aspire to around the world. There is something unique about the food and fibre we produce, and this must be valued by Kiwis and visitors alike. A concerted effort is needed to position ourselves distinctively on the global food map; restaurateurs, iwi and food producers need to partner to ensure that every visitor to our country enjoys a New Zealand food experience, and similar experiences are delivered around the world.

Establishing a shared platform to unlock the value of data

The desire to hold data close in the hope commercial value can be extracted from it costs the sector and the economy real money every day. The value of data is maximised by aggregating with unrelated information to find the insights that give us a 1 or 2% advantage. The time for hoarding data has passed; the industry and the country will benefit from a coalescing around a single open access data platform, that enables everybody to maximise the commercial value of their data.

Putting our food basket at the centre of a business model that delights global consumers

Opening a new market always takes more time and money than expected. With infinite consumer niches, the cost of securing product recognition is spiralling. We sell our products to similar consumers around the world and they rarely eat only salmon, cheese or kiwifruit; they eat diverse diets. Establishing a go to market model built around our basket of food and fibre products and aligned with diets of consumers will make their purchasing decisions easier, deliver better experiences, spread promotional costs and secure premium market growth for all.

Implement a bold industry blueprint to attract and retain talent

To most people the agri-food sector is not sexy; it never will be. It is not likely to be a top of mind career option for most people, but it does need a wide range of skills to capitalise on the growth opportunities available. In a highly competitive labour market, the industry needs to be more co-ordinated than its competitors for talent. Old recruitment strategies no longer work, it is time to blueprint a bold plan for a 'Year of New Zealand Food and Fibre' that engages and immerse every part of our community, showing them what the sector can offer them.

Listening, responding and reporting on the complete impact of the industry

The industry receives its license to operate from the community. Organisations must respect this and work to strengthen it. This requires deep engagement to really listen to community expectations and then action to deliver on these expectations. Every company must be open about what it does well and where it has challenges. The sooner companies deliver comprehensive reporting on their environmental, social and economic impacts the sooner they demonstrate to the community how they value the license they are granted.

Accessing the disruptive technologies that deliver a point of difference in the market

The scale of New Zealand innovation budgets mean we will never have all of the great ideas to transform the industry ourselves. We need to ensure there are many channels available to access disruptive innovation wherever it occurs globally. There is an opportunity for organisations to pool some of their investment in disruption in a collaborative venture fund. This would take positions in start-ups, that are developing technologies that will benefit producers, processors and marketers, to deliver first mover access to solutions that differentiate our products globally.

accelerate

Directing actions – Articulating impact

Impact is a word used regularly throughout this Agribusiness Agenda. Consumers increasingly look to buy from businesses that are clear on purpose and articulate the contribution they are making to the wider community.

Maintaining social license to operate requires companies to demonstrate that they are about more than just the bottom line. Young people want to work with organisations that aspire to make the world a better place for everybody.

Globally, the United Nations Sustainable Development Goals (UN SDGs) are being used by many organisations (governmental, civil society and commercial) as a framework to determine how they can maximise their contribution to society and to articulate the impact their actions have on society. KPMG analysis suggests 4 in 10 of the top 250 companies globally are already actively using the SDG's for this purpose.

The 17 SDGs, released in 2015, grew out of the Millennium Development Goals (which lifted a billion people out of poverty) but they have a wider purpose; the development of a sustainable, resilient and peaceful global society. As a consequence their relevance beyond government and development agencies is significantly greater.

Many organisations in New Zealand have associated the SDG's with worthy

goals like eliminating global hunger and providing universal access to sanitation, that while important are not practical goals for their organisation. They have consequently not engaged with the agenda in a substantive manner. On a recent trip to the Netherlands, a key takeaway was that every organisation we visited used the SDG's to direct their social engagement strategy and to articulate their purpose and impact; **we simply do not hear companies in New Zealand talking about their purpose in this way.**

The SDG framework provides a blueprint for strengthening any community and they are as relevant to ensuring our rural communities in New Zealand are vibrant as they are to lifting communities in sub-Saharan Africa out of poverty. The SDG framework provides agri-food organisations with a framework they can use to help guide them in determining where they can have the greatest impact on all the communities they are part of; the towns and villages they source products from, the wider New Zealand community and the global community to which we sell our products.

Not using the globally recognised SDG framework puts NZ organisations at a competitive disadvantage.

When faced with 17 goals, all of which make important contributions to the functioning of society, the tendency is to try and do something for every goal. The reality is that no organisation can address all the challenges the SDG's seek to make progress on themselves. Effective users of the goals recognise their impact is amplified by going deep rather than wide. Focusing actions on two or three goals aligned to organisational capability and working with like-minded partners will deliver greater impact and benefits for communities, for consumers and for organisational stakeholders.

For the agri-food sector, the SDG's provide many opportunities to design programmes to deliver the impact that this Agenda has suggested organisations need to have to ensure they attract talent, maintain their license to operate and develop sustainable positions in the infinite games they are playing.



Five impact opportunities for agri-food organisations

2.4: By 2030 ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaption to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.

New Zealand can't feed the world but we have a role to play in helping the world to feed itself. The Zero Carbon Bill will require producers to adapt their farming activities as the country transitions towards a zero carbon economy. What we learn during this transition can not only be deployed domestically but shared internationally to help emerging economies develop robust, climate resilient food production systems that help to eliminate hunger by 2030.



3.4: By 2030, reduce by one third premature mortality from non-communicable diseases (NCDs) through prevention and treatment and promote mental health and wellness.

The health impacts of NCDs on the NZ community are significant and are clearly linked to the food that people eat. The need to focus on having a clear plan for ensuring that the five million New Zealanders are able to access and eat the right nutrition in the right way every day is critical to the long term stability of the country and the future prosperity of the agri-food sector. Proactive action to ensure the right food is available and people have the skills to prepare and cook the food in the correct ways must be a priority for every organisation in the sector.



5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life.

Women are 50% partners in most agri-food production businesses but their influence on the leadership of the sector is limited due in part to history. Organisations should ensure they are taking active steps to diversify the thinking and perspectives that shape their strategies and actions and this means that more women need to be given opportunities to take on leadership roles in organisations across the industry. Given the industry's customers are very often women utilising the knowledge and insight already in the industry just makes sense.



12.3: By 2030, halve per capita food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.

Taking practical steps to eliminate wastage across a supply chain presents organisations with a wide range of opportunities to have a material impact on the availability and quality of food supplied to different parts of the market. Taking steps to reduce wastage makes economic and environmental sense. It could be about taking steps to ensure no food is thrown away, that there are commercial opportunities to use recovered or wasted food, that consumers are given tools to only buy what they need and use up left overs or ensuring the quality of product is maintained in supply chains. Small interventions can make major contributions to halving food waste globally.



14.b: Provide access for small-scale artisanal fishers to marine resources and markets.

Consumers are looking for products that have authentic stories attached to them. The opportunity to connect traditional fishers to markets presents opportunities for all in the industry, whether it is the fisherman themselves, indigenous communities that have access to fishing rights or the commercial fishers that have supply chain and marketing capabilities. Looking for new business models that create value for all in the industry through connecting authentic harvesting stories to customers presents opportunities for value to be collected and shared across the industry.



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

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Situation and Outlook for Primary Industries

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Minister's foreword

I am pleased to release the latest *Situation and Outlook for Primary Industries* (SOPI) for December 2019. Primary sector export revenue is expected to rise by 3.3 percent in the year ending June 2020 and it's forecast to further increase in 2021 as our sectors continue to build on a number of years of stellar growth.

When our primary sectors do well, New Zealand does well and this Government wants to work alongside industry to develop sustainable and valuable pathways forward.

New Zealand's future wellbeing depends on an economy that is both environmentally sustainable and delivering high value. Growing food in the volumes and quality we've come to expect depends both upon the availability of land and the quality of our soil and freshwater.

Many of New Zealand's farmers and growers are modelling fantastic environmental practice, and we need to work together across the food and fibres sector to lift everyone's operations. Best practice needs to become normal practice.

To support the sustainable growth of our primary sectors and the Government consulted to protect our best land for growing a range of fruits, vegetables or fibre, or pasture for livestock, on the proposal for a "National Policy Statement for Highly Productive Land". In addition, to improve water quality within a generation, we also consulted on the "Action for Healthy Waterways" discussion document throughout New Zealand.

Our work is being further supported by that of the Primary Sector Council, which I appointed last year to establish a shared vision for the future of our primary sector. Following 18 months of extensive consultation, the Council will release its vision for the future of the sector.

We are continuing to explore a range of initiatives to support farmers and growers to respond to regulatory changes and to improve wellbeing for rural communities. Innovation, from small grassroots community projects to large-scale industry development, will continue to play an important part.

We must continue to build the foundations now to deliver an enriched future for all New Zealanders.



Hon Damien O'Connor
Minister of Agriculture



Director-General's introduction

As Director-General, it is my job to ensure that the MPI is in the best possible position to build the trust and confidence of New Zealanders in the important work that we do, and enable the primary industries to continue to thrive well into the future. Essential to that work is having up-to-date, reliable information on the challenges and opportunities facing New Zealand's primary industry sectors.

The December Situation and Outlook for Primary Industries (SOP), produced by MPI's Economic Intelligence Unit, outlines the current state of New Zealand's primary industries and their prospects for growth over the next four years.


The December report highlights the continued success of the primary industries, with export revenue forecast to reach \$47.9 billion in the year ended June 2020, up 3.3 percent on the previous year. Our traditional areas of strength continue to grow with dairy export revenue forecast to rise 8.4 percent to \$19.6 billion for the year ending June 2020. Meat and wool exports remain robust with export revenues forecast to reach \$10.4 billion – up 2.5 percent. Some of our other star performers this quarter include horticulture with a 4.7 percent rise in revenue forecast, driven by increases in kiwifruit, wine, apple and pear exports. Meanwhile seafood annual export earnings could surpass \$2 billion for the first time, with growth forecast at 6.5 percent. Innovation continues to be a big factor in this growth, with processed foods such as dairy blends being particularly popular in our South Korean and Japanese markets.

There have been plenty of gains for the primary industries over the last few months. We've made huge strides in market access this quarter, with the Regional Comprehensive Economic Partnership (RCEP) text agreed in November. RCEP participants take 62 percent of New Zealand's primary sector exports, so it is a high priority for us to get the full agreement concluded and signed in 2020.

MPI has also successfully established its new Agriculture and Investment Services branch, designed to partner with the sector on emerging issues and sponsor investment in ideas and innovation. We're already starting to see how a joined up branch, focused on the needs of the agriculture sector, can have real benefits.

An example of MPI's support for innovation is through Sustainable Food and Fibre (SFF) Futures co-investment funding. With \$40 million available each year from MPI, SFF Futures supports problem-solving and innovation in New Zealand's food and fibre industries that will make a positive and lasting difference. It offers a single gateway to apply for investment, and provides grants of less than \$100,000, right up to multi-million dollar, multi-year partnerships.

We are here to back the Primary Industries to win and to support them in a changing world.



Ray Smith
Director-General, Ministry for Primary Industries





Dairy

New Zealand's dairy export revenue is forecast to rise 8.4 percent to \$19.6 billion for the year ending June 2020. Expectations of another strong production season, combined with robust global dairy prices and a weak outlook for the New Zealand dollar, are expected to support solid export revenue growth in the year ahead. For New Zealand's dairy farmers, this is expected to translate into higher farmgate milk prices, supporting robust sector profitability for the season ahead.



Meat & Wool

The outlook for meat and wool exports remains robust with export revenues forecast to reach \$10.4 billion for the year ending June 2020, 2.5 percent higher than the previous year. The positive outlook for the sector is being driven by high international meat prices as a result of African Swine Fever (ASF) reducing China's pork herd and increasing demand for imported protein. Strong schedule prices as a result of international demand have also helped maintain on-farm profitability.



Forestry

Forestry exports for the year ending June 2020 are forecast to fall 12.8 percent to \$6.0 billion compared to the year ended June 2019 when prices and volumes were at record highs. This is \$0.2 billion higher than the September forecast for year ending June 2020 as log prices are recovering more quickly than expected from their sharp fall over June and July of this year.



Horticulture

Horticulture sector revenue is forecast to rise 4.7 percent for the year ending June 2020 driven by increases in kiwifruit, wine, and apple and pear exports. This will elevate the horticulture sector to be the third largest primary sector industry by value, edging ahead of the forestry sector. Kiwifruit exports are expected to rise by 8.6 percent to \$2.5 billion, while wine exports are predicted to rise by 1.8 percent to \$1.8 billion, and apple and pear export revenue to rise by 7.2 percent to \$0.9 billion.



Seafood

Seafood export earnings are forecast to grow 6.5 percent in the year ending June 2020 to \$2.1 billion, the first time annual export earnings will surpass two billion dollars. This growth is expected to be underpinned by an increase in export prices and rising aquaculture production. Increasing demand from key markets along with limited supply growth, particularly of wild capture fisheries, is expected to keep prices high. The forecast growth in aquaculture production is expected to result in higher export volumes in the coming years.



Arable

The 2019/20 year has begun positively with export revenue up 43 percent for the September 2019 quarter compared to September 2018 quarter, and a reasonable growing season to date in most areas. Export sales in all categories increased with vegetable seeds the main contributor, up \$16.4 million on the September 2018 quarter. As a result, arable export revenue is expected to rise 10 percent for the year ending June 2020 to \$260 million with slightly lower levels forecast for 2021.










Other

Export revenue for New Zealand's other primary sector exports and foods is expected to increase to \$3 billion for the year to June 2020, up 7.3 percent from 2019. This builds on the 5.3 percent growth for 2019. This growth is being led by the other products (such as dairy blends and soft drinks), innovative processed foods and live animals categories. Demand for these products is expected to continue to develop in coming years.

Overview

Primary industries export revenue 2015-21 (NZ\$ million)

	Actual					Forecast	
	2015	2016	2017	2018	2019	2020	2021
 Dairy	14,050	13,289	14,638	16,655	18,107	19,630	19,450
 Meat and Wool	9,000	9,200	8,355	9,542	10,176	10,430	10,680
 Forestry	4,683	5,140	5,482	6,382	6,883	6,000	6,600
 Horticulture	4,185	5,000	5,165	5,392	6,111	6,400	6,530
 Seafood	1,562	1,768	1,744	1,777	1,963	2,090	2,210
 Arable	181	210	197	243	236	260	255
 Other primary sector*	2,417	2,714	2,639	2,709	2,852	3,060	3,140
Total	38,079	37,323	38,220	42,700	48,329	47,870	48,885
% Change year on year	-6.8%	+3.4%	+2.4%	+11.7%	+8.5%	+3.3%	+2.1%

Source: Stats NZ and MPI.

* Other Primary Sector Exports and Foods includes live animals, honey, and processed food.

Export revenue is forecast to reach \$47.9 billion in the year ending June 2020, up 3.3 percent from the previous year. This forecast is \$1.7 billion higher than the previous forecast round, with upward revisions to dairy, meat and wool, and forestry. A lot of these gains can be attributed to rising global commodity prices and the drivers behind rising prices are likely to be sustained through 2020 and 2021.

In particular, a weaker New Zealand dollar over the course of this year has helped support strong returns for New Zealand exporters. Since June, the NZD/USD rate has declined from 0.67 to 0.64 boosting commodity prices in NZD terms.

For the dairy sector, following a period of initial early season weakness, commodity prices have been on the rise. After a strong start, growing conditions across the country have become more variable in spring, with production of milk solids in the month of October falling behind last season's exceptional result. This will feed into an international market characterised by tight global supply. Due to strong demand out of Asia, this should sustain continued price strength for the remainder of the season. Red meat prices continue to exceed expectations due to rising demand from China that is transforming global protein markets. The African swine fever (ASF) outbreak in China is the main driver of increased import demand, and the drought in Australia has further reduced global beef and sheep meat supply. The situation in those

countries is unlikely to reverse soon, so it is expected that the current run of high red meat prices will persist over at least the next two years.

Following a sharp fall in June, log prices are recovering faster than expected. However the flow on effect on export volumes is expected to restrict forestry sector export revenues in the year ahead.

Variable weather impacting production

Following a hot dry summer and autumn, New Zealand had the seventh warmest winter on record. A wet end to winter returned soil moisture levels to normal, but did not catch up the annual rainfall accumulations which remained below normal in many regions. During spring the North Island received lower than normal rainfall and higher than normal temperatures, resulting in lower soil moisture levels than normal. In parts of the South Island, spring brought a lot of wet spells, making farm management challenging.

A hailstorm in November caused considerable damage to Canterbury cereal, seed and vegetable crops, while in Hawke's Bay an October hailstorm caused significant damage to early summer fruit crops. Heading into summer, the El Niño/Southern Oscillation is neutral and does not look like it will play a significant role. Over the 3 months to February 2020, the National Institute for Water and Atmospheric Research predict near normal rainfall and soil moisture levels.

Rural confidence

The positive export outlook and the flow on effects to farmer incomes appears to be starting to reflect in sentiment at the farm level. After a series of rural surveys indicating declining rural confidence, ANZ's November Business Outlook has indicated that profitability expectations in the agriculture sector have improved significantly in the past few months. While employment and export intentions are strong relative to other parts of the economy, investment intentions remain weak, potentially weighed down by uncertainty associated with the pace and scale of change of some environmental regulatory policy proposals.

In September 2019, the Government consulted on a package of freshwater policy proposals. This Essential Freshwater programme has three main objectives: stopping further degradation and loss, reversing past damage, and addressing water allocation issues. Some farmers are concerned that these policies will be costly to

implement and that farming systems will need to change in some areas of the country.

The Zero Carbon Act, passed in November 2019, include targets for agricultural methane emission reductions of 10 percent by 2030 and 24-47 percent by 2050. The Government has also announced that it will enter into a world first programme of action with the agriculture sector aimed at introducing farm gate emissions pricing by 2025.

Farm debt remains high, particularly in the dairy sector. Banks have been tightening lending policies over the past year, and a RBNZ policy requiring banks to hold more capital may add to that trend. This could reduce farmers' ability to borrow money to invest in environmental mitigations where required.

At the international level, key risks to the sector's export performance in the years ahead remain. Global economic growth is beginning to weaken, driven in part by the effects of increased geopolitical uncertainty and heightened trade protectionism.



Brexit

Currently a major source of international uncertainty are the timing and terms of the United Kingdom (UK)'s planned exit from the European Union (EU). The UK and EU recently agreed to an extension of the Brexit date to 31 January 2020.

However, the concerns for New Zealand exporters are the risk of supply chain disruption, the new trading environment that will emerge, and a possible decrease in UK consumer expenditure, especially if the UK were to leave the EU without a deal in place.

In an effort to mitigate these risks, MPI has continued to work closely with other government agencies to ensure, where possible, that trade disruption is minimised. In the meantime, the existing conditions for primary sector trade between New Zealand and the UK are expected to remain the same during the extension period. Advice on the implications of Brexit for primary industry exporters and what they can do to prepare can be found on MPI's website.

Other trade disruptions

Currently, a range of indicators is pointing to weaker GDP growth for two of New Zealand's key export trading partners: the US and China. These two countries accounted for 40 percent of New Zealand's primary sector export revenues in the year ended June. Trade tensions

have also had an impact on global prices. The avoidance of further tariff escalation or timely retraction of the current set of tariff measures may help lift confidence about future growth prospects.

Regional Comprehensive Economic Partnership (RCEP)

In November 2019, the RCEP completed negotiation of the text of the agreement, and agreed virtually all market access issues between 15 of the 16 participating countries. RCEP comprises the 10 ASEAN countries (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam) and six of its existing FTA partners – Australia, China, India, Japan, Korea, and New Zealand. The RCEP participants take 62 percent of New Zealand's primary sector exports.

With the text negotiations completed, negotiations on market access will now continue with the aim of concluding and signing the full agreement in 2020.

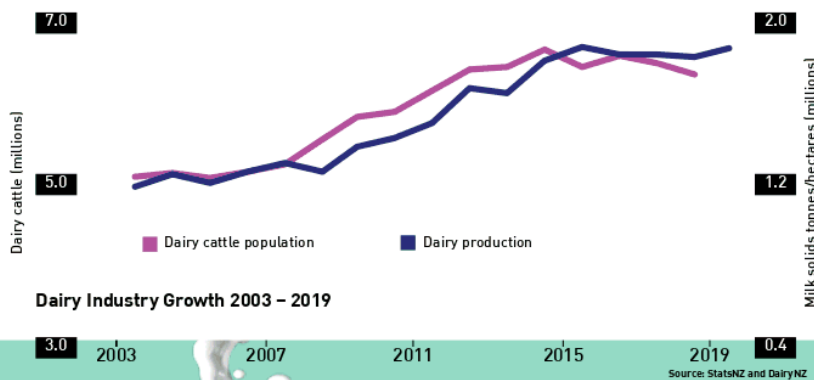
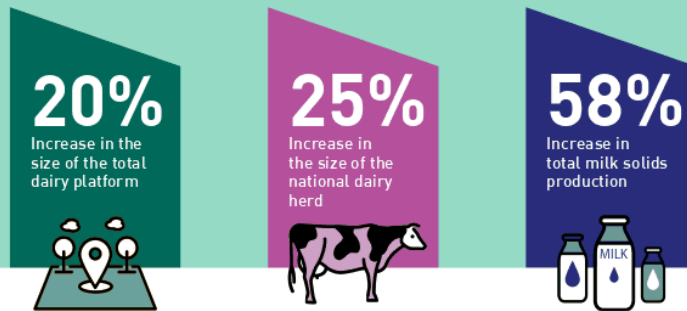
While India still has some outstanding concerns, all RCEP participants are continuing to work with India to enable it to join the agreement in 2020.

The agreement is expected to increase New Zealand exporters' security in the region, while protecting their competitive interests in countries which include seven of New Zealand's top 10 trading partners.



Dairy's growth and vulnerability

The New Zealand dairy industry has grown rapidly over the past two decades, driven by land conversions and productivity improvements. Since 2003, these shifts have resulted in:



Dairy platform increase

The national total dairy platform has steadily increased, rising significantly between 2006 and 2015, before stabilising at its current level of 1.744 million hectares, with much of this growth being driven by dairy farm conversions.

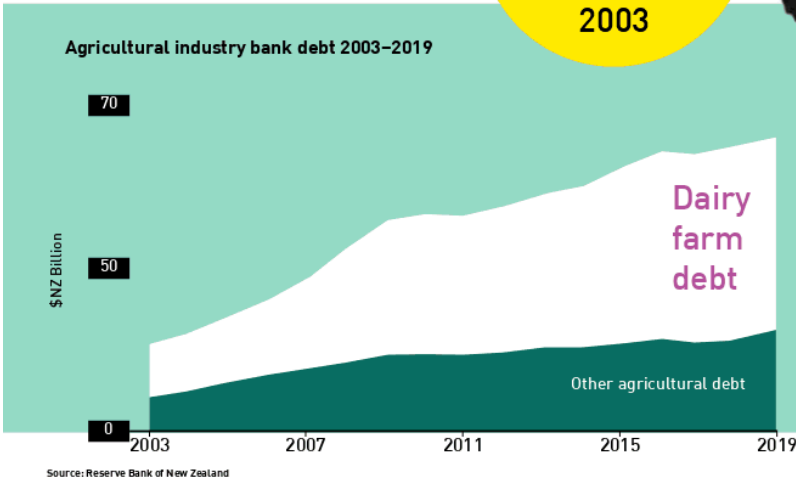
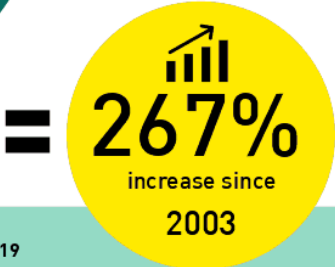
Productivity drivers

In addition to growth in the total land area, improvements and advances in herd genetics, breeding techniques, on-farm management practices, forages, and new technology have driven consistent increases in on-farm productivity for the dairy sector.

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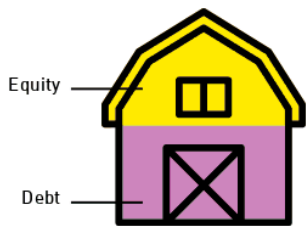
Financial vulnerability of the dairy sector

This increase in national dairy production has largely been funded with bank debt. On-farm bank debt has increased by \$30.1 billion since 2003 and currently stands at \$41.4 billion.



How does this affect the financial vulnerability of the dairy sector?

While use of debt to fund business and industry growth can play an important role in economic success, it appears that the level of financial risk associated with the recent expansion of New Zealand's dairy production has increased significantly in recent years.

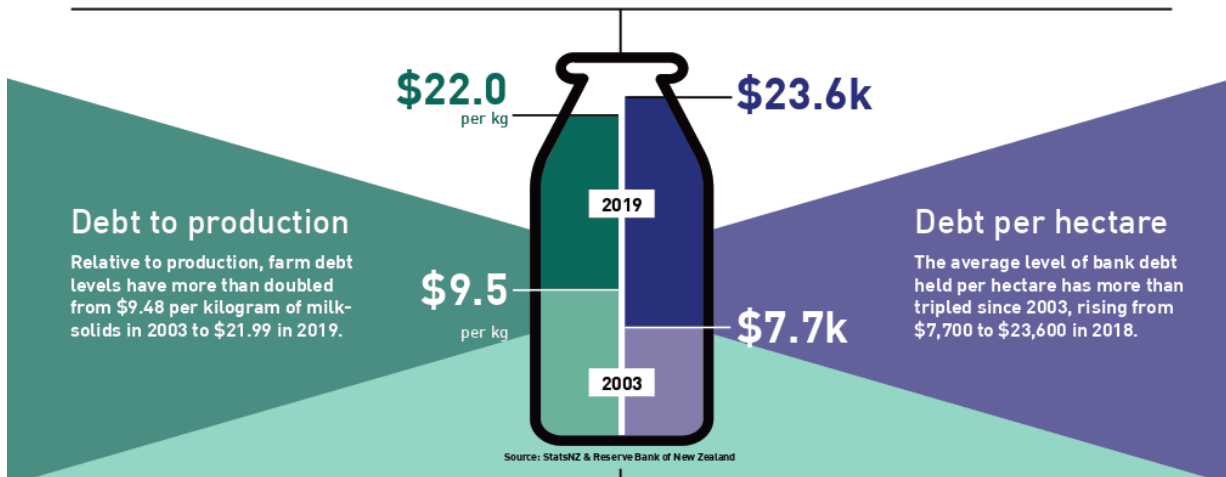


- In the 2017–2018 season dairy farms on average had a debt-to-asset ratio of 50.7 percent.
- However, many farms are holding high levels of debt:

24 percent have ratios over 70 percent; and

4 percent have ratios over 90 percent.

The level of debt held relative to farm assets and production has increased significantly across the sector.

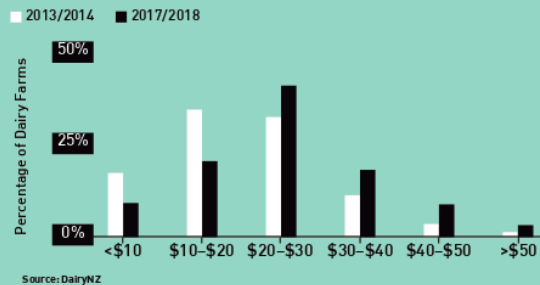


In addition, the number and proportion of farms holding high levels of debt have also increased.

In particular, the percentage of farms holding greater than \$30 of debt per kilogram of milk solids produced annually has increased from 16 percent in 2014 to 30 percent in 2018.

Despite falling interest rates over recent years, the burden of servicing this elevated debt has increased. Since 2014, the average annual cost of servicing this elevated debt has increased by 11 cents to \$1.22 per kilogram of milk solids in 2018.

Distribution of dairy sector debt per kg of milk solids 2014 and 2018



Debt to income ratio by sector 2018



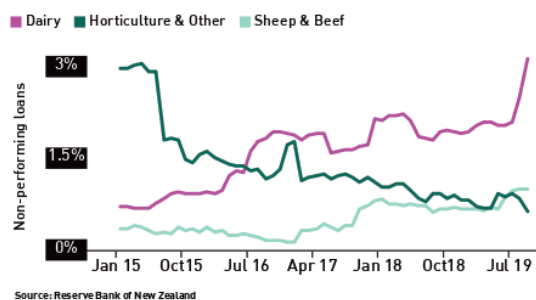
Relative to its income, the dairy industry holds a lot more debt than other agricultural producers.

In fact, despite having enjoyed relatively good milk price pay-outs in recent years, the dairy industry still currently holds 60 percent more debt compared with other agricultural producers.

Early warning signs may now be beginning to appear, with the number of farms experiencing financial distress increasing in recent years.

The ratio of non-performing loans in the dairy sector has doubled over the past three years. Currently at 2.1 percent of the dairy sector total, this figure is three times higher than that of other comparable primary sector industries.

Non-performing loans as a percentage of total sector debt 2015-2019



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The high levels of debt currently held by vulnerable dairy farms may inhibit their ability to successfully meet the challenges ahead and adapt to changes in their operating environment.

Financial pressures associated with this highly indebted sector may constrain the ability of financially vulnerable farms to invest and adapt to the changes associated with increased environmental and other regulatory requirements on the sector over the longer term.

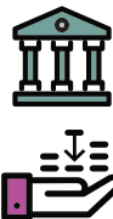
These new regulatory constraints may have the effect of limiting future intensification of farming practices and further growth in the national milking platform area. The national milking platform area's size, total dairy herd, and level of intensification are thus expected to experience modest declines in the medium to long term.



These changes include investment in on-farm technology and infrastructure, to reduce the sector's impact on freshwater quality and climate change.



As a result, further investment in on-farm productivity gains will need to continue if the sector is to achieve future industry growth.



The appetite of banks to keep funding sector growth through the provision of credit is decreasing. Evidence indicates that the banking sector is positioning itself with a more conservative approach to dairy sector debt in its portfolios, reducing credit lines and requiring active repayment of loans. This has the potential to increase the cash flow burden on many of those farmers who are already facing squeezed margins.

In addition, for some financially distressed farmers, their options for addressing these problems are becoming increasingly constrained by falling demand for dairy farm land and signs that rural asset values may be falling.

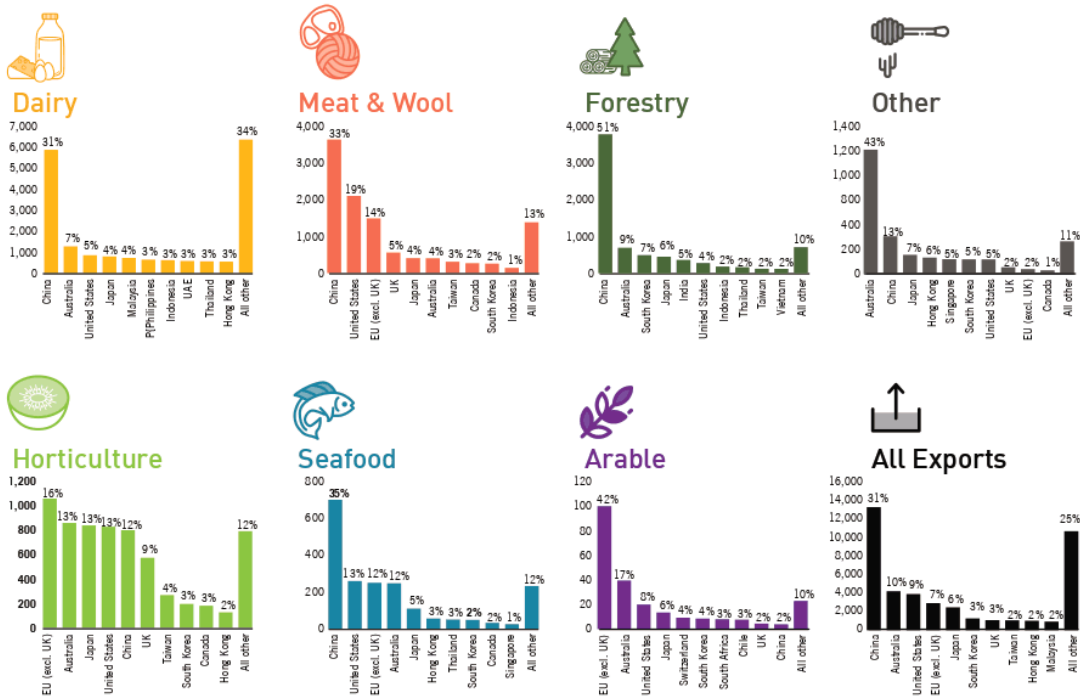
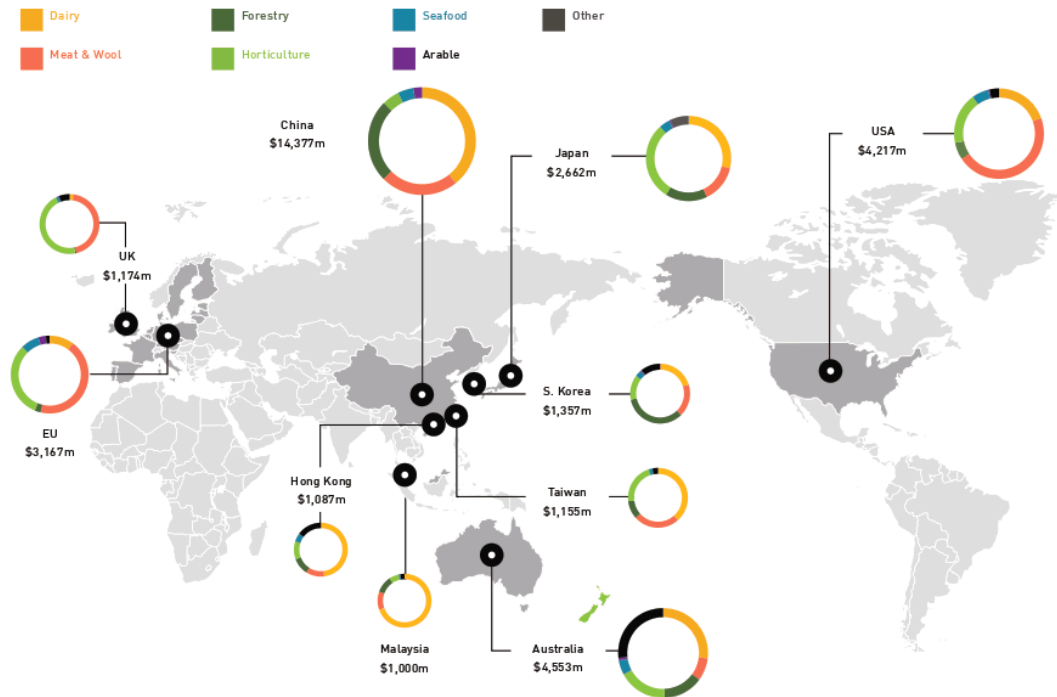
The Government has introduced several initiatives to support the primary sectors through these upcoming challenges.

MPI's Agricultural and Investment Services business unit is supporting work to increase farm business resilience by linking farm advisers and accountants with farmers to enable better strategic and financial planning and create effective business cases where required.

The farm debt mediation scheme recognises the pressure debt places on farmers and rural communities. The scheme will help farmers by addressing the power imbalance between farmers and banks and providing a consistent platform for constructive discussions. The aim is to improve outcomes for both farmers and banks through early engagement.

The Productive and Sustainable Land Use package promotes farm land-use practices that deliver more value and improved environmental outcomes.

Top 10 Export Destinations



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Dairy

New Zealand's dairy export revenue is forecast to rise 8.4 percent to \$19.6 billion for the year ending June 2020. Expectations of another strong production season, combined with robust global dairy prices, and a weak outlook for the New Zealand dollar, are expected to support solid export revenue growth in the year ahead. For New Zealand's dairy farmers, this is expected to translate into higher farmgate milk prices, supporting robust sector profitability for the season ahead.



Dairy export revenue 2015-21 (NZ\$ million)

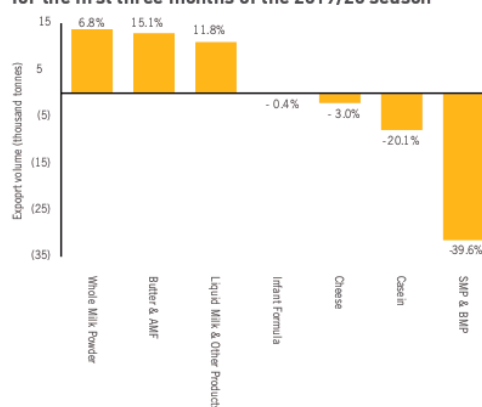
Year to 30 June					Actual	Forecast	
	2015	2016	2017	2018	2019	2020	2021
Whole milk powder	5,385	4,609	5,271	5,818	6,675	6,980	6,460
Butter, AMF, and cream	2,219	2,378	2,794	3,812	3,612	3,530	3,730
Skim milk & butter milk powder	1,762	1,347	1,385	1,228	1,323	1,720	1,630
Casein & protein products	2,129	1,834	1,735	1,601	1,574	1,810	1,740
Cheese	1,557	1,720	1,830	1,905	1,965	2,150	2,140
Infant formula	415	685	778	1,240	1,641	1,900	2,090
Other dairy products*	582	716	845	1,050	1,318	1,550	1,670
Total	14,050	13,289	14,638	16,655	18,107	19,630	19,450
% Change year on year	-21.0%	-5.4%	+10.1%	+13.8%	+8.7%	+8.4%	-0.9%

Source: Stats NZ and MPI.

* Other dairy products include: liquid milk and cream, ultra-high temperature milk, yoghurt, and ice cream.

- Dairy production has made a positive start to the 2019/20 season. Mild winter conditions have supported pasture growth which, combined with increased winter milking, have boosted early season production. However spring growing conditions have been more variable in September and October, with below average temperatures and wet conditions across some key dairying regions.
- This has resulted in total milk solids collections as at October tracking 0.4 percent higher than at the same time last year. However, we do not expect production to match the record levels achieved during the December 2018 quarter and accordingly, are forecasting milk solids production to be up only 0.2 percent for the 2019/20 season, compared to the previous year.
- Despite the strong start to the season, overall export volume growth has been relatively mixed for the September quarter, compared to the same period as last year. Volume growth for whole milk powder (WMP), butter, and liquid milk products were offset by falls in skim milk powder (SMP) and casein products (Figure 1).
- Expectations of relatively flat New Zealand milk solids production growth this season will feed into a global dairy supply chain that remains relatively constrained. Modest milk production growth in Europe (up 0.3 percent) and the US (up 0.1 percent) over the year to date, is being offset by weakness in Australia (down 6.9 percent) so far this season.

Figure 1: Dairy export volume growth has been mixed for the first three months of the 2019/20 season

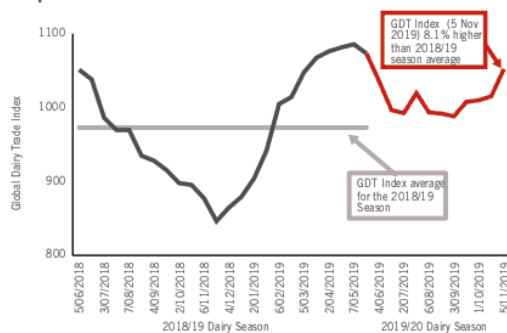


Change in dairy export volumes: September quarter 2019 compared to the same period in previous year.

Source: Stats NZ.

- As a result, global dairy markets have remained relatively resilient in the face of slowing global growth and the ongoing US-China trade dispute. In particular, despite slowing economic growth in China (the world's largest dairy importer) and a weakening in the purchasing power of its currency, there appears to be resilience in the China's household sector which is underpinning demand.
- This has helped support prices for global dairy commodities. Despite some initial weakness in dairy prices for butter and cheese early in the season, Global Dairy Trade auction prices have subsequently firmed in September and October, with WMP prices now 3.9 percent higher and SMP prices 18.7 higher than the start of the season (Figure 2).

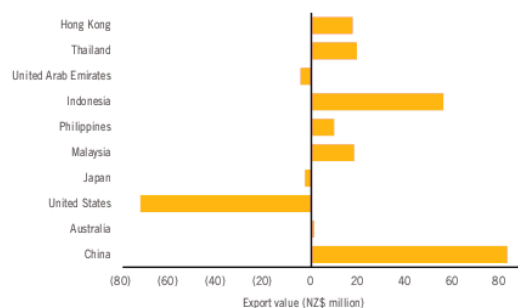
Figure 2: Global commodity prices have risen since September



Global dairy trade index: June 2017 to November 2019.
Source: Global Dairy Trade.

- Strong milk solids production supported by robust global prices and a weakening NZD has translated into a \$261 million (8.4 percent) increase in export revenues for the September quarter compared to the previous year. Across our major markets, export growth into China, Indonesia, and Sri Lanka has been somewhat offset by a significant fall in exports to the US.
- For China, our largest export destination, exports rose 9.1 percent to \$993 million for the first three months of the season, driven by volume growth in butter (up 18.3 percent), liquid milk products (up 12.6 percent), improved prices for infant formula (up 11.2 percent) and WMP (up 7.5 percent). However, this has been offset somewhat by a 40 percent decline in SMP volumes (Figure 3).

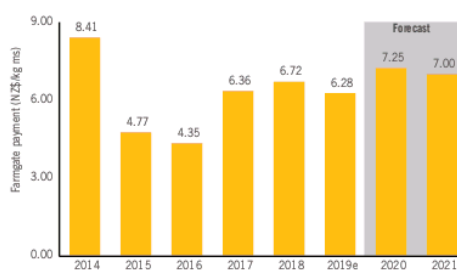
Figure 3: Growth in export revenues to China and Indonesia have been partially offset by declines to the US



Change in dairy export revenues (Top 10 export nations): July-September 2019 compared to 2018.
Source: Stats NZ.

- Given the strong demand from key Asian markets and weak international supply growth, we are expecting global dairy markets to remain resilient and supportive of strong dairy prices over the short term. Combined with a soft outlook for the NZD, this is expected to support an 8 percent growth in export revenues for New Zealand producers to \$19.6 billion for the year ended June 2020. In particular, we expect to see strong revenue growth in higher added value dairy products such as infant formula (forecast rise of 12.9 percent) and liquid milk products (forecast rise of 15.1 percent) in the year ahead, driven by continued volume growth into China.
- These factors should support the profitability for New Zealand's dairy farmers in the current season. We have accordingly adjusted upwards New Zealand's all company average milk solids payout forecast (including dividend) for the 2019/20 season to \$7.25 per kilogram of milk solids (Figure 4).

Figure 4: Farmgate milk solids price outlook revised upwards from previous forecast



New Zealand all company average farmgate milk solids payment (including dividend), year ended May 2014-21.
Source: DairyNZ and MPI.

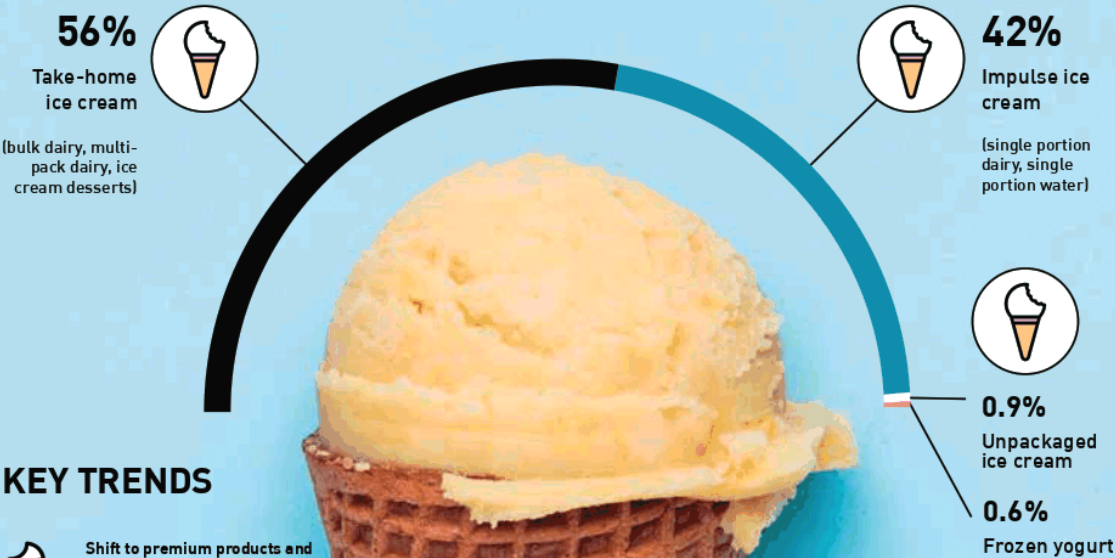


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ICE CREAM IN NEW ZEALAND

The retail value of the New Zealand ice cream market is estimated at \$419 million in 2019 and is expected to reach \$533 million by 2024.

Home ice cream still leads the category, with bulk ice cream enjoying the highest rate of growth, which totalled 5 percent in 2019. Single portion ice cream enjoyed faster growth compared with this category in previous years. This was driven by impulsive supermarket and convenience store purchases during summer, a trend that is expected to continue. Other significant market trends also shaping the New Zealand industry are listed below.



KEY TRENDS

- Shift to premium products and product innovation is driving value and increased customer interest.
- Growth in health and wellness product (e.g. with non-dairy, low calories, high protein benefits).
- Asia Pacific is a key export market, with 42 percent of exports by value in 2018 going to China.
- Rise in demand for unique flavors such as “matcha” to cater specifically to the Asian population
- Mess-free, single-portion formats (cups, bars) gaining traction as “convenience” continues to gain importance
- Innovation in visual and sensory features of ice cream to target new social media and “eat-with-your-eyes” focused customers

KEY TRENDS

GLOBAL MARKETS



Global production of 11.5 million tonnes in 2018



Global market estimated at \$US77 billion in 2018



Global market enjoying an average growth rate between 4.1 percent and 4.9 percent

New Zealand ice cream exports to China have experienced dramatic growth in the last few years. This leap in growth is in part driven by catering to the China market demand for unique flavours (as noted in the key trends).



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Meat and Wool

The outlook for meat and wool exports remains robust with export revenues forecast to reach \$10.4 billion for the year ending June 2020, 2.5 percent higher than the previous year. The positive outlook for the sector is being driven by high international meat prices as a result of African Swine Fever (ASF) reducing China's pork herd, increasing demand for imported protein. Strong schedule prices as a result of international demand have helped maintain on-farm profitability.



Meat & Wool export revenue 2015-21 (NZ\$ million)

Year to 30 June					Actual	Forecast	
	2015	2016	2017	2018	2019	2020	2021
Beef & veal	2,980	3,096	2,706	2,943	3,324	3,560	3,570
Lamb	2,504	2,569	2,441	3,018	3,227	3,280	3,410
Mutton	418	419	417	575	576	560	600
Wool	805	760	522	543	549	490	490
Venison	174	182	162	196	186	180	190
Other meat*	466	503	513	543	610	600	660
Hides & Skins	570	509	416	396	354	330	330
Animal by-products	578	598	587	700	729	770	780
Animal fats & oils	118	125	156	147	115	120	120
Animal products for feed	216	247	273	332	376	400	400
Carpets & other wool products	172	192	163	148	130	130	130
Total	9,000	9,200	8,355	9,542	10,176	10,430	10,580
% Change year on year	+10.3%	+2.2%	-9.2%	+14.2%	+6.6%	+2.5%	+2.4%

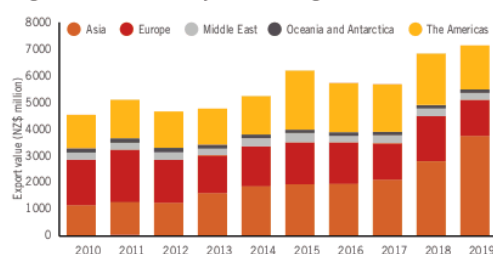
Source: Stats NZ and MPI.

* Other meat includes: edible offal, processed meat, and poultry.

- The impact of ASF outbreaks in China has changed the face of global protein trade. China is the world's largest producer and consumer of pork, home to just over half of the world's pig population. Over 40 percent of China's pig herd is estimated to have been lost as a result of the disease. This gap in domestic protein production is being met by increased imports of all meat products, not only pork.
- Growing demand from China for New Zealand meat products as a result of ASF continues to support export growth and schedule prices. Since September 2017 exports to China have grown from 20.8 percent to 39.9 percent of New Zealand's total beef and sheep meat exports (Figure 5). The shift in trade to China can also be seen in an increase in the proportion of Chinese yuan denominated trade for meat products. From October 2018 to June 2019, 7.5 percent of beef and sheep meat trade was denominated in Chinese yuan, compared to 1.6 percent for the same period the previous year.
- The value of beef and veal exports is surging due to increased demand from China. Beef and veal exports are forecast to reach \$3.6 billion for the year ending June 2020, a 7.2 percent increase from the previous year. The increase in revenue is predominantly driven by prices that are forecast to increase by 6.8 percent, while volumes are forecast to remain flat. This growth builds off the strong previous season that saw massive spikes in demand in China for beef as a result of ASF. Growth in

Chinese demand for prime cuts and manufacturing beef has continued in the early season, creating competition with the US, resulting in rising global beef prices.

Figure 5: Red meat exports shifting to Asia



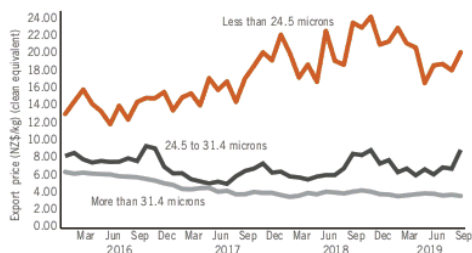
Beef exports by region 2010-2019, year ended June.

Source: Stats NZ

- The changing consumption trend for beef in China predates ASF as boneless beef exports to China have been rising steadily since late 2015. This is alongside a rising chilled beef trade to China which has nearly doubled in the past year from \$32 million to \$61 million.
- New Zealand's beef herd is expected to remain relatively static with beef cattle numbers expected to be at 3.66 million for the year ending June 2020. This is a 0.5 percent fall from the previous year of 3.68 million.

- New Zealand's sheep meat exports have also continued to perform well with lamb and mutton exports expected to reach \$3.3 billion and \$560 million respectively for the year ending June 2020. Export quantities are expected to be flat, while prices are expected to increase as a result of ASF.
- The retention of lambs from last season has increased the hogget population while ewe numbers are falling. This is forecast to result in 2 percent fewer lambs being born this coming year, assuming a similar lambing rate to last season. Global sheep meat production is also constrained as Australia's sheep flock shrinks from drought creating upward pressure on prices.

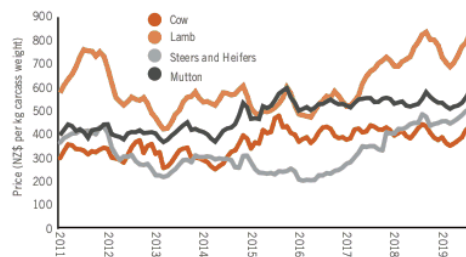
Figure 6: Strong wool export prices remain low while fine prices remain variable



Source: Stats NZ

- Wool export revenue is forecast to fall to \$490 million for the year ending June 2020, an 11 percent decrease from the previous year. Export quantities are expected to remain stable as a result of the stable sheep flock looking forward. Strong wool export prices remain low, whereas fine and mid-micron wool prices remain variable (Figure 6). This is due to reduced demand from China as they are exporting fewer clothes and textiles to the US due to trade tensions.

Figure 7: Schedule prices remain high early in the season



Schedule prices for steers and heifers, cows, mutton, and lamb: Year ending December 2011 – 2019

Source: Beef and Lamb NZ

- Schedule prices for livestock are at near record levels resulting in continued strong on-farm profitability (Figure 7). Although a small drop is expected compared to last season as higher on-farm revenues are being offset by rising farm expenditure. Beef and Lamb NZ forecast earnings before interest, tax, and managers' wages, are expected to be 0.7 percent lower for the year ending June 2020.
- Poultry exports to Australia have been falling as a result of Infectious Bursal Disease Virus (IBDV) being discovered in New Zealand. Last year poultry export revenue reached \$91 million, of which 56 percent went to Australia. Poultry meat must now be heat treated to remove the virus before it is exported to Australia, which reduces the range of products available to export.



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Forestry

Forestry exports for the year ending June 2020 are forecast to fall 12.8 percent to \$6.0 billion compared to the year ended June 2019 when prices and volumes were at record highs. This is \$0.2 billion higher than the September forecast for year ending June 2020 as log prices are recovering more quickly than expected from their sharp fall over June and July of this year. If prices continue their sharp recovery, export volumes may increase faster than currently forecast.



Forestry export revenue 2015-2021 (\$NZ million)

Year to 30 June	2015	2016	2017	2018	Actual 2019	Forecast 2020	Forecast 2021
Logs	2,059	2,224	2,687	3,337	3,806	3,080	3,640
Sawn timber & sleepers	751	860	830	890	936	920	970
Pulp	628	683	651	828	812	640	620
Paper & paperboard	473	522	488	491	491	480	440
Panels	451	512	476	501	514	560	600
Chips	52	64	59	56	67	70	80
Other forestry products*	268	275	290	281	257	250	260
Total	4,683	5,140	5,482	6,382	6,883	6,000	6,600
% Change year on year	-9.9%	+9.8%	+6.7%	+16.4%	+7.9%	-12.8%	+10.0%

Source: Stats NZ and MPI.

* Other forest products include: structural or moulded wood, furniture, and prefabricated buildings.

Figure 8: Log prices are beginning to recover

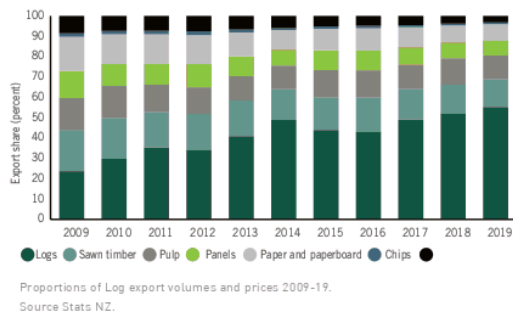


Log export volumes and prices 2017-2019.

Source: Stats NZ.

- Forestry exports for the year ended June 2019 reached \$6.9 billion. Just over half of this value was from log exports, through record high export volumes and prices.
- Log export prices for A grade logs dropped sharply (down 11 percent to a low of \$138.0/m³ in July due to a build-up of softwood inventories in China following very high log export volumes from New Zealand. At the same time, the supply of logs increased from Europe and Russia. Prices recovered to \$143.5/m³ in September (Figure 8), and are expected to continue rising to \$155-\$165 m³ by the middle of 2020. This has driven a forecast fall of \$726 million (nearly 20 percent) for New Zealand log export value for the year ending June 2020.
- The price recovery during August and September was driven by log inventories at China's ports declining much quicker than expected. This recovery is unlikely to continue over the next few months as sales to China traditionally slow in January and February. High volumes of logs from beetle-damaged forests are continuing to arrive in China from Europe. As these have a similar use
- as New Zealand logs they are slowing the export volume recovery. However, we are expecting to see volumes increasing in subsequent years as both small and corporate growers respond to the log price recovery by increasing harvest volumes.
- China's construction market remains active and there is no sign of decreased demand. Therefore, industry is expecting export volumes to China to recover over the next year, but for prices to be slightly lower than recent levels. However, any increase in shipping costs resulting from new requirements on the sulphur content of fuels from 2020 could slow down the export volume recovery by impacting the marginal returns on harvest.
- Longer-term, the recent log price drop has underlined the importance of increasing domestic processing and diversifying export markets. Interestingly, the price of wood products has not followed the log price drop, and demand from other export markets such as Japan, South Korea, and India, has remained stable with potential to increase.
- Additionally, log exports have grown from 24 percent of forestry exports in 2009 to 55 percent in 2019 (Figure 9). With 75 percent of New Zealand's exports going to China, forestry is heavily exposed to risks of changing demand in this market. The key drivers for this are New Zealand's increased log supply, the increasing log demand from the China's construction industry and New Zealand's wood processing capacity remaining relatively static over the last decade.

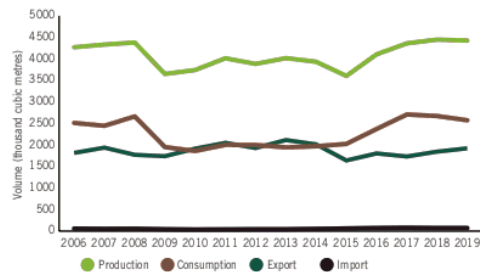
Figure 9: Log exports continued to gain proportion of export share until the June 2019 year



- Exports of pulp, paper, and panels remain steady despite pulp prices decreasing by 15 percent in the last 12 months (to \$766/t from \$904/t). The key reasons for the pulp price drop were increased supply from Brazil to China and a slowdown in China's paper exports to the US, due to increased tariffs applied by the US.
- Sawn timber export revenue for the year ended June 2019 increased 5.2 percent to \$936 million. Both export and domestic market demand remains stable (Figure 10). Domestic market demand is expected to increase due to an increase in the number of new dwelling consents. In the year ended June 2019, the number of

new dwellings consented was 34,804, up 6 percent from the June 2018 year. The number of consents is accelerating, with an increase of 20 percent for the September 2019 quarter compared with the same quarter in 2018.

Figure 10: Sawn timber production remains robust



Horticulture

Horticulture sector revenue is forecast to rise 4.7 percent for the year ending June 2020 driven by increases in kiwifruit, wine, and apple and pear exports. This will push the horticulture sector to the third largest primary sector industry by value, edging ahead of the forestry sector. Kiwifruit exports are expected to rise by 8.6 percent to \$2.5 billion, while wine exports are predicted to rise by 1.8 percent to \$1.8 billion, and apple and pear export revenue to rise by 7.2 percent to \$0.9 billion.



Horticulture export revenue 2015-21 (NZ\$ million)

Year to 30 June					Actual		Forecast
	2015	2016	2017	2018	2019	2020	2021
Kiwifruit	1,182	1,673	1,664	1,861	2,302	2,500	2,560
Wine	1,408	1,558	1,661	1,694	1,807	1,840	1,840
Apples & pears	571	701	701	745	839	900	910
Fresh & processed vegetables*	588	612	614	622	696	650	660
Other horticulture**	436	456	525	471	466	510	560
Total	4,185	5,000	5,165	5,392	6,111	6,400	6,530
% Change year on year	+10.0%	+19.5%	+3.3%	+4.4%	+13.3%	+4.7%	+2.0%

Source: Stats NZ and MPI.

* Fresh vegetable exports include onions, squash, capsicum, potatoes and other fresh vegetables. Processed vegetable exports include frozen vegetables (including frozen potatoes, peas, sweetcorn, etc.), dried vegetables, dry legumes, prepared and/or preserved vegetables, and vegetable juices.

** Other horticulture exports include: other fresh fruit (including avocados, cherries, blueberries, etc.), frozen and processed fruit, fruit juices, nuts and ornamentals.

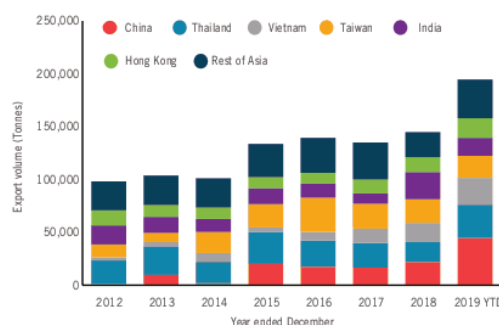
Apples and pears

- The 2019 apple and pear export season is near completion, with new records being set for export volumes and prices. Exports are expected to reach 395,000 tonnes (21.9 million cartons) and \$870 million for the year ending December 2019. Favourable climatic conditions during ripening and harvest helped lift the proportion of export-grade fruit.
- Strong demand from Asian markets, in particular China, driven in part by a reduction in China's 2018 apple crop by an estimated 25 percent, increased the average export price to a new high of \$39.50 per carton. A lower New Zealand dollar also assisted. Asia will account for around 50 percent of New Zealand apple exports in 2019, up from 40 percent in the prior year. The increased demand in Asia helped offset lower demand from Europe due to large domestic stocks from the 2018 harvest (Figure 11).
- Apple and pear exports are forecast to increase in 2020 and beyond due to trees maturing and the ongoing increase in planted area. However, there may be some downside risk to the 2020 crop forecast once the impacts of several localised spring hail events are fully realised. The lower prices received for Braeburn in 2019 will likely speed up growers' timelines for the replacement of Braeburn with apple varieties in higher consumer demand. Orchard replanting and new plantings are expected to continue, with the total planted area on track to reach 11,000 hectares by 2021.
- Export revenue for the year ended December 2020 is forecast to be similar to the 2019 year, with higher export volumes offset by a slightly lower price forecast of \$38.00 per carton. Price expectations for New Zealand

apples and pears in the year ended December 2020 are influenced by:

- a return to normal production levels in China in 2019;
- a reduced apple crop in Europe in 2019 due to adverse weather, estimated to be down by 20 percent on the prior year, although production is up in France and the Netherlands;
- tariffs on US apple imports into China and India; and
- a slightly lower New Zealand dollar against the US dollar and Euro compared with the 2019 exporting season.

Figure 11: China's reduced apple crop provided more opportunities for apple exports to Asia in 2019



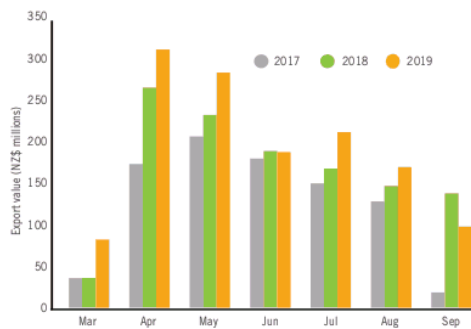
New Zealand apple exports to Asia, 2012-2019.

Source: Stats NZ and MPI.

Kiwifruit

- After emerging from the impact of Psa, the kiwifruit industry is in a period of strong growth. Kiwifruit export revenue is forecast to grow to \$2.5 billion in the year ending March 2020, based on total export volume of 149 million trays. While this overall volume is forecast to be down slightly on the previous season's crop volume, the balance continues to shift from green (down 14 percent) to gold (up 11 percent). Sustained growth is forecast based on improving prices and maturing Gold3 vines further increasing production.

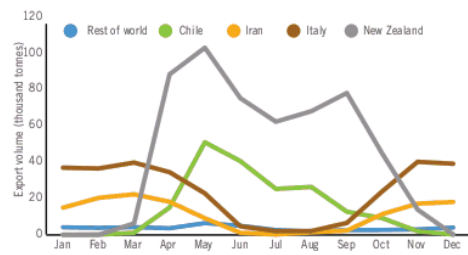
Figure 12: Monthly export value for gold kiwifruit, year to date (March to September 2017 – 2019)



Gold export values up on previous two seasons
Source: Stats NZ.

- A hot, dry summer produced an early start to the Gold3 season with increased dry matter and taste, but these conditions also reduced fruit size. A favourable exchange rate and growing demand has seen prices above those of last season in five out of seven months, despite the smaller fruit size, which is a great result given the increasing supply. For the March to September year to date Gold3 volumes and prices were up 8 and 2 percent respectively, resulting in 11 percent more revenue compared to the same point last year (Figure 12).
- The tail of the export season sees remaining green kiwifruit from the reduced crop facing increasing competition from northern hemisphere grown fruit as summer production comes on line (Figure 13).

Figure 13: Global kiwifruit exports are dominated by four countries; southern hemisphere countries generally supply to the northern hemisphere during their production off season.



Top 4 Kiwifruit exporting countries by volume, 2018
Source: GTA

- As production switches from green varieties to gold, the green producing area is decreasing alongside some variability in yields. This season's green yields are down on the previous year, which were close to the record. Gold yields have climbed steadily for the last three years, and it is yet to be seen what the long term average yield might be for mature Gold3 orchards.
- While the smaller fruit size this season has not reduced prices, larger kiwifruit are generally more highly sought in premium markets. As the crop for the coming season establishes, growers will be carefully managing vines to maximise value from a balanced yield, fruit size and taste.
- Although Gold3 has consistently outperformed Hayward green kiwifruit in terms of orchard gate return, there are opportunities to exploit other segments of the fruit market with new kiwifruit varieties. The new red kiwifruit variety will be available in New Zealand and other international markets, after being well received in a Singapore trial this season. This variety is likely to be popular in other Asian markets, where the shorter shipping times make this a more realistic destination than Europe. Earlier maturing varieties such as Sweet Green enable green fruit to reach the market earlier in the season, ensuring longer seasonal supply of New Zealand grown fruit.

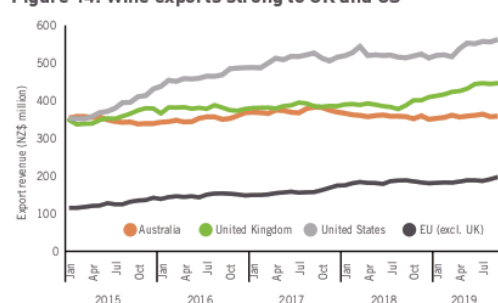


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Wine

- Wine exports are forecast to reach \$1.84 billion in the year ending June 2020, up 1.7 percent from the previous year. In the September 2019 quarter, export volumes were up 4 percent from the same period last year, continuing the strong export volume growth seen in the first half of calendar year 2019.
- Given that the 2019 vintage is down 1.4 percent from the previous year, it is unlikely this pace can be sustained throughout the current export season. As a result, export volumes are expected to rise just 0.5 percent during the year ending June 2020. While export volumes are maintained, the reduced vintage will likely result in falling inventories and less New Zealand wine consumed domestically.
- The main markets driving growth are the US, UK, and Europe, with export revenues up 9.5, 15.1, and 4.8 percent respectively, in the year to September 2019. Wine sales to the US are expanding again following a lull in mid-2018. The UK has been a strong market for New Zealand wine over the past year, although exports have slowed in the past few months, possibly due to uncertainty created by Brexit (Figure 14).
- While wine export revenues from Australia have held constant in recent years, Australia remains our third largest export market.

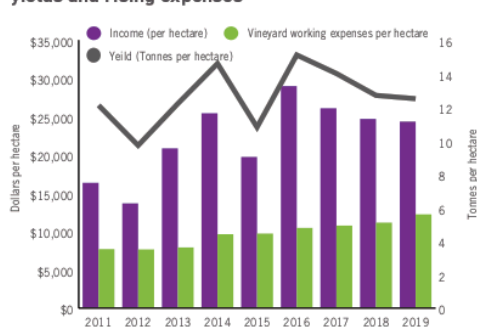
Figure 14: Wine exports strong to UK and US



Wine export revenue by destination [12 month rolling average] 2015-19.
Source: Stats NZ.

- The latest Vineyard Benchmarking Report was released in August 2019, covering Marlborough vineyard profitability for the vintage harvested in early 2019. The report shows profit before tax of \$8,700 per hectare for a 30 hectare vineyard model.
- This is 13 percent lower than 2018, and the third straight year of falling returns after an excellent result in 2016. Incomes have fallen slightly as production has slipped, while working expenses continue to increase.
- Production per hectare is the largest source of variability in vineyard income, and is largely out of growers' control. After bumper crops in 2014 and 2016, the weather hasn't been as cooperative, and as a result, yields have fallen. (Figure 15). At the same time, production expenses have increased, rising by 10 percent in the past year alone.
- Increases in the minimum wage are a significant factor, contributing to higher labour costs for pruning, canopy/crop management, and other wages. This trend is expected to continue with further minimum wage rises scheduled in 2021. Expenditure has also increased on electricity, fuel, and fertiliser over the past year.

Figure 15: Vineyard profitability hindered by lower yields and rising expenses



Vineyard income, expenses, and yields 2011-19.
Source: MPI and New Zealand Winegrowers.

Wine production and trade, year ended June 2014-21.

	Actual						Forecast	
	2014	2015	2016	2017	2018	2019	2020	2021
Area harvested (hectares)	35,511	35,463	36,226	36,943	38,073	38,680	39,200	39,600
Grape production (metric tonnes)	445,000	326,000	436,000	396,000	419,000	413,000	431,000	436,000
Wine production (million litres)	320.4	234.7	313.9	285.1	301.7	295.0	310.0	315.0
Export volume (million litres)	186.2	206.7	211.4	252.2	253.9	269.0	270.5	271.8
Export price (NZ\$ per litre)	7.11	6.81	7.37	6.59	6.67	6.70	6.80	6.75
Export revenue (NZ\$ million)	1,323	1,408	1,558	1,661	1,684	1,810	1,840	1,840

Source: MPI, New Zealand Winegrowers, Stats NZ.

Other horticulture

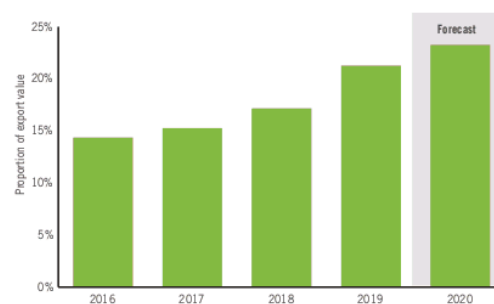
- After topping a record \$170 million in export revenue in the year to December 2019 (Figure 16), onion growers are anticipating a return to more typical export market conditions for the 2020 crop, with the planted area remaining stable. Brown onions are the predominant onion type grown with red onions accounting for around 10-12 percent of the total planted area.
- The 2019 avocado harvest is underway and estimates are for a moderate crop, though up on last year. Two years of increasing volumes following the low bearing crop of 2017-18 shows a disruption to the biennial bearing cycle. Industry has been working on stabilising the bearing cycle using new horticultural management techniques and expansion into warmer growing areas in Northland. Export prices in the September 2019 quarter are down slightly on the same quarter last year, consistent with the increased supply, resulting in a rise in forecast export revenue of 14 percent to \$118 million in the year to June 2020.
- Traditionally, over 80 percent of our avocados were exported to Australia. However, New Zealand's avocados are likely to face increasing competition in Australia, with the removal of tariffs following the CPTPP agreement and expansion of global exports from Mexico and other large South American producers. There has also been an increase in avocados exported from South America to Asia, particularly to South Korea and Thailand (Figure 17).

Figure 16: A shortage of onions in Europe led to strong market demand and record prices for New Zealand onion exports in 2019



Export volumes and prices for New Zealand onion exports, 2010-2019.
Source: Stats NZ and MPI.

Figure 17: Proportion of avocados exported to Asia expanding



Proportion of New Zealand avocados exported to Asia by value 2016-2020.
Source: Stats NZ.



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Seafood

Seafood export earnings are forecast to grow 6.5 percent in the year ending June 2020 to \$2.1 billion, the first time annual export earnings will surpass two billion. This growth is expected to be underpinned by an increase in export prices and rising aquaculture production. Increasing demand from key markets along with limited supply growth, particularly of wild capture fisheries, is expected to keep prices high. The forecast growth in aquaculture production is expected to result in higher export volumes in the coming years.



Seafood export revenue 2015-21 (NZ\$ million)

Year to 30 June	2015	2016	2017	2018	Actual 2019	Forecast 2020	Forecast 2021
Wild Capture	1,242	1,380	1,338	1,372	1,509	1,580	1,670
Aquaculture	321	388	406	406	454	500	540
Total	1,562	1,768	1,744	1,777	1,963	2,090	2,210
% Change year on year	+4.1%	+13.2%	-1.4%	+1.9%	+10.4%	+6.5%	+5.7%

Source: Stats NZ and MPI.

Figure 18: Strong prices and growing aquaculture lifting export earnings



Seafood export earnings, year ended June 2015-21.

Source: Stats NZ and MPI.

- New Zealand wild capture export volumes are likely to be slightly down at least in the short term due to an expected decrease in Hoki catch volumes following the Government's decision to reduce the catch limits for the 2019/20 fishing year to ensure recovery of the stock. The industry had already been implementing a voluntary catch reduction.
- Despite an expected fall in export volumes, export earnings from wild capture seafood are expected to increase by 5.2 percent per year over the next two years. The main driver for this growth is an expected increase in export prices resulting from limited global supply of wild capture seafood, combined with increasing demand. Export earnings from wild capture fisheries grew by 10 percent in June 2019 compared to the previous year, mainly due to increased prices despite a small decrease in export volumes (Figure 18).
- Squid export earnings have increased by an average of 34 percent per year over the last five years, reaching just over \$202 million in June 2019. The growth in export earnings is driven by increased prices over the past five years, and a spike in volume in the past year. Actual

catch levels have remained well below the allowable commercial catch limit (quota level), which was set at 82 thousand tonnes in the 2016/17 fishing year. Squid prices have increased by 16 percent per year over the last five years, driven by strong demand and global shortages in supply due to overfishing and possible stock depletion. Key markets driving demand include China, the US, the EU, and South Korea (Figure 19).

Figure 19: Rising prices contributing significant growth in squid exports



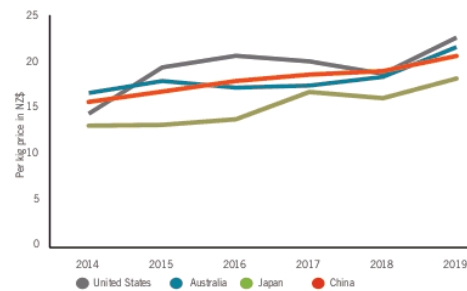
Squid exports by volume and value, year ended June 2014-19.

Source: Stats NZ and MPI.

- Global supply of wild capture seafood is constrained by sustainability and environmental factors and production is expected to remain stable in the coming years. The Food and Agriculture Organisation (FAO) Organisation for Economic Co-operation and Development (OECD) Agricultural Outlook 2019-2028 estimates total seafood (including aquaculture) production growth of just over 1 percent annually over the next decade, with aquaculture contributing all production growth. A key driver of this slow global growth is the restrictions placed by China's 13th five-year plan (2016-2020) on its seafood production.

- New Zealand's aquaculture export earnings are expected to grow by 10.2 percent in the year ending June 2020 to \$500 million on the back of both rising prices and volumes.
- Aquaculture export volumes are expected to increase over the short to medium-term. The supply for hatchery-bred mussel spat is expected to gradually lift mussel production, with trial results showing faster growth than wild capture varieties (16.7 months to reach market size rather than 28 months). Salmon production is also expected to grow gradually as recently established farms begin to reach their full capacity. The Government recently released its Aquaculture Strategy, with a goal for the industry achieving \$3 billion in annual sales by 2035. Research and investment towards open ocean aquaculture and land-based aquaculture systems are important components of this strategy.
- Overall, aquaculture export prices have performed well in recent years (up 13.9 percent in the year to June 2019) due to strong demand in key markets. Salmon prices, in particular, have led the way with a 19.4 percent up in the year ended June 2019. Prices improved across all the key export markets. This is mainly due to supply shortages caused by production losses at Norwegian farms following an algal bloom in mid-2019 (Figure 20). Reports also suggest worsening biological performance at Chilean farms due to high levels of sea lice. As a result, salmon prices are expected to remain strong in the short-term.

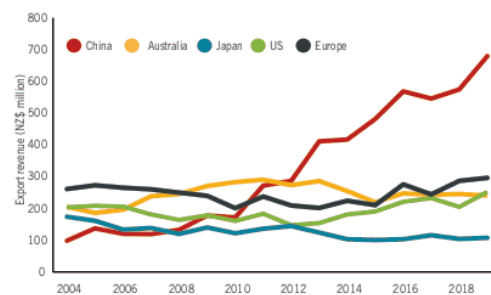
Figure 20: Supply shortages, along with strong demand, driving salmon prices up



New Zealand salmon prices in key export markets, year ended June 2014-2019.
Source: Stats NZ and MPI.

- Strong prices have been lifting export earnings up in the key markets in recent years. Over the past four years, export earnings have increased 9 percent annually in China and Europe, 7 percent in the US, and 2 percent in Australia and Japan. Given the strong demand along with limited global supply of seafood, particularly of wild capture production, prices are expected to remain strong during the forecast period (Figure 21).

Figure 21: Strong prices driving export earnings up in key markets



New Zealand's key seafood export markets by earnings, year ended June 2005-19.
Source: Stats NZ and MPI.



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Arable

The 2019/20 year has begun positively with export revenue up 43 percent for the September 2019 quarter compared to September 2018 and a reasonable growing season to date in most areas. Export sales in all categories increased with vegetable seeds as the main contributor; up \$16.4 million on the September 2018 quarter. As a result, arable export revenue is expected to rise 10 percent for the year ending June 2020 to \$260 million, with slightly lower levels forecast for 2021.



Arable export revenue 2015-21 (NZ\$ million)

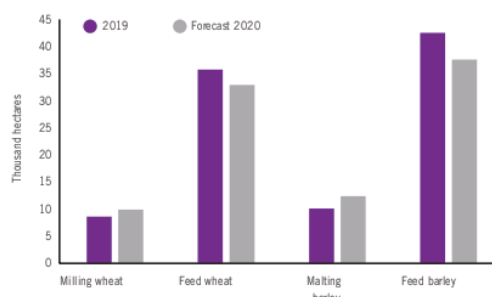
Year to 30 June	2015	2016	2017	2018	Actual 2019	Forecast 2020	Forecast 2021
Vegetable seed	62	74	64	92	87	105	100
Ryegrass seed	49	46	46	55	60	60	60
Clover/legume seed	22	20	23	28	20	25	25
Other grains and seeds*	48	70	63	68	69	70	70
Total	181	210	197	243	236	260	255
% Change year on year	-21.6%	+15.6%	-6.0%	+23.2%	-2.7%	+10.0%	-1.9%

Source: Stats NZ and MPI.

* Other arable products include: maize, other grains, and oilseeds.

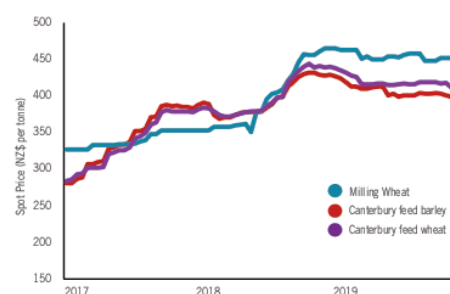
- Seasonal conditions were favourable in Canterbury with crops looking exceptionally good until a hail storm in late November caused considerable damage to cereal, seed and vegetable crops. A mild winter allowed autumn and winter sown crops to come through it well, but the cool spring delayed some spring planting. Conditions in Southland have been more difficult with a cold wet spring making it difficult to get crops planted, and similarly in the North Island the cool spring delayed planting.
- Nationally, areas sown in feed wheat and feed barley are estimated¹ to be down 7 percent and 12 percent on last season, while areas of milling wheat and malting barley are up 20 and 23 percent. Areas of maize planting in the North Island based on seed sales are expected to be up for silage and similar to 2018 for grain [Figure 22].
- Demand for feed wheat and barley has been subdued with unsold stocks up on this time last year. Prices for feed wheat and barley are about \$30 per tonne lower than last year but remain above the four year average by about \$50 per tonne, while milling wheat prices have held (Figure 23). End user contracts for maize grain have been difficult to negotiate due to carry over stocks from the influx of maize imports from Romania last year.
- Domestic demand for forage seeds is strong while the dairy and dry stock sectors get good returns.

Figure 22: NZ total hectares planted for 2019 harvest and predicted for 2020 harvest



Source: AIMI 10 October 2019

Figure 23: Domestic spot grain prices



Source: NZX Grain & Feed Insight

- A recent economic impact assessment report² commissioned by the Arable Food Industry Council found that for 2018, the value of grain and seed sales was \$781 million, split 62:38 percent between grain and seed production. Adding indirect and induced impacts³

¹ Source: Arable Industry Marketing Initiative (AIMI) New Zealand Survey of Cereal Area and Volumes, October 10, 2019 (Foundation of Arable Research)

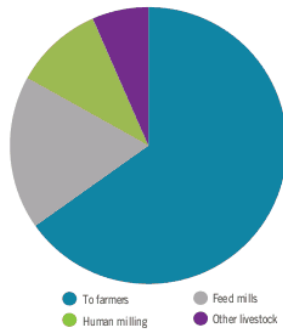
² Source: BERL Arable Production 2018 – Economic Impact Assessment

³ Impacts: Direct – initial spending; Indirect – additional inter-industry spending as a result of the direct impact; Induced – the impact of additional household expenditure resulting from the direct and indirect impact.

the gross output was \$ 2,089 million and contributed 0.3 percent of national GDP.

- The bulk of the grain crop (including maize silage) is sold directly to farmers as animal feed with feed mills as the next largest consumer (Figure 24).

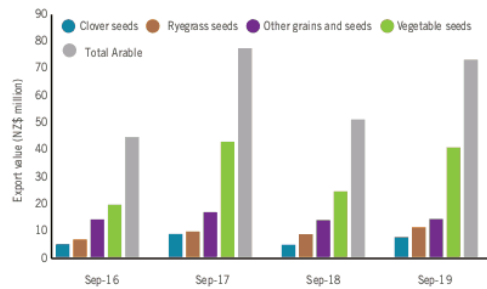
Figure 24: Grain flows to farms and industry, 2018



Source: BERL Arable Production 2018 – Economic Impact Assessment

- Export revenue for the 2019 September quarter was up 43 percent on the previous year to \$ 73.5 million, due to higher export volumes and prices.
- Returns for all the arable export categories rose with vegetable seeds being the greatest contributor. There has been an improvement in the global vegetable seed market following a slowdown last year and the outlook is good for the next few years. Export revenue for the 2019 June and September quarters (the main export period for vegetable seeds) was \$91.0 million, up from \$62.8 million and \$75.9 million for the same periods in 2018 and 2017 (Figure 25).

Figure 25: September quarter arable exports



Source: Stats NZ

- An increase in ryegrass seed to China and clover seed to the EU drove the 30 and 62 percent increases in export returns for the September on September quarter for these categories. The forage seed market is buoyant in Europe with a mixed 2019 harvest following three poor years, and regrassing following the dry years driving the demand for seed.
- Arable export revenue is expected to rise 10 percent for the year ending June 2020 to \$260 million with smaller increases forecast for the years out to 2024.



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Other primary sector exports

Export revenue for New Zealand's other primary sector exports and foods is expected to increase to \$3.0 billion for the year to June 2020, up 7.3 percent from 2019. This builds on the 5.3 percent growth in 2019. This growth is being led by the other products (such as dairy blends and soft drinks), innovative processed foods and live animals categories. Demand for these products is expected to continue to develop in coming years.

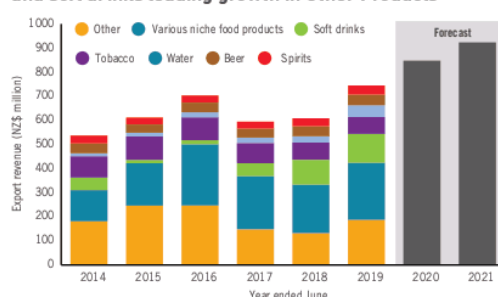
Year to 30 June	Other export revenue 2015-21 (NZ\$ million)				Actual		Forecast
	2015	2016	2017	2018	2019	2020	2021
Innovative processed foods	471	681	664	759	788	820	840
Honey	233	315	329	348	355	340	350
Sugar & confectionery	293	312	305	263	225	230	230
Cereal products	255	274	285	306	304	310	310
Live animals	370	242	274	241	239	310	270
Soup & condiments	183	187	186	184	196	200	210
Other products*	612	704	595	609	745	850	920
Total	2,417	2,714	2,639	2,709	2,852	3,060	3,140
% Change year on year	+20.8%	+12.3%	-2.8%	+2.7%	+5.3%	+7.3%	+2.6%

Source: Stats NZ and MPI.

* Other products include: beverages, vegetable-based dyes, and spices.

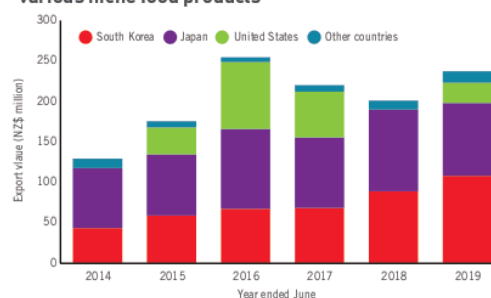
- Innovative processed foods exports are on track to build on the growth in 2019 into 2020. Exports to Australia continue to be lower than 2018 and previous years, balanced by increased exports to China, Singapore, and Hong Kong.
- The other products category is continuing to exceed forecasts, with the forecast for the year to June 2020 up from \$830 million in the last quarterly forecast to \$850 million for this forecast. The key categories driving this increase are various niche food products, mineral water and soft drink exports (Figure 26). Various niche food products are mostly dairy blends (for example mixes of milkfat or butter and vegetable oil, lecithin or salt) and premixes of food ingredients (for example for cakes or biscuits). The top markets for various niche food products are South Korea and Japan (Figure 27).

Figure 26: Various niche food products, mineral water and soft drinks leading growth in Other Products



Other Product export revenue: year ended June 2014-21.
Source: Stats NZ and MPI.

Figure 27: South Korea and Japan are key markets for various niche food products



Various niche products export revenue: year ended June 2014-19.
Source: Stats NZ.

- The value of live animals is expected to increase 29 percent in the year ended June 2020 to \$310 million, mainly due to more cattle expected to be exported to China than in 2019.
- Over 9,000 cattle were exported in the September 2019 quarter, and a further 14,000 are expected to leave in the December quarter. The total for the year to June 2020 is expected to top 40,000 as compared to around 25,000 cattle in recent years. These cattle will be used to improve genetics in China's dairy herds to increase productivity. High numbers of cattle exported in particular years have historically not continued in following years, so we expect cattle export volumes to drop back again from 2021 onwards.
- Exports of live poultry reached \$36 million for the year to June 2019, a 20 percent increase on the previous year, with growing demand from China continuing to be the key force driving this increase. We expect this growth to continue into future years.

- Honey exports are now only forecast to reach \$340 million (down from \$360 million in the previous forecast) in the year to June 2020. Export volumes are expected to continue to recover from just over 8,065 tonnes in 2019 to levels similar to those of earlier years at around 8,500 tonnes.
- Growth in the average honey export prices is looking less likely to continue, so the average export forecast price for 2020 onwards has been reduced. The average export price for monofloral mānuka honey is expected to remain steady or increase, while the average export price for multifloral and non mānuka honey is expected to remain soft. Prices for multifloral mānuka honey and non mānuka honey are expected to remain soft, or decrease, as long as surplus inventories of honey continue to overhang the market.
- New export codes were introduced in 2018 to capture honey exports by three floral types: monofloral mānuka, multifloral mānuka, and non-mānuka honey. A review of these new codes earlier this year identified that industry needed more assistance with the new process. Now that more assistance has been provided, the data is much more reliable (particularly since the beginning of July 2019) and it is feasible to explore the data at a more detailed level. Figure 28 shows a detailed analysis of the 1,985 tonnes of honey that was exported in the September quarter 2019: the UK was our largest export partner, followed by China, and 75 percent of this honey was retail, while 54 percent was monofloral mānuka honey.

Figure 28: Most honey exported in the September quarter 2019 was retail packed monofloral mānuka honey



Honey export volumes by category, September quarter 2019.
Source: Stats NZ.

Advance Snapshot: Apiculture Monitoring Programme 2019

- New Zealand honey production for the year to June 2019 has been estimated at 23,000 tonnes, up 3,000 tonnes from last season
- This rise is due to increasing hive numbers and a modest increase in the average hive yield.
- The number of registered beekeeping enterprises in 2019 increased 8.5 percent to 9,282 registered beekeeping enterprises, up from 8,552 registered beekeeping enterprises in 2018.

Figure 29: Apiculture monitoring programme statistics



Source:ASUREQuality Limited, Registered beekeeping enterprises and hives under the National American Foul Brood Management Plan.

The full apiculture monitoring programme report on the 2019 honey production year will be released in early 2020.



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Forecast tracking

The export forecast of \$47.9 billion for the year to June 2020 is up \$1.7 billion from the previous forecasting round in September 2019. The main drivers for this revision are expectations of a solid production season, a strong outlook for red meat prices and favourable exchange rates.

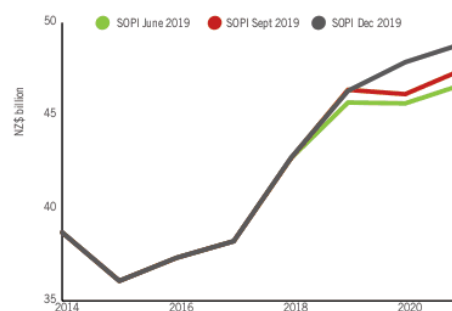
Expectations of a solid production season, combined with strong global dairy prices, has pushed the dairy forecast upward by \$1,010 million.

Strong global red meat prices are driving an upwards revision of \$360 million in the meat and wool sector.

A faster recovery in log export prices than expected last quarter resulted in the forestry forecast being revised upwards by \$190 million.

Small revisions across the remaining sectors have been driven by expectations of a solid horticulture and arable production season, rising prices for seafood and increasing demand for other agricultural products including innovative processed foods, soft drinks and dairy blends.

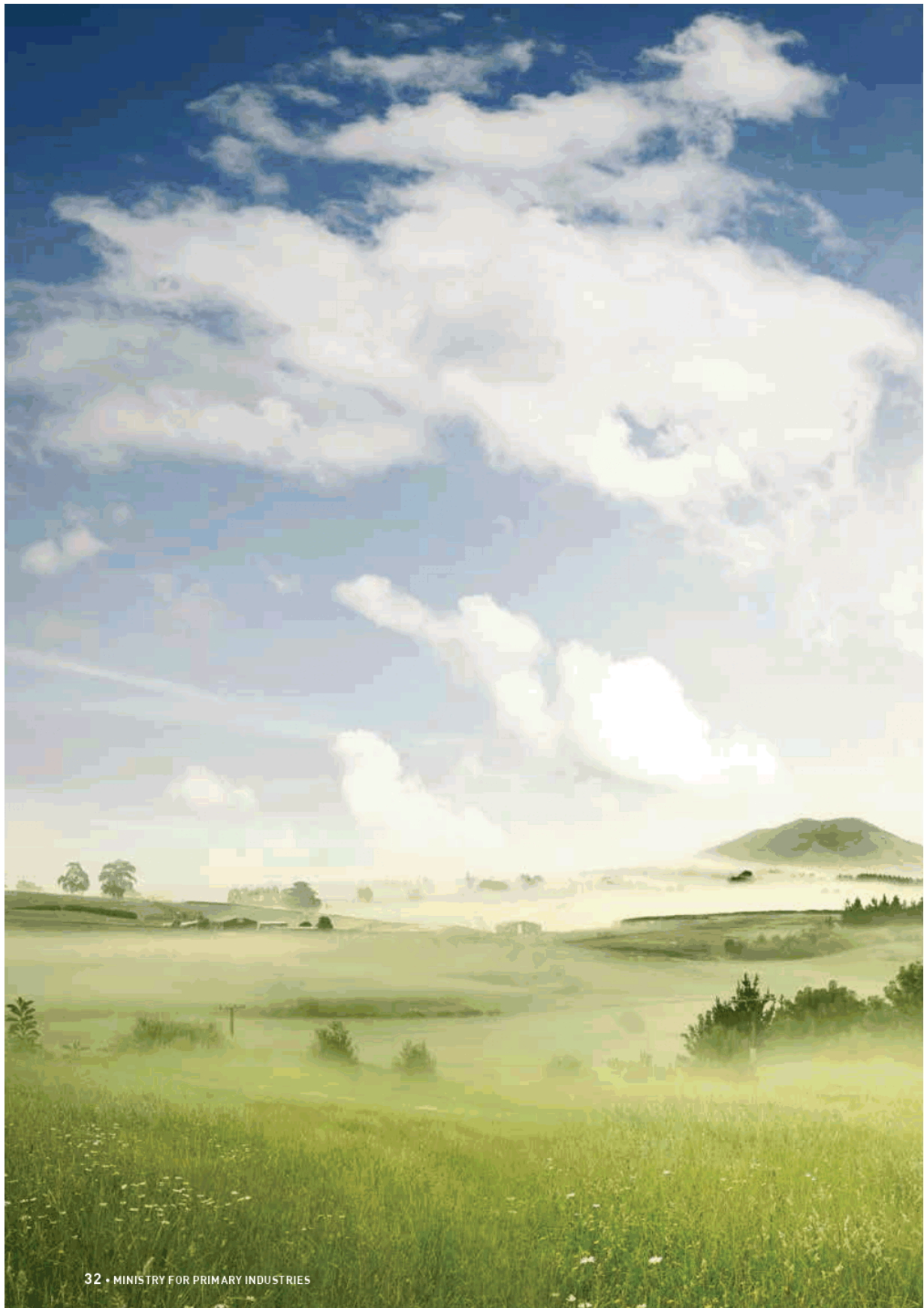
Figure 30: MPI export revenue forecasts 2015-23



Source: Stats NZ and MPI.

	Year to 30 June					Actual		
		Forecast round	2015	2016	2017	2018	2019	Forecast
Dairy	Dec 2019		14,050	13,289	14,638	16,655	18,107	19,630
	Sept 2019		14,050	13,289	14,638	16,655	18,120	18,940
	Difference		-	-	-	-	-12	+1,010
Meat & wool	Dec 2019		9,000	9,200	8,355	9,542	10,176	10,430
	Sept 2019		9,000	9,200	8,355	9,542	10,168	10,070
	Difference		-	-	-	-	+8	+360
Forestry	Dec 2019		4,683	5,140	5,482	6,382	6,883	6,000
	Sept 2019		4,683	5,140	5,482	6,382	6,931	5,810
	Difference		-	-	-	-	-48	+190
Horticulture	Dec 2019		4,185	5,000	5,165	5,392	6,111	6,400
	Sept 2019		4,185	5,000	5,165	5,376	6,110	6,340
	Difference		-	-	-	+15	+1	+60
Seafood	Dec 2019		1,562	1,768	1,744	1,777	1,963	2,090
	Sept 2019		1,562	1,768	1,744	1,777	1,963	2,070
	Difference		-	-	-	-	-	+20
Arable	Dec 2019		181	210	197	243	236	260
	Sept 2019		181	210	197	243	236	240
	Difference		-	-	-	-	-	+20
Other	Dec 2019		2,417	2,714	2,639	2,709	2,852	3,060
	Sept 2019		2,417	2,714	2,638	2,706	2,852	3,000
	Difference		-	-	+1	+3	-	+60
Total exports	Dec 2019		36,079	37,323	38,220	42,700	46,329	47,870
	Sept 2019		36,079	37,323	38,219	42,682	46,380	46,150
	Difference		-	-	+1	+19	-52	+1,720





32 • MINISTRY FOR PRIMARY INDUSTRIES

Economic Intelligence Unit online resources:



More primary industry data can be found on the MPI website: www.mpi.govt.nz/EIU



Market insights

Reports that provide insights into consumer preferences and purchasing behaviour, as well as in-depth research into the channels that supply them.



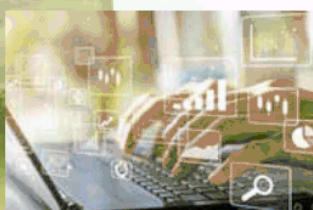
Situation and Outlook for Primary Industries

The latest update and underlying data for our outlook on the primary industries, plus access to previous SOPI reports.



Farm monitoring

Reports assessing the annual production and financial performance of typical farm or orchard businesses.



Data

A range of publically available data covering primary industry production and trade.



New Zealand Government



TETAUIHU
INTERGENERATIONAL STRATEGY

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Heke
—
Our Past





Manaaki & Whenua





AuOra



HOEA KI TE PAE TAWHITI



WHY DEVELOP AN INTERGENERATIONAL STRATEGY?

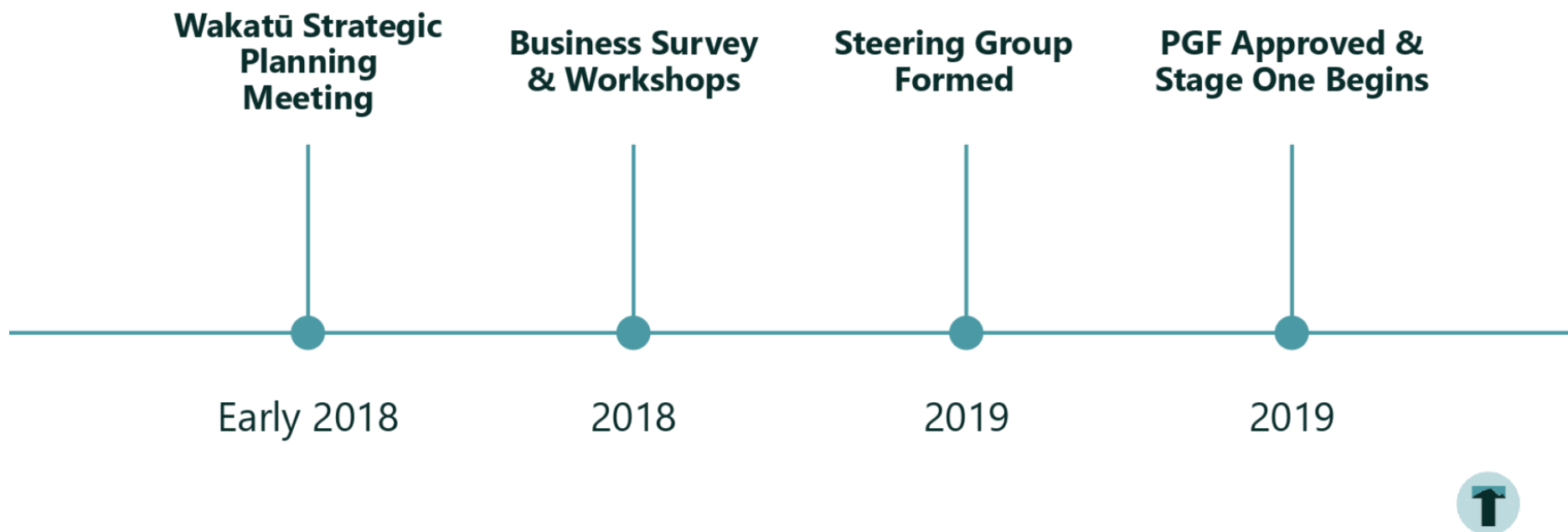
To connect our decision
making and priorities
across Te Taihū

To unlock the potential of
the region

To create transformational
change across people,
environment & the economy



IN THE BEGINNING



WHAT WILL BE IN THE INTERGENERATIONAL STRATEGY?

Our Intergenerational Vision

Our Wellbeing Framework

Overview of our Engagement process

Key themes / movers for our Strategy

The Action Plan



THE JOURNEY SO FAR

Over 20 Live Events with
Over 1,000 Participants


10,000+ reached through
social media

Success stories are already
beginning to emerge





REGIONAL SNAPSHOT

- 
- 5 Key Economic Drivers:
 - Oceans economy
 - Horticulture / Food & Beverage
 - Forestry & Wood processing
 - Tourism
 - Research, Science & Technology



INTERESTING INSIGHTS - ECONOMY

- Our regional GDP per filled job is \$79,707k compared to \$97,174 for Total NZ – a difference of 18%.
- Mean earnings for Te Taihū are \$53,001 compared to \$60,891 for Total NZ – a difference of 13%.
- Our unemployment rate is much lower than the national average.
- We have a fairly high number of people who do not work.



INTERESTING INSIGHTS - INFRASTRUCTURE

- Top three identified:
 - Housing
 - Transport
 - Water
- Resilience from Climate Change

Of all initiatives tested in the survey... employers rated keeping up with infrastructure, improving understanding of our business sector and affordable housing as the most vital to focus on



Mean rating out of 10 – 1 = 'not at all important' and 10 = 'extremely important'

Snapshot from recent employer talent research



INTERESTING INSIGHTS - MAŌRI

- Maōri in Te Taihū are receiving worse outcomes than non-Maōri, although the inequality is not as bad as other areas of NZ.
 - 4 times more likely to be unemployed than non-Maōri - but are 50% more likely to be employed than Maōri across NZ
 - 16% more likely to be earning below \$20k pa than non-Maōri
 - 30% of Maōri students left school with no qualifications compared to 22% of non-Maōri



INTERESTING INSIGHTS - HOUSING

- **Te Taihu housing is less affordable than Wellington and Canterbury.**
 - For Te Taihu, the mean house price is 9.7 times the mean earnings.
 - For New Zealand as a whole that figure is 10.5 times. Auckland is 15.7 times. Wellington is 9.2 and Canterbury is 8.2.
- **Rental costs are just as high:**
 - In Te Taihu, average weekly rent is 34% of average weekly earnings.
 - New Zealand as a whole is 34%. Auckland is 40%. Wellington is 32% and Canterbury 30%.



A decorative dotted line in a light teal color, consisting of several peaks and valleys, spanning the width of the page above the title.

BRING ON the TE TAUIHU INTERGENERATIONAL STRATEGY



FEEDBACK – OVERARCHING THEMES

- A desire to **lead** the way as an **exemplar** for the region and the world, showing a **different way** of doing things for the future.
- A sense that a **re-set** is needed that will be difficult but necessary to rebalance economic, **environmental, cultural** and **social** goals in a different way.
- An interest in placing the **health of the environment** and the **health of people** at the centre of planning.
- There is an **expanded role** needed for business in being a driver of this change.
- Giving **young people** a greater voice in planning the future of Te Taihū
- Many of the issues that must be addressed are large and complex, and therefore require expanded and **different** forms of collaboration in order to address them.



FEEDBACK – PUTEA (ECONOMY)

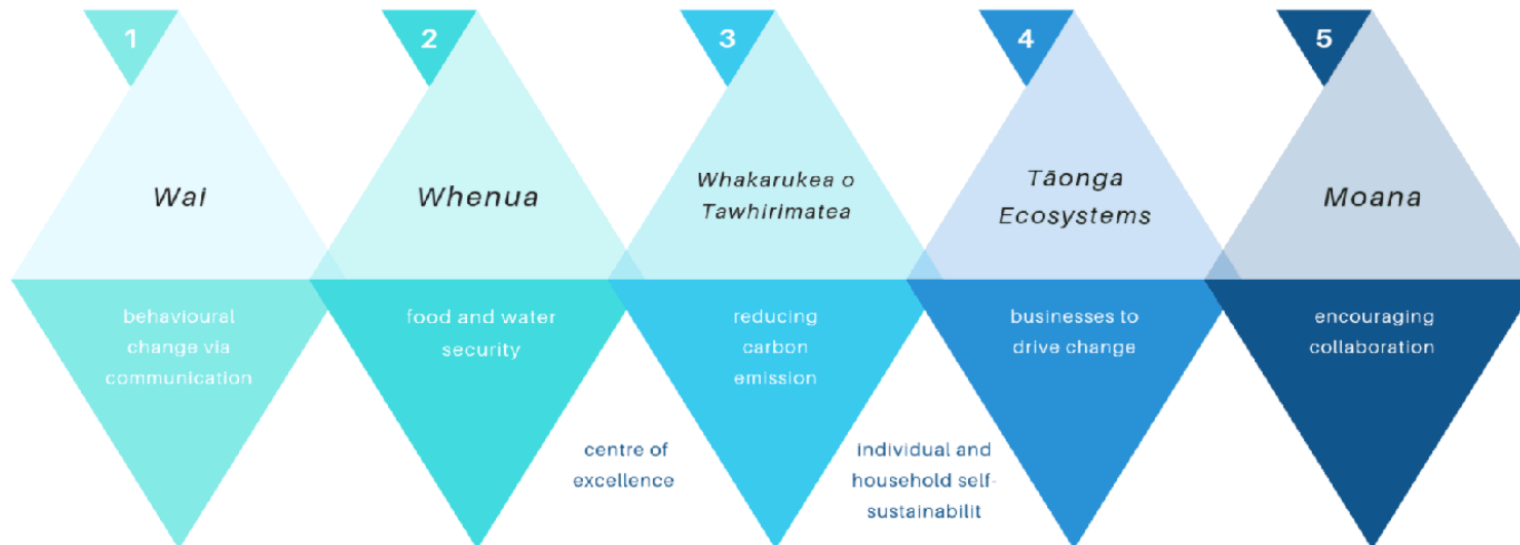
- Significant theme on how to grow a **weightless economy and intellectual property**
- **Diversification** of sectors to increase **resilience**.
- **Centre of excellence** in environmental / Food and Fibre areas with international connections i.e. Te Taihū Climate Change Centre, Nutrition Centre etc.
- The importance of **workforce development**. Need to **invest in the region's own talent** through education. Also a need to **attract new talented people**, by creating a **vibrant region**.
- **Regulation and local government** are important to delivering change.
- **Access to capital**.
- New **models and systems**.
- We need to constantly **listen to our global customers** – they are sending us strong messages...
Are we listening?



FEEDBACK – TAIAO (OUR NATURAL WORLD)

Our Taiao and what we have said so far...

From our conversations...



FEEDBACK – WHĀNAU (COMMUNITY)

- **Addressing inequality** across many aspects - housing, health (especially mental health), education and income.
- Importance of **cultural connectedness**, with language, history and connection to environment.
- Importance of increasing **connectedness of people** (particularly across generations) and **reducing isolation** (particularly among the elderly and other vulnerable groups).
- **Affordable housing** (and emergency housing using spare infrastructure) vital given impact it has on overall living standards.
- Everyone is responsible for the challenges that we are facing in our economy, environment and community.



FEEDBACK – MANAAKITANGA (LEADERSHIP)

- Te Tiriti o Waitangi – restoring the balance.
- Knowledge of who is doing what across Te Taihū and joining the dots / more collaborative approach.
- Better regional policy development – water, soil, education, housing.
- Proactive infrastructure planning.
- Re-think our current leadership models and plan for new one(s).
- Decision making that is not limited to 3 years.
- Diversity among decision-makers – where are the young people?
- Advocacy and lobbying for the region to central govt and international aligned partners for identified opportunities / priorities i.e. tax, RMA, water etc.
- We need to take more calculated risks to contribute to a better Te Taihū because the real risk is that our entities / leaders / industries are continuing to the same things that they have done in the past.
- As communities we will need to be tolerant and supportive if we are to try new ways of doing things and they don't work! But if they do Imagine that!
- Courageous and ambitious leadership is required.



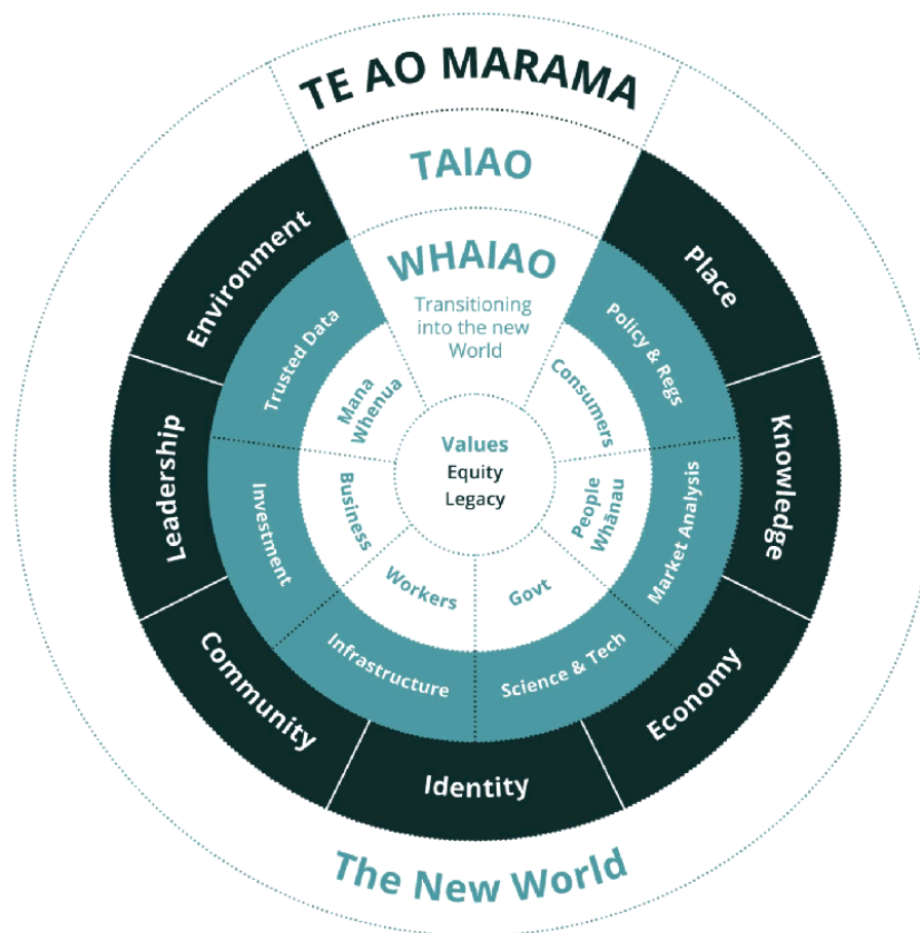
YOUNG PEOPLE OVERVIEW

Taiao Environment	→	<i>Climate, Whenua, Water, Biodiversity, Wildlife & Marine Life</i>
Whānau People	→	<i>Inequality, Poverty, Health, Drugs, Education & Accessibility</i>
Manaakitanga Leadership	→	<i>Participation, Consumerism, Strengths Focus, Legislation & Youth Voice</i>
Putea Economy	→	<i>Sustainable Fishing, Technology, Circular Economy, Environment & Transport</i>
Tikanga Culture & Identity	→	<i>Te Reo Māori, Our History, Cultural Identity, Diversity, Te Ao Māori & Interconnected</i>

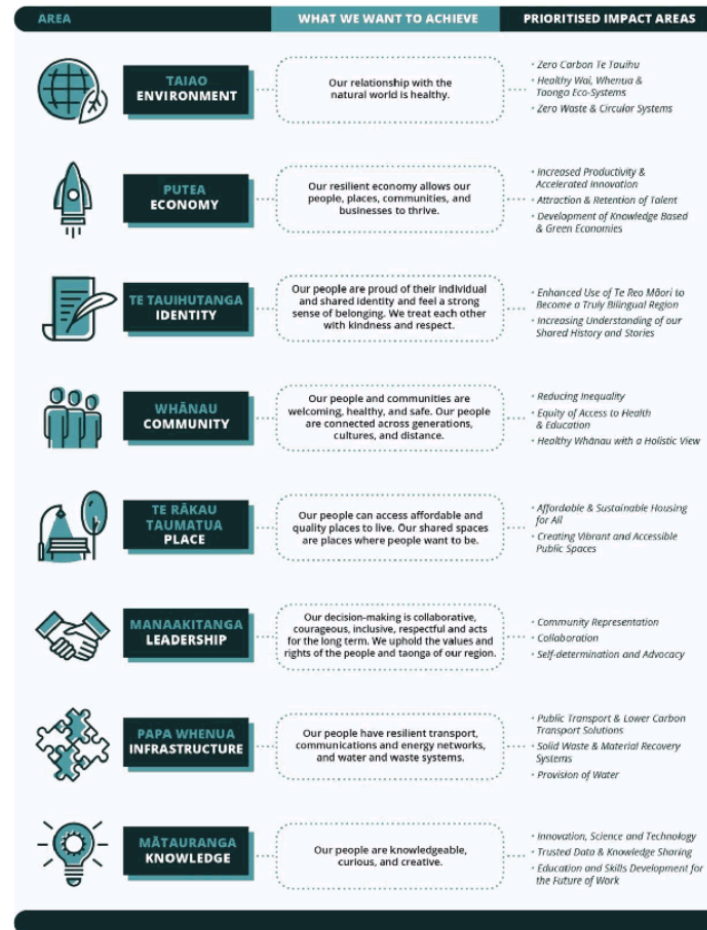




Te Tauihu Wellbeing Framework



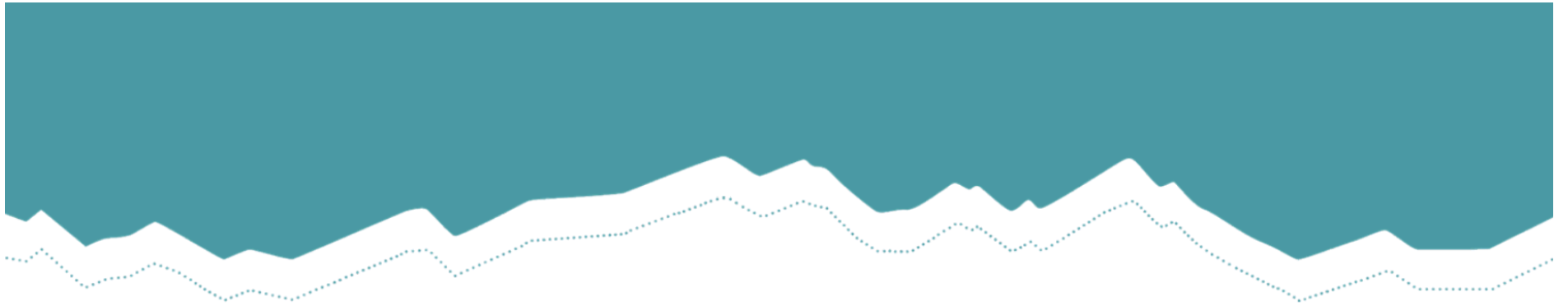
OUR STRATEGIC OUTCOMES



NEXT STEPS

- **October and November** - Engage with stakeholders to develop and finalise our Strategy and Action Plan. Second Youth Summit in Marlborough and whānau, hapū, Iwi hui.
- **December** – Presentation of Strategy and Action plan and adoption.
- **Now through to May 2020** – Stage 2 begins which is the agreement and implementation of the Action Plan.





THANK YOU

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TE TAUHU
INTERGENERATIONAL STRATEGY

BEING GOOD ANCESTORS

Tupuna Pono

Draft Strategy
Dated 23 December 2019
www.tetauihu.nz

The cover features a silhouette of a person sitting on a wooden fence, looking out over a coastal landscape at sunset. The sun is low on the horizon, reflecting on the water, with a bridge visible in the distance.

Logos and Partners:

- MARLBOROUGH CHAMBER OF COMMERCE
- NELSON TASMAN CHAMBER OF COMMERCE
- Ngāti Rārua
- Ngāti Kūia
- nmit
- NGĀTI APA
- WAKATŪ INCORPORATION
- NGĀTI TAMA
- MARLBOROUGH DISTRICT COUNCIL
- Nelson City Council
- NELSON REGIONAL DEVELOPMENT AGENCY
- New Zealand King Salmon
- tasman
- te tai o Aorere
- PROVINCIAL GROWTH FUND



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Please note: This is the DRAFT Te Taihū Intergenerational Strategy. It has been provided to the community of Te Taihū in DRAFT so that there is an opportunity to provide feedback by 28 February 2020. This DRAFT, has not been endorsed by any group, organisation or individual. Once all feedback from the community has been collated and considered, the Steering Group of the Te Taihū Intergenerational Strategy will approve and publish the final Strategy in June 2020. It will then be up to each group, organisation or individual to determine how they may adopt, use, align or incorporate all or parts of the Strategy into their plans moving forward.

PHOTO CREDITS:

COVER

Looking out over Whakatū Nelson.

INSIDE COVER

Top Photo – Johnny O'Donnell Speaks to attendees at the Nelson Community Hui;

Middle Left – Yasmine el Orfi live illustrates during the Youth Summit;

Middle Right – Zoe Palmer speaks with a young person during the Youth Summit;

Bottom – Attendees at our Te Taihū Stakeholders Workshop exploring what it means to be good ancestors.

FOREWORD

E rere rā te reo pōwhiri ki ngā tai e ngunguru nei. Ngā tōpito o Te Pitau Whakarei-ā-Maui Tikitiki, e kīia nei, ko Te Taihu, mihi mai, mihi mai rā.

Moe mai rā te hunga wairua i te ao o te pō, moe mai, moe mai rā.

E te tini, e te mano, ngā hāpori o te Taihu i huri noa, tēnā koutou, tēnā koutou, tēnā koutou katoa.

Welcome to the Te Taihu Intergenerational DRAFT Strategy (the Strategy). This has been an opportunity to take a different approach to regional development for Te Taihu (the top of the South) that is collective, collaborative and intergenerational. The Strategy has been developed and delivered by people who love this place, Te Taihu. Throughout the Strategy we hope that you can hear the many voices of the people of Te Taihu – their concerns, their insights and their aspirations for now and for the future.

Before we get started however, we asked two people who have been actively involved in the Strategy to provide a voice of their experiences and expectations for the Strategy – Zoe Palmer and Paul Morgan. Here is their voice.



ZOE PALMER

I am 19 years old and I have spent nearly half of my life in Te Taihu. My involvement in my community is broad, ranging from the arts, sport and the outdoors, to youth development and health.

I think the question “are we being good ancestors” allows us to consider those that will come after us. We start having conversations that move away from the mindset of owning the land and resources, (and therefore the relatively recent idea that ownership allows us to change things without consequence) and instead takes us into the mindset that we are kaitiaki of it, and how we can pass it on in better condition than we received it in.

As a facilitator at the Youth Summit I realised this was the first time that many young people had been able to voice their opinions on the things that matter to them. They asked the hard questions about issues like climate resilience, having limited access to public transport, and not enough employment opportunities. We shared our vision too, ideas like having a community that embraces Te Reo Māori, that provides affordable housing and that has a high focus on wellbeing. Out of these hui has come a very special blueprint for not only our futures, but those who will come after us.

The world is changing, but Te Taihu can be a leader, and I believe we need all of us. Kaumātua can teach us the ways of the tides and how they have changed. The scientists, innovators and researchers can provide solutions to the challenges we face. The business owners and the workers can implement change at the coal face, and the rangatahi can become the drivers for change by asking the hard questions.

At the Te Taihu talks for the Strategy I said that I love Te Taihu. The parks, the whenua, the people ... We are special. The Strategy provides us with an opportunity to re-prioritise, what would happen if we changed our KPIs to resilience or quality of life? It is doable in this region and it's time to be courageous leaders. I think we are ready!



PAUL TE POA KARORO MORGAN - NGĀTI RĀRUĀ AND TE MĀHUREHURE, QSO CHAIR, WAKATŪ INCORPORATION AND TE TAUHU INTERGENERATIONAL STRATEGY

My connection to Te Taihū is through my father and our whakapapa (genealogy), Ngāti Rārua. Wakatū Incorporation (Wakatū) was created in 1977 and I was elected on the Board in 1986 by my Aunties at the age of 32, which was very young in the Māori community!

At Wakatū, we have a 500 year intergenerational vision that serves our purpose which is to preserve and enhance our taonga for the benefit of current and future generations. We are a family business that serves the 4,000 owners who descend from the original Māori landowners of the Nelson, Tasman and Golden Bay Regions. We will always be here and we have a responsibility to ensure that our whenua (land and water), our people (tangata) and our business activities (pūtea) are well now and into the future.

In 2018 we started a conversation with Māori, Iwi, councils, and the business community across Te Taihū. We asked, "how can we work together to address some of the key challenges facing our region?" Of particular concern to me is the fact that our regional productivity is 18% below the New Zealand average and we are not catching up. Likewise, our mean average earnings are 13% below the New Zealand average. Many of our social, educational, housing, health and equality wellness measures indicate we have much work to do in the region.

Wakatū proposed a collaborative and coordinated approach to developing a new regional strategy, underpinned by strong community engagement, which was supported by ourselves, our three councils, the Provincial Growth Fund and business sponsors.

Working in partnership, and with the support of a Steering Group comprising our three Mayors, Iwi, education and business leaders across Te Taihū, we developed a programme of work and agreed some bold and aspirational goals. The Strategy that you are reading is the culmination of the first phase of our work, which has comprised primarily of capability building, data analysis, development of a collaborative leadership model, and a programme of community, stakeholder and business engagement.

I would like to thank the thousands of people of Te Taihū who attended our engagement events and contributed to the debate either in person or online. The engagement with our community has, for me, been a highlight of our work to date. We have participated in many interesting, energetic, impassioned and sometimes challenging conversations. It is very clear to me that the people of Te Taihū want to have the difficult discussions, want to contribute to setting a strategic pathway for our region, and want to help in delivering change. The message regarding collaboration and coordination was also clear: our residents want our regional leaders and our businesses to work together more, so we can better address the complex issues that our people, our region, and our planet are facing at this unique point in our history.

Our next phase of work will develop a range of projects and actions around six key priority areas that have been identified. There is still much work to do. Some of it will be very hard work. Some of our most complex challenges may even take a generation to solve, but this does not mean we shouldn't start.

The Te Taihū Intergenerational Strategy is not owned by one group. It is our intention that it is a pathway forward that creates space for every person in Te Taihū to engage in a new ambitious and courageous conversation about our collective wellbeing and our future. This is our way forward and we welcome you to be part of the journey!

EXECUTIVE SUMMARY

The ancient hero Maui was known for innovation and courage. His incredible deeds are recounted in many places across our landscape. One of those places is our combined region - Te Taihū. It is the prow of the waka of Maui.

Te Taihū is the name of the rohe made up of Tasman, Nelson and Marlborough. The Te Taihū Intergenerational Strategy (the Strategy) is intended to be a new approach to regional development from Mohua (Golden Bay) in the west to Kapara Te Hau (Lake Grassmere) in the east, that has a life span not of years, but of generations.

We live in a special place. We have a history, culture, beautiful landscapes and opportunities, and our leaders, iwi, businesses and community organisations are already working hard to protect and enhance our region. However, like the rest of Aotearoa, New Zealand, and indeed the world, we have some big issues that we are facing, for example, climate change, social inequality, and anticipated changes to the way we work. We need to plan together to solve these problems.

The Vision for the Strategy is: To Be Good Ancestors, Tupuna Pono. At the heart of the Strategy is the wellbeing of the people and places in Te Taihū, with a particular focus on the wellbeing of current and future generations and the responsibility we have, as the current generation, to pass on the taonga of Te Taihū in a better state than when these taonga were placed in our care. This means that we as the people of Te Taihū need to think about what wellbeing means to us, which things are the important taonga that need to be protected for future generations, and how these things can be achieved together.

In the process of developing the Strategy, we have developed the first iteration of a wellbeing framework for Te Taihū. To Be Good Ancestors, Tupuna Pono, it is necessary to effectively manage a wide range of different cultural, economic, environmental and social outcomes. Effective management implies measurement and without a good sense of how Te Taihū is doing, where it is making progress, and where progress still needs to be made, it will not be possible to plan, to target resources effectively, or to hold our leadership or citizens to account. Measuring the wellbeing of the people of Te Taihū and the state of our taonga which underpin the wellbeing in the future is therefore essential to the success of the Strategy and of Te Taihū itself. An important question to ask ourselves as we implement the Strategy will be:

How might we put the Wellbeing Framework at the centre of every decision we make in Te Taihū ?

An integral part of the development of the Strategy has been the engagement that has taken place. We have endeavoured to foster a positive, inclusive and uplifting community conversation. We have started most of our engagement events by asking the question, "how can we be good ancestors?" This question has resonated strongly with the residents of Te Taihū and our communities have relished an opportunity to think and prioritise across an intergenerational horizon which reflects the perpetuity of our natural world, and which gives us a mandate to tackle some of the major issues of our time. It has also allowed us to celebrate the things that connect us, to acknowledge the mahi (work) that we all do, and to really think about the things that matter most to us, as the people in Te Taihū as we attempt to build a fairer and more resilient future together.

Over 1000 people attended our 25 engagement events, and over 10,000 people engaged on social media. Some consistent themes emerged from our many discussions. The key messages we received from our engagement were:

- There is a desire for our region to **lead the way** as an **exemplar** for the nation and the world, showing **a different way of doing things** for the future.

- A **re-set** is needed to rebalance economic, environmental, cultural and social goals in a different way. This will be difficult but necessary.
- We need to increase **cultural connectedness**, with language, history and connection to our environment. Related to this was honouring **Te Tiriti o Waitangi** and **embracing tikanga and Te Reo Māori**.
- Our residents have an interest in placing the health of the **environment** and the health of **people** at the centre of planning.
- There is an **expanded role** needed for business in being a driver of this change.
- We must give **young people** a greater voice in planning the future of Te Taihū.
- Many of the issues that must be addressed are large and complex and therefore require expanded and **different** forms of collaboration in order to address them.
- We have lower productivity than the New Zealand average, our median earnings are low and this is contributing to an underlying inequality in wealth in our region. We must turn problems into **opportunities** and find **smart and sustainable ways** to grow our regional productivity and prosperity, by applying **technology** and **innovation**.
- A **productive economy** is an enabler that will allow us to invest in environmental and social transformation.
- Develop better **coordinated data** on the current state of Te Taihū quickly, so it can inform decision-making and allow us to track our progress.
- Constraints **drive innovation** – if we aren't set constraints, we won't change.
- We need a regional/community approach to transformation. Individuals cannot deliver **the pace of change required**.

From our engagement we have collated and grouped hundreds of individual ideas that came from our engagement events and our next phase of work will develop an action plan for six key priority areas that have been identified. The six priority areas are as follows and they are in no particular order:

1. Improved Climate Change and Regenerative Agriculture Outcomes
2. Strengthening our Regional Economy
3. Regional Identity (Our Stories, Te Reo and Culture)
4. Working Together to Improve Social Equity
5. Smart Housing Solutions
6. Leadership Forum for Ongoing Collaboration

This Strategy is intended to be additional to existing plans and strategies that are operational across our region, and our Steering Group who have been leading this work has been established as an additional form of regional leadership. We acknowledge that our Councils, Iwi, businesses, community groups and individuals will continue to carry out functions and deliver projects at a national, regional and community level. Improved and enduring regional collaboration will focus on developing **unified positions on key issues** and **collaborating on key initiatives** where there is deemed to be **an advantage in developing or delivering work together - "Doing Things Better by Doing Them Together."**

The members of our Steering Group, including our three Councils, may individually incorporate and / or refer to this Strategy into their 'business as usual' in different ways. The priority areas and actions outlined in the Strategy, however, may not necessarily be formally endorsed or delivered by Councils or Steering Group members.

The journey to develop this Strategy has been difficult at times. We have tried a new way of working together, we have collected some good learnings along the way, and we acknowledge that we could always do better.

The Strategy is just one milestone in our journey and it will continue to evolve as we evolve. The work required "To Be Good Ancestors, Tupuna Pono" will be ongoing, and the priorities and actions will need to be developed and delivered by a regional leadership model alongside a range of entities across Te Taihū.

Collaboration, scale, energy and courage will ensure that the vision, the intergenerational outcomes and the priority areas and actions of the Strategy are delivered. We look forward to the next stage - He waka eke noa!

OVERVIEW OF THE STRATEGY

OUR VISION TO BE GOOD ANCESTORS Tupuna Pono

OUR VISION STATEMENT

We are the people of Te Taihū. We care for the health and wellbeing of our people and places. We will leave our taonga in a better state than when it was placed in our care, for our children and the generations to come.

OUR INTERGENERATIONAL OUTCOMES

AREA	WHAT WE WANT TO ACHIEVE
 TE AO TŪROA ENVIRONMENT	Our relationship with the natural world is healthy.
 PŪTEA ECONOMY	Our resilient economy allows our people, places, communities, and businesses to thrive.
 TE TAUHUTANGA IDENTITY	Our people are proud of their individual and shared identity and feel a strong sense of belonging. We treat each other with kindness and respect.
 TANGATA PEOPLE & COMMUNITIES	Our people and communities are welcoming, healthy, and safe. Our people are connected across generations, cultures, and distance.
 TE RĀKAU TAUMATA PLACE	Our people can access affordable and quality places to live. Our shared spaces are places where people want to be.
 RANGATIRATANGA LEADERSHIP	Our decision-making is collaborative, courageous, inclusive, respectful and acts for the long term. We uphold the values and rights of the people and taonga of our region.
 PAPA WHENUA INFRASTRUCTURE	Our people have resilient transport, communications and energy networks, and water and waste systems.
 MĀTAURANGA KNOWLEDGE	Our people are knowledgeable, curious, and creative.

OUR PRIORITY AREAS AND ACTIONS

TE AO TŪROA ENVIRONMENT

Improved Climate Change and Regenerative Agriculture Outcomes

Organise a Regenerative Taskforce to develop actions to encourage land-owners to adopt good land management practices; share regenerative agriculture insights and foresight.

Connect and build partnerships to accelerate existing activities and initiatives that improve climate change and water stewardship outcomes.

Develop and share best practice tools and business models through identified fora and channels.

PŪTEA ECONOMY

Strengthening our Regional Economy

Develop an oceans economy strategy that includes inshore and open oceans aquaculture.

Connect and build an innovation ecosystem that builds on existing activities and initiatives that supports the incubation, acceleration and commercialisation of technologies and high value food, ingredients and wellness solutions.

TE TAUHUTANGA IDENTITY

Our Stories, Te Reo and Culture

Improve our narrative and build on initiatives relating to our local stories (past and present), our regional provenance and appellations. We will remember to include the stories of all migrations and refugee communities.

Support the development of a Te Reo Māori Strategy for Te Taihū.

TANGATA PEOPLE AND COMMUNITIES

Working Together to Improve Social Equity

Collaborate and build partnerships to accelerate existing activities and initiatives, and develop new initiatives, that improve health, wellness, education, access to employment, and participation in society.

TE RĀKAU TAUMATA PLACE

Smart Housing Solutions

Support the development of a regional housing forum that will collaborate and build partnerships to share knowledge and information, lobby, identify and develop new housing models and papakāinga and develop pilot projects.

RANGATIRATANGA LEADERSHIP

Leadership Forum for Ongoing Collaboration

A forum will be required to enable discussion, debate, and collaboration across Te Taihū to deliver the priorities identified in the Strategy.

OUR VALUES

Whanaungatanga: We value relationships and will work together

Pono: We are honest, open and accountable

Rangatiratanga: We are excellent in everything that we do

Auahatanga: We are innovative and passionate about what we do

Manaakitanga: We care and support one another

Mana Taurite: We are inclusive and strive for equality

Ngā Taonga Tuku Iho: We honour and respect our legacy

BACKGROUND TO THE STRATEGY

Wakatū Incorporation (Wakatū) is a Māori family business with a purpose to preserve and enhance their legacy for the benefit of current and future generations. In early 2018, the Board of Wakatū decided that it was time to have a conversation with Iwi, hapū, councils, and the business community across Te Taihū to look at a new approach to regional development that was business-convened to ask the following pātai (question):

“How can we work together to address some of the key challenges facing our Region?”

People and groups that attended the conversations also shared the following whaakaro (feedback).

TODAY, OUR UNIQUE QUALITIES OF OUR REGION ARE:

- Producers of premium food and beverages (wine and seafood)
- Fantastic climate
- Our beautiful and diverse natural environment
- Lifestyle offerings
- Arts, craft and creativity

WE ARE CONCERNED ABOUT THE FOLLOWING FOR THE FUTURE:

IN MARLBOROUGH

- Sustainable environmental management
- Climate change
- Over reliance on sauvignon blanc
- Ageing population
- Housing

IN NELSON AND TASMAN

- Labour supply, talent attraction and retention
- Social inequality
- Climate change
- Environmental degradation
- Ageing population
- Lack of coordinated leadership across the region
- Narrow economy and low productivity

It was clear from this initial engagement that Te Taihū is a special region in which to live and work. We are a global visitor drawcard, with three national parks, the scenic Marlborough Sounds and over one-fifth of New Zealand's coastline. We are New Zealand's leading wine region. We lead the way in the ocean economy. We have high-value engineering and design in areas such as horticulture and viticulture, aviation, marine, forestry and wood processing. We undertake a range of research, development and innovation, including hosting New Zealand's largest independent science and research centre. We also have the highest per capita employment in these fields. We have much to celebrate, and we have a range of organisations already working hard in our region to both grow and protect our collective assets. Our environmental management is, broadly speaking, very good.

However, we are facing some strong challenges. While our natural resources have helped fuel our high-quality primary industries, this has placed stress on our environment, including water quality and biodiversity. We also recognise the importance of moving to a low emissions society and economy. We have low productivity and a high dependence on low-value jobs and industries, compared to the New Zealand average. This has contributed to an underlying inequality of outcomes across health, education and incomes across our region. Housing affordability is a key challenge, as is tired infrastructure in some parts of our region that is not keeping up with changing demands.

Our businesses are consistently telling us that attracting talent (people) and investment to our region is a major barrier to growth. We also have a declining working-age population which could exacerbate our traditionally tight labour market.

From those initial conversations, Wakatū proposed a collaborative and coordinated approach to developing a new regional strategy, underpinned by strong community engagement. With the support of our three Councils (Marlborough District Council, Nelson City Council and Tasman District Council) and the Nelson Tasman Regional Development Agency, Wakatū applied for government funding in June 2018 to help undertake this work. Working in partnership, and with the support of a Steering Group comprising our three Mayors, Iwi and regional leaders, together we developed a programme of work and agreed some bold and aspirational targets which has culminated in this Draft Te Taihū Intergenerational Strategy. A timeline of our journey is outlined below.



The people, leaders and the community who have been involved in the development of the Strategy have been generous in time, thinking, feedback and resourcing. This programme of work has been driven by a belief that “business as usual” will not serve us well in the future.

The Strategy has been led by a Steering Group which has included representatives from Wakatū, Marlborough District Council, Nelson City Council, Tasman District Council, Iwi, Chambers of Commerce, business and NMIT.

The engine room of the development of the Strategy has been the Project Management Group and Team. Team members have worked on the development of the wellbeing framework, communications and engagement, project administration and have captured, reviewed and condensed all the feedback and ideas that have been generated throughout the process.

Members of the Steering Group and Project Management Group and Team are provided in Appendix A.

We have been supported by the Government’s Provincial Development Fund along with our sponsors: Cawthron Institute, Fuji Xerox, Nelson Airport, Nelson Forests, NIWA, New Zealand King Salmon Company, Pharmalink, Plant and Food Research and Westpac NZ Ltd. We are extremely grateful for this support.



Tapuae-o-Uenuku overlooking Tohu vineyard, Wairau Marlborough

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Our engagement process started in 2018 with an initial survey of businesses to discover what they thought was significant about our region and important for the future. In 2019, once funding was secured, we undertook engagement with businesses, whānau, hapū and Iwi, stakeholders, specialists, the general community, and young people. We established a website for people to register on, and social media channels to gather feedback and to keep everyone abreast of progress. Throughout this process we collated the problems, goals and ideas that were raised and developed a Wellbeing Framework to provide structure.

We started our engagement events with the question “how can we be good ancestors?”

Another significant theme was about the **values** people lived by – for example, being caring, taking **personal responsibility** and showing **courageous leadership** (e.g. not being afraid to challenge something if needed and acting quickly to create change).





THE BIG THEMES THAT CAME OUT OF OUR ENGAGEMENT PROCESS

The overarching theme that came out of from the engagement process was the need for new courageous leadership models that provide collaboration and combined regional decision-making for the long term. The things that mattered most to the people who engaged could be grouped into 5 key themes:

- **Te Ao Tūroa** (Environment)
- **Tangata** (People)
- **Pūtea** (Economy)
- **Papa Whenua** (Infrastructure)
- **Rangatiratanga** (Leadership)

Many ideas, actions and recommendations were provided which are outlined under the key themes.

THEME 1: TE AO TŪROA

- **Reduce** carbon emissions and waste.
- Inform and educate to drive **behavioural change**.
- Put the environment and people at the centre of the economy.
- Reconnect to the land and **develop food and water security** through sustainable practices.
- Develop **self-reliance** through actions such as rainwater collection, solar power, food gardens.
- Support and encourage **businesses to drive change**, e.g. via water audits or reducing emissions.
- Develop **catchment focused environmental care** and kaitiakitanga initiatives across the region.

THEME 2: TANGATA

- Develop **affordable housing solutions** as an urgent priority.
- Address **inequality** across many aspects: housing, health, education and income.
- Increase **cultural connectedness**, with language, history and connection to environment.
- Reduce **isolation** particularly among the elderly and other vulnerable groups.
- Education and skills for **all**.
- Create a momentum built on **values**.
- Encourage **non-financial accounting** to prioritise wellbeing.
- Protection and prioritisation of **Te Reo Māori**.

THEME 3: PŪTEA

- Develop an **innovation ecosystem** and hub to enhance innovation, increase the commercialisation of technology and increase productivity.
- Enhance our region's **competitive advantage** and host national and international pilot initiatives. Provide a platform to "collaborate to compete".
- Pivot our food and fibre sectors towards **high value ingredients** and extracts for **nutrition** and **wellbeing**.
- Grow a '**weightless economy**' selling services and IP alongside our existing physical goods economy.
- Establish a **Centre of Excellence** for the well-being of our environment that will solve challenges in the region and potentially develop and commercialise technical solutions to solve environmental problems.
- Prioritise **workforce development** and **talent attraction** to combat skills shortages, the ageing population; to enhance our competitiveness; and to attract investment.
- Grow our **light footprint (low / zero-carbon) journeys visitor sector** that will contribute to reducing **seasonality**, creating **higher-value careers** and make a positive contribution to the community and our environment.

THEME 4: PAPA WHENUA

- Develop a **regional infrastructure strategy** that provides long-term proactive plans and land use strategy based on our vision of the future while meeting the needs of today.
- Collaborate between councils for more **efficient and effective** use of resources.
- Present a **united front to advocate and lobby** for central government investment.

THEME 5: RANGATIRATANGA

- There is a desire for our region to **lead the way** as an **exemplar** for the nation and the world, showing a **different way of doing things** for the future.

- A **re-set** is needed to rebalance economic, environmental and social goals in a different way. This will be difficult but necessary. Our residents have an interest in placing the health of the **environment** and the health of **people** at the centre of planning.
- We need to discuss **Te Tiriti o Waitangi** and this needs to be reflected in our leadership models. Is it time to think about restoring the balance for our collective wellbeing?
- We must give **young people** a greater voice in planning the future of Te Taihū.
- Many of the issues that must be addressed are large and complex and therefore require expanded and **different** forms of collaboration in order to address them.
- Develop better **coordinated data** on the current state of Te Taihū quickly, so it can inform decision-making and allow us to track our progress.
- **Constraints drive innovation** – if we aren't set constraints, we won't change.
- We need a regional/community approach to transformation. Individuals cannot deliver **the pace of change required**.
- **"The art of transformation is translation."** We need to tell the story of our desired future state, so we can change people's perceptions and horizons.



Maitai River, Whakatū Nelson

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OUR VISION

Our vision statement was developed with support of the rangatahi (young people) of Te Taihū at our first Youth Summit in September 2019. Our vision recognises what is important to the generations of Te Taihū – that we seek balance and sustainability, leaving a legacy and contributing to a higher purpose beyond ourselves.

Our rangatahi will inherit our legacy – the wellbeing of our environment, our communities and our economy. Their vision, aspirations and ideas need to drive what we do today.

THE VISION THAT INSPIRES THIS STRATEGY IS:

TO BE GOOD ANCESTORS, TUPUNA PONO

WHY?

We are the people of Te Taihū. Together, we care for the health and wellbeing of our people and our places. We will leave our taonga in a better state than when it was placed in our care, for our children and the generations to come.

Expanding on this, three main themes to the Vision were identified by the rangatahi.

1. RESTORE AND VALUE OUR CONNECTION TO THE NATURAL WORLD

Rangatahi have a strong recognition that our planet has existed for billions of years, while we are only recent additions. There was an understanding that the natural world not only physically nourishes and sustains us, but that people are part of it, and have a connection to it that is part of our holistic wellbeing.

Rangatahi are worried that consumerism and technology are leading to a loss of connection to the land, and this needs to be addressed. They want to ensure they leave the world's environment 'better off' for future generations.

There is a recognition that a wide-scale change of behaviours and practices is needed across everyone in society – both people and businesses need to reduce their environmental footprint.

2. AN INCLUSIVE SOCIETY WHERE NO ONE IS LEFT BEHIND

Rangatahi emphasised that we are all part of humanity. By understanding our shared histories and different cultures, we can be united rather than divided. We need to include diverse groups around our decision-making tables and allow for people to engage in a range of accessible ways. Young people need to be at the heart of decision-making.

Te Reo Māori should be a living, vibrant and widely spoken language in our region. Related to this was honouring Te Tiriti o Waitangi and embracing tikanga Māori.

Finally, rangatahi, people and those on the fringes are not a problem to be solved, but a potential to be harnessed. We need an inclusive society, and look to reduce inequality in income, health, housing and education. Rangatahi also recognise the mental health issues we face as a society.

3. A RESILIENT SUSTAINABLE ECONOMY

Rangatahi want to support the transition of businesses to a lower environmental footprint, to the provision of the living wage and the provision of opportunities so that people do not have to leave the region. They want to bring the humanity back into the economy.

They also want an education system that supports this, seeing the current system as too narrow and creating unhealthy pressure for rangatahi.



OUR WELLBEING FRAMEWORK

The Vision for the Strategy is: To Be Good Ancestors, Tupuna Pono. At the heart of the Strategy is the wellbeing of the people and places in Te Taihū, with a particular focus for the wellbeing of current and future generations and the responsibility we have, as the current generation, to pass on the taonga of Te Taihū in a better state than when these taonga were placed in our care. This means that we as the people of Te Taihū needed to think about what wellbeing means to us, which things are the important taonga that need to be protected for future generations, and how these things can be achieved together.

In the process of developing the Strategy, we have developed the first iteration of a wellbeing framework for Te Taihū. **To Be Good Ancestors – Tupuna Pono**, it is necessary to effectively manage a wide range of different cultural, economic, environmental and social outcomes. Effective management implies measurement and without a good sense of how Te Taihū is doing, where it is making progress, and where progress still needs to be made, it will not be possible to plan, to target resources effectively, or to hold our leadership or citizens to account. Measuring the wellbeing of the people of Te Taihū and the state of our taonga which underpin the wellbeing in the future is therefore essential to the success of the Strategy and of Te Taihū itself. An important question to ask ourselves as we implement the Strategy will be:

How might we put our Wellbeing Framework at the centre of every decision we make in Te Taihū?

The Wellbeing Framework shows the broad intergenerational outcomes of Te Ao Tūroa (Environment), Pūtea (Economy), Te Taihūtanga (Identity), Tangata (People and Communities), Te Rākau Taumata (Place), Rangatiratanga (Leadership), Papa Whenua (Infrastructure) and Mātauranga (Knowledge) against which progress will be assessed for the strategy and illustrates how these relate to the more specific priority areas and actions that are more the immediate focus.

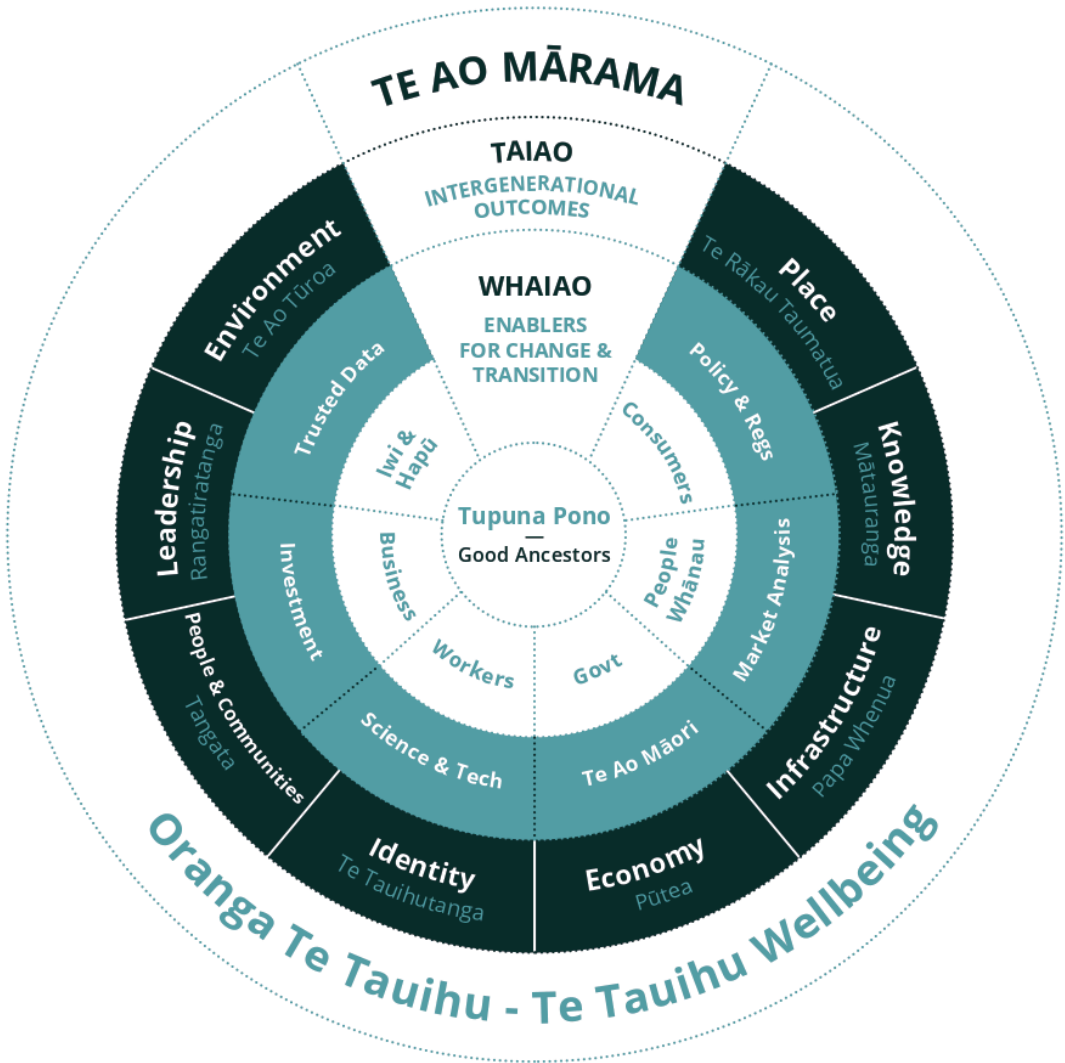
Although the wellbeing framework is developed for Te Taihū by the people of Te Taihū, the wellbeing framework that is presented here is also consistent both with the broad approach taken by national and international organisations such as the New Zealand Treasury and the OECD.

While the wellbeing framework provides a clear picture of “what good looks like” for Te Taihū, simply outlining desired outcomes for the region does not in itself address the issue of measurement. It is important to identify a suite of indicators that can be used to assess wellbeing outcomes in Te Taihū. This involves both identifying the best available measures, identifying gaps that will need to be filled and ensuring that the data for the indicators is available.

The next sections will provide a more in-depth overview the Wellbeing Framework and how it will underpin the Strategy and identified priority areas and actions.

THE COMPONENTS OF OUR WELLBEING FRAMEWORK – ORANGA TE TAUIHU

The following diagram shows the main components of the Wellbeing Framework, Oranga Te Taihu.



Each of the components will now be explained in more detail.

OUR VISION AND VALUES

At the centre of the Wellbeing Framework is our vision and values. These guide the direction of the Strategy and serve as a touchstone for how the intergenerational outcomes of the Strategy will be pursued.

OUR VISION:

To Be Good Ancestors, Tupuna Pono

OUR VALUES:

Whanaungatanga: We value relationships and will work together

Pono: We are honest, open and accountable

Rangatiratanga: We are excellent in everything that we do

Auahatanga: We are innovative and passionate about what we do

Manaakitanga: We care and support one another

Mana Taurite: We are inclusive and strive for equality

Ngā Taonga Tuku Iho: We honour and respect our taonga, our legacy

TE WHAIAO

The Māori philosophy of Whaiao means daylight, the world of light. In the context of the Strategy, in order to transition into a state of wellbeing, there may need to be change and any change will require the necessary support (enablers) in order to achieve a collective wellbeing for Te Taihū.

THE ENABLERS OF CHANGE

We recognise that many parties must come together to achieve the necessary change. For our economy, there must be collaboration and cooperation between **consumers, workers, Iwi and hapū, businesses, community and central and local government**. For our environment, we need **Iwi and hapū, businesses, community and local government** to work together. For our identity, we need all of us to help to make change.

To achieve our collective wellbeing there are supporting tools and resources that will be needed. **Trusted data will be required**, so that we can measure where we are and our progress, using shared data that everyone can access and rely on. We need **investment** from many different sources – money, time, skills and knowledge – so that our plans can progress. **Science, Technology and Mātauranga (Customary Knowledge)** coupled with **Market Knowledge** will be key to innovation and the development of our industry sectors and local economy. And finally, **Policy and Regulations** frame the operating environment for businesses, the economy and community wellbeing from water supply to public transport to digital communications etc.

In Aotearoa, our practices have tended to focus on solving issues regarding wellbeing in isolation with untended consequences. By bringing together **Te Ao Māori** (knowledge and systems), **community based knowledge** and modern **science and technology** we have the opportunity to form a body of **UNIQUE** Te Taihū based knowledge that can guide practice and empower us to elevate ourselves above compliance and develop the most exemplary practice in Te Taihū, Aotearoa and the world. However, it will be very important that we maintain the integrity and truth that recognise these unique knowledge systems that have been built up over generations by Māori.

TE TAI AO

The Māori concept of Taiao encompasses all of the environment and its offspring. Taiao can establish the basis for the holistic view of the wellbeing of our environment, our people and our economy. There are eight intergenerational outcomes that are shown in the outer black circle that captures the wellbeing outcomes that matter to the people and places of Te Taihū. These are Te Ao Tūroa (Environment), Pūtea (Economy), Te Taihūtanga (Identity), Tangata (People and Communities), Te Rākau Taumatua (Place), Rangatiratanga (Leadership), Papa Whenua (Infrastructure) and Mātauranga (Knowledge). They are the areas against which wellbeing is assessed.

TE AO MARAMA

The Māori concept of Te Ao Marama is the world of life and light. We will reach this when we see an improvement in any of the intergenerational outcomes which in turn constitutes an improvement in wellbeing – Oranga Te Taihū.

Our detailed Wellbeing Framework Report can be found on our website www.tetauihu.nz








Members of the community discuss their ideas and aspirations at workshops and community hui.



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TE TAUIHU INTERGENERATIONAL OUTCOMES

OUR INTERGENERATIONAL OUTCOMES

AREA	WHAT WE WANT TO ACHIEVE
 TE AO TŪROA ENVIRONMENT	Our relationship with the natural world is healthy.
 PŪTEA ECONOMY	Our resilient economy allows our people, places, communities, and businesses to thrive.
 TE TAUIHUTANGA IDENTITY	Our people are proud of their individual and shared identity and feel a strong sense of belonging. We treat each other with kindness and respect.
 TANGATA PEOPLE & COMMUNITIES	Our people and communities are welcoming, healthy, and safe. Our people are connected across generations, cultures, and distance.
 TE RĀKAU TAUMATA PLACE	Our people can access affordable and quality places to live. Our shared spaces are places where people want to be.
 RANGATIRATANGA LEADERSHIP	Our decision-making is collaborative, courageous, inclusive, respectful and acts for the long term. We uphold the values and rights of the people and taonga of our region.
 PAPA WHENUA INFRASTRUCTURE	Our people have resilient transport, communications and energy networks, and water and waste systems.
 MĀTAURANGA KNOWLEDGE	Our people are knowledgeable, curious, and creative.

DESCRIBING OUR INTERGENERATIONAL OUTCOMES

This next section aims to provide some brief narrative to support each of our intergenerational outcomes for Te Taihū.



TE AO TŪROA ENVIRONMENT

Our relationship with the natural world is healthy.

When we talk of Te Ao Tūroa, our environment, this means all aspects of our natural, social, physical and material worlds. In relation to our natural world, our wai (water) in the rivers, lakes and oceans; our whenua (land); our air; and all living things such as species of flora and fauna that inhabit them. We have a unique environment in Te Taihū, with over a fifth of New Zealand's coastline, three national parks and the Marlborough Sounds. However, approaches to soil management, habitat loss and pollution is creating significant stress on ecosystems.

Humanity and the natural world are interconnected and sustain each other in a relationship of mutual respect. Underpinning this relationship is responsibility and reciprocity, where our natural world is acknowledged as a living entity. The first right must be the right of the environment to thrive without overuse. Any use of the environment that is granted, is treated as a gift or a privilege. A healthy relationship is about finding a sustainable use of our natural resources and reversing degradation that has already taken place. This includes reducing carbon emissions, enhancing freshwater quality and our marine environment, as well as protecting our taonga species, having thriving landscapes and producing less waste.

Whakapapa, Natural World - We are connected to everything and we need to ensure that philosophy is front of mind which will allow us to see the true value of our environment. The natural world has a voice, we just need to listen. When we see that, we will start to do things differently and that is the change that is required.

Aneika Young, Te Taihū Talks, Nelson
<https://vimeo.com/345397807>

Climate Positive Te Taihū - This is a really exciting opportunity, it will be difficult, but the recent strikes show that little actions can make a big difference on the world stage. I think there is huge potential for Te Taihū, if we could be the first region in the world to become climate neutral- people would be looking to us as leaders for future solutions which would have a positive impact on our economy and our people. If we want to be good ancestors, this is an action that we really need to take.

Florence van Dyke, Te Taihū Talks, Motueka
<https://vimeo.com/349985675>

Collaboration - It is really hard for individual businesses to make changes alone. With the size of our region, if there is an agreed issue, we are able to bring all parties together to come up with a solution to solve the underlying system i.e. transport, waste disposal etc. For example there are businesses that are working on sustainability right now which is great, I think the next step is to all come together and collaborate on sustainability as a lot of businesses have shared problems and goals. That's where we find real, good solutions that make the biggest difference.

Fiona van Petegem, Te Taihū Talks, Blenheim
<https://vimeo.com/34584289>



PŪTEA ECONOMY

Our resilient economy allows our people, places, communities, and businesses to thrive.

The current economy of Te Taihū relies on primary production and manufacturing (aquaculture, horticulture, viticulture and forestry), supported by the visitor sector, high value engineering and design. People are working hard in these sectors and we should be proud of that, however we can do better.

Our economy has some weaknesses in that it is quite narrow, and we have lower productivity than the New Zealand average. Related to this, much work is seasonal, and our median earnings are low, contributing to an underlying inequality in wealth in our region. We also have growing skills shortages in some areas.

Our economy exists to serve our people. Iwi settlements have not yet been fully realised within Te Taihū and we want all our people, communities and businesses to prosper from raising our regional productivity.

The world is also continually changing, and there is always more to be done. We cannot continue to rely on our natural resources to grow the wealth of all our people. We need to be smarter, take more pride and celebrate what we can collectively deliver. This will ultimately provide our competitive advantage. We need to work with businesses to help them drive the change that will be required if we are to remain relevant.

Nutrition & Health - *Te Taihū has a thriving food sector that needs to transition into a high value add nutrition and wellness sector that can meet the current global demand for these products. Our greatest economic opportunity right now is to tap into that, and we have the means to do it. Te Taihū can lead the world in this but we need to collaborate and get smarter about how we're working.*

Andy Elliott, Te Taihū Talks, Nelson
<https://vimeo.com/345397807>

Innovation - *We need to honour our past and create our future. Nelson has long been a place of innovation and we can carry that legacy forward. Our identity is centered around primary industries, but we really are a centre of innovation and thought leadership and that can be an economic engine for us.*

Richard Brudvik-Lindner, Te Taihū Talks, Nelson
<https://vimeo.com/345397807>

Farmers Sustainability - *I have been fortunate enough to talk to farmers all around NZ in the last year and some have already made the changes over the last 3-4 years. They have adopted sustainable farming practices and you can feel their mind-set change when you are speaking with them on their farm. They themselves are feeling more healthy and mentally well. We need to increase storytelling and make coaching more accessible for all (dairy, meat, horticulture & wineries) and provide data and evidence to encourage more to get on board.*

Jan Hania, Te Taihū Talks, Blenheim
<https://vimeo.com/345842895>



TE TAUHUHUTANGA IDENTITY

Our people are proud of their individual and shared identity and feel a strong sense of belonging. We treat each other with kindness and respect.

Ko wai koe? Nō hea koe? Understanding who we are and where we come from is critical in order for people to understand their identity, particularly for Māori. Linking back to our roots, speaking our language and understanding our history is an important contributor to the wellbeing of people and communities.

Our connection to our land, history and culture defines who we are. It also connects the generations, bringing young and old together. Our language, Te Reo Māori, is a unique taonga for New Zealanders, as well as being fundamental to our national identity, and a gateway to better understanding the rich history and culture of Aotearoa. This includes our knowledge and awareness of Te Tiriti o Waitangi.

Te Taihū is a beautiful region, with a rich history. We have a strong sense of collective identity, yet people can also express their own individual identity. We welcome new migrants, including refugees, to our region, and want everyone to feel they belong here.

***Te Tiriti o Waitangi** - I think it's a very beautiful framework that sets the tone for how we were to develop as a country. It is not something that can be seen in isolation, it sits alongside our other really important human rights documents. It is not just about the relationship between Māori and the Crown. The treaty provides the framework for all of us. I am proud of the document and its potential, it requires people to understand our history, and what it means to be a New Zealander.*

Kerensa Johnston, Te Taihū Talks, Richmond
<https://vimeo.com/348750514>

***Identity** - Understanding how our narrative as a region can give you a sense of home. You are welcome here if you contribute yourself and we will contribute ourselves to you.*

Te Puoho Katene, Te Taihū Talks, Motueka
<https://vimeo.com/349985675>

***Māori Wellbeing** - We as Māori have lost a lot of our own cultural knowledge and strength and it's not an easy path to find your way back. We need to acknowledge and share our dual cultural heritage. How do we turn around a whole 2-3 generations of lost knowledge and get it back and be willing to share it with everyone else? The more that we can learn about ourselves and our connections, the closer we can become to healing.*

Rita Powick, Te Taihū Talks, Picton
<https://vimeo.com/352640122>



TANGATA PEOPLE & COMMUNITIES

Our people and communities are welcoming, healthy, and safe. Our people are connected across generations, cultures, and distance.

When we talk of community, we mean all the people and whānau (families) in Te Taihū interacting and supporting each other. By working together, communities can tackle bigger problems than they can as individuals working on their own. We know in Te Taihū we have inequality when it comes to health, education, income and housing. We will need better coordination and action to address the issues as well as new models that are holistic in their approach.

Humans are social creatures and cannot thrive without a healthy social and physical connection to each other. The places we live in need to feel safe, secure, and welcoming; providing support and opportunities to share and grow. Our communities need to be able to participate in family life, socialise with friends, join in with community activities and take part in recreation and leisure pursuits as well as the arts and culture.

Education - *We need to educate the diversity of students in Aotearoa and not just certain types. We need something that is more flexible and recognises the needs and wants and not necessarily university, things like apprenticeships should be encouraged as everyone has different strengths and weaknesses. There are some really creative models happening in the US at the moment, you need a different kind of teaching and parenting. The models are out there, and they give us more flexibility and scope to be creative about what our children need.*

Julie Fry, Te Taihū Talks, Motueka
<https://vimeo.com/349985675>

Mental Health - *Drugs and alcohol are creating a greater mental health problem than we have ever seen before. We have a system that doesn't support those people. We need a system that allows those people to become clean and then we need another system that covers their mental health issues. We have a huge shortage of this care in NZ. There is a real lack of support. We need to invest in the infrastructure.*

Tina Porou, Te Taihū Talks, Picton
<https://vimeo.com/352640122>

Community Connection - *It's important to stay connected to each other, things like the decile school system that separate us, it means we are less exposed to difference and uniqueness. Our people and our children cannot be what they cannot see. We need to tell stories to connect with them and enable their dreams to come through. If we achieve our ambitions and succeed for our people to see, they can aspire to the same lofty goals and in doing so we can all rise together.*

Te Puoho Katene, Te Taihū Talks, Motueka
<https://vimeo.com/349985675>



TE RĀKAU TAUMATA PLACE

Our people can access affordable and quality places to live. Our shared spaces are places where people want to be.

People are likely to experience better wellbeing if the places and spaces that we design and provide are accessible and of quality. This influences how we live, work and connect together. Shared spaces increase vibrancy and connection if used well. Smart and innovative design of our places and spaces also supports our ability to be resilient to natural events and climate change. We consider housing as a part of 'place.' The quality and cost of housing has a huge impact on the wellbeing of people, whānau and community and affordability, access and quality of housing is a major issue in Te Taihū.

Housing - Major issue, the traditional housing model is not working for our communities. As an employer we pay fair wages, for our people to be able to afford housing is hard... To have a thriving community we need young people in our communities, we need children in the schools, we need people to engage in community activities.

Jane Dixon, Te Taihū Talks, Takaka
<https://vimeo.com/347448909>

Housing - There have been many changes, the prices have gone up because it is a popular retirement area, this affects young families being able to house themselves and there are few work opportunities. There is a need for social housing, if you don't have a home that you can't sustain yourself in that creates a very rocky foundation.

Rita Powick, Te Taihū Talks, Picton
<https://vimeo.com/352640122>

Housing - We need to go deeper. Do we need a housing model that emphasises individual home ownership as the only way to economic wealth? Having continuity of housing is more important than having to have a capital gain.

Tina Porou, Te Taihū Talks, Picton
<https://vimeo.com/352640122>



RANGATIRATANGA LEADERSHIP

Our decision-making is collaborative, courageous, inclusive, respectful and acts for the long term. We uphold the values and rights of the people and taonga of our region.

Leadership not only considers our local government leadership, but leaders across all parts of our society, including Iwi, hapū, businesses, workers, young people, the voluntary and community sector and many other organisations.

Te Taihū currently has strong leadership, as well as high voter turnout and trust in many public institutions. However, our local government structure can create silos or a perception of silos. At our engagement events a need for more collaboration was emphasised.

Te Tiriti o Waitangi, the Treaty of Waitangi, is the founding document of New Zealand, and recognises tangata whenua and decision-making by partnership.

Given the scale, speed and systemic change needed, our engagement also stressed the importance of courageous leadership. Courageous leadership is about leading by example, standing at the front with a strong vision, bringing people on the journey, and being able to make difficult decisions and not backing down when things get too hard.

***No Soft Landings** - In the regulatory systems, especially council, there has been a lot of talk about soft landings, making sure that everyone is comfortable in the transition to sustainability, and I just don't believe it because I've lived it. The crunch requires you to innovate and people are clever and agile and will adjust or they just won't make it, and if they don't then it wasn't for them anyway. And the people that do will create great opportunities and they have a vision for the future. Soft landing are an excuse to not make brave decisions. It's about the understanding that we are in a crisis and we can no longer continue to operate in an economic model that uses natural resources as a tool, rather than having a relationship with them. We need to be stewards who are businesses, not businesses that happen to be stewards.*

Tina Porou, Te Taihū Talks, Picton
<https://vimeo.com/352640122>

***Being Courageous** - We need to be told the information to decipher where we can make the biggest impact. How do we steer the people that we elect? How do we inform them of our top priorities? We need to be courageous in asking the questions that matter and not just engaging in the easy wins that may not necessarily make a big impact.*

Agnieszka Grudzinska, Te Taihū Talks, Takaka
<https://vimeo.com/347448909>

***Vision for Te Taihū** - I love Te Taihū, the parks, the whenua, the people ... We are special. I would like to see us re-prioritise, what would happen if we changed our KPIs to resilience or quality of life? It is doable in this region. My vision is to stop hiding behind ignorance, start changing, be courageous leaders. I think we are ready.*

Zoe Palmer, Te Taihū Talks, Richmond
<https://vimeo.com/348750514>



PAPA WHENUA INFRASTRUCTURE

Our people have resilient transport, communications and energy networks, and water and waste systems.

There are several trends impacting infrastructure and transport. This includes an increasing need for investment due to ageing assets in some parts of our region, and growing populations; a need to reduce emissions from transport; as well as a need to make infrastructure resilient to extreme weather events and adapt to technological disruption.

Infrastructure is also an enabler of economic activity and individual and communal wellbeing, so it's important to have **clear long-term vision** of what needs to be enabled, for example, we expect to need strong digital infrastructure to support a changing economy, reliable and resilient lifeline infrastructure to support basic wellbeing, and well-planned urban and rural infrastructure to combat social isolation and facilitate community engagement.

There are significant trade-offs, so we will need to look for ways to be more **efficient and effective** e.g. using technology and non-traditional solutions to facilitate change within the limited resources we have to fund infrastructure. Sustained and active communication of the key trade-offs of cost versus service versus environmental impact to the community will be critical. Infrastructure is as much about the demand as it is about the supply.

Investment will be one of the biggest enablers of this Strategy. This includes gaining investment capital to facilitate improvements and looking to new diverse sources of capital as well as traditional ones.

During our engagement process we have identified a strong urge for change. Many of the key themes outlined in this Strategy are closely connected to infrastructure: for example, reduced emissions, security of lifeline infrastructure (resilience), sustainability and circular use of materials. The community has repeatedly asked for greater cooperation among key stakeholders and has a strong appetite for new projects and approaches which cut across existing primary areas of responsibility, and which offer innovative alternatives to business-as-usual.

Te Taihū Infrastructure – *There are many changing parameters, and everyone will have an opinion. We must look to the future and consider what is 'fit for purpose' for our children & grandchildren?*

Resilience to Climate Change - *We are not resilient to climate change. The biggest impact in the next few years will be fresh water. We have not made ourselves resilient to that. We do need to be realistic about the affordable level of resilience. To be fully resilient we would have to spend incredible amounts. We need to start thinking in different ways and engaging communities in the decision making process. Mix the green & grey approach - tried and tested green ideas with the grey ideas. Threats to the world order would have a huge impact on us so we must not forget to build resilience to this.*

Agnieszka Grudzinska, Te Taihū Talks, Takaka
<https://vimeo.com/347448909>

Circular Economy - *We currently operate in a linear economy that involves resource extraction to produce products and then more use of energy for packaging and shipping before we finally throw away the goods before the whole process starts again. That is inherently unsustainable when you live on a planet with finite resources. We're overusing our precious resources and turning them into single-use products that are often harmful to our environment. We need to transition into a circular economy that eliminates waste entirely and promotes the continual use of resources. This is the way nature operates and we need to align our economy to natural eco-systems.*

Fiona van Petegem, Te Taihū Talks, Blenheim
<https://vimeo.com/34584289>



MĀTAURANGA KNOWLEDGE

Our people are knowledgeable,
curious, and creative.

In this strategy the term “knowledge” is used very widely. It includes not just understanding history and data about our region to make better plans, but also how we innovate, learn and apply knowledge for the benefit of Te Taihū.

Knowledge helps us to be productive, enables people in Te Taihū to gain employment and start their own businesses, and allows businesses to employ the skills to grow. Knowledge also helps us understand our region to know what to change, and also advocate for our region. It enhances our creativity, our awareness of our own and each other’s cultures and histories, and our tolerance and spirit of citizenship.

We need to grow knowledge across all these components of our broad definition. We may need to find new, creative ways to grow our knowledge.

Innovation Hubs - *To unlock the potential of Te Taihū, we need to develop innovation hubs around our key industries to enable more sustainable growth. We are at risk of stagnation - being too complacent and missing the biggest opportunities right in front of us or relying on an economy that will be challenged into the future.*

Young People - *All young people deserve to have a future in Te Taihū. Young people need to see a future for themselves in Te Taihū. We want them to see the world, but we need to ensure there are opportunities here and that we give young people more power and a more viable future.*

Richard Brudvik-Lindner, Te Taihū Talks, Nelson
<https://vimeo.com/345397807>

Values - *We have an amazing set of values which have remained intact throughout history - manaakitanga, kotahitanga and kaitiakitanga. We are yet to translate these so they can be used day-to-day. Our cultural wisdom can be used to help us make decisions where we don't have data.*

Jan Hania, Te Taihū Talks, Blenheim
<https://vimeo.com/34584289>

Intergenerational - *How we can capture the knowledge of our elders before we lose them and build on that before we move forward. We have this wealth of knowledge and understanding that we are losing. I would love to find a way to pass that knowledge on.*

Julie Fry, Te Taihū Talks, Motueka
<https://vimeo.com/349985675>



Members of our panel discuss sustainability at our second Te Tauihu Talks event held in Blenheim at the Marlborough Convention Centre.



The crowd begins arriving for the first Te Tauihu Talks event in Nelson at the Suter Theatre.

MEASURING OUR WELLBEING – THE WELLBEING MONITOR

Our Wellbeing Framework shows the different Intergenerational Outcome Areas that collectively make up our wellbeing. We need to know how we are performing in each of these areas compared to total New Zealand, so that we can see which areas are most in need of attention, and how we are improving over time. To provide this insight, we have created the Wellbeing Monitor.

We have selected measures for each of the Intergenerational Outcome Areas, although in some areas there is not as much nationally-collected data available as we would like. We will be working to fill these gaps over time. When selecting measures, quality criteria were used to ensure that the indicators are technically sound. Statistics New Zealand and other Government entities are the primary sources of the data that we have used.

The measurement approach must achieve three things. **First**, it must incorporate the full range of Intergenerational Outcome Areas – the things that matter to the people of Te Taihū. In other words, it must present a picture of “what good looks like” that resonates with the people of Te Taihū. **Second**, it must be able to support intergenerational decision-making over the long term. **Finally**, the approach taken to monitoring and evaluation must go beyond simple averages: how we think about life in Te Taihū is intrinsically affected by how outcomes are distributed across different people and places - equity. We can have high levels of regional GDP for example, but if that regional income is not distributed in an equitable manner we will still have many families receiving poor outcomes.

In the diagrams below, we have shown how Te Taihū compares to average New Zealand in the measures we have selected. The dotted **green circle** shows how New Zealand is performing, and the **blue lines** show how Te Taihū is performing. If our **blue line** reaches beyond the **green circle** towards the outside of the diagram, it means we are doing better than total New Zealand. If our **blue line** stays close to the centre of the diagram, it means that we are doing poorly. For example, our voter turnout is quite good, but our housing affordability is poor, with too many families spending more than 30% of their income on housing costs.

This measurement tool will evolve over time, as new datasets become available.

It is important to understand that the Wellbeing Monitor provides a long-term means for tracking Te Taihū performance against total NZ. Comparisons will move only very slowly over time, and we will use a supporting level of detailed datasets that will allow us to observe change at an annual level. This work will be carried out in the next phase of work and will provide a Data Repository that everyone can use.

OUR WELLBEING MONITOR

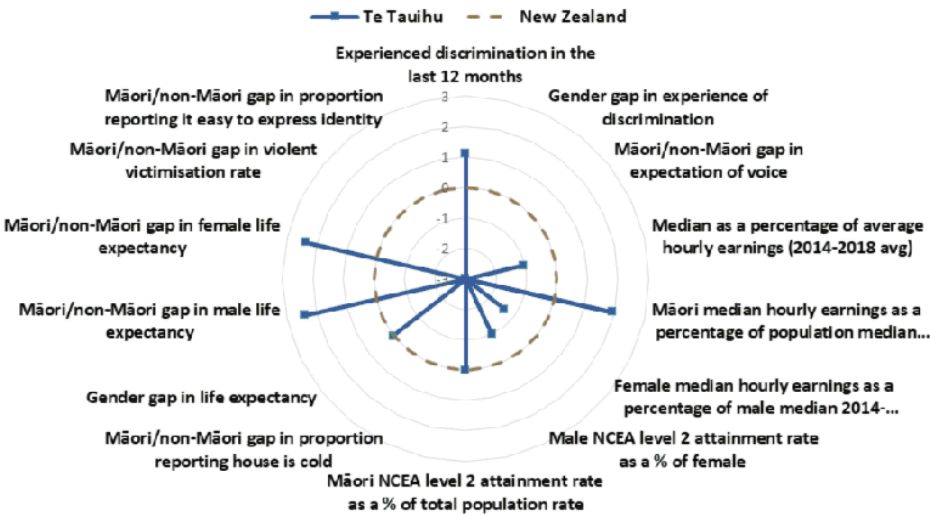
This diagram shows how the Te Taihū average outcome for all people compares to the average for New Zealand. As can be seen, we have data gaps for environmental measures. We are a region where it is easy to express one's identity, and where life expectancy is better than the national average. Our unemployment rate is good i.e. low, but our median hourly earnings are below the national average.



OUR EQUITY MONITOR

The Equity Monitor shows that some parts of our community experience different outcomes to the average for Te Taihū. In particular, Māori have different outcomes to non-Māori. Again, we have data gaps, but there are some clear indications of inequity. The gap between earnings for females versus males is worse in Te Taihū than it is in average New Zealand, and the gap between male and female NCEA level 2 attainment is also worse in our rohe than for the country as a whole. We can also see gaps between the outcomes for Māori versus those for non-Māori **compared to those gaps for average New Zealand** – for example the Māori/non-Māori gap in life expectancy is much smaller in Te Taihū than it is in average New Zealand.

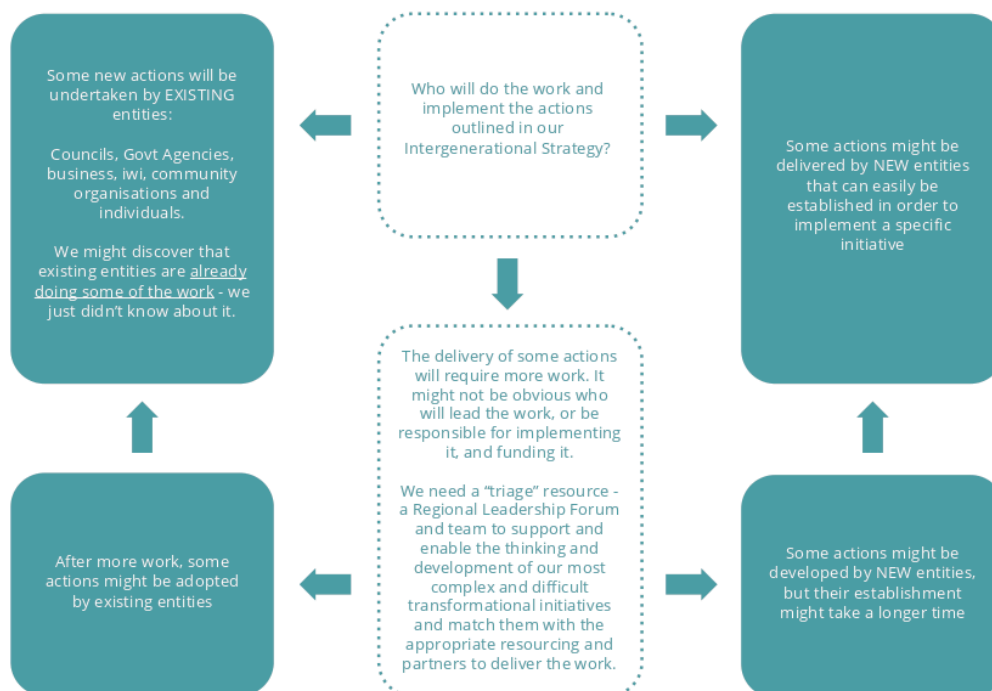
Our detailed Wellbeing Framework and Indicators Report can be found on our website www.tetauihu.nz



OUR PRIORITY AREAS AND ACTIONS

The priority areas and actions that we want this Strategy to stimulate and enable will come in many forms: initiatives, projects, audits, studies, business cases, and new models for making decisions and investing. Actions will be undertaken by a range of different entities, businesses and organisations, community groups and individuals, and will track to different timeframes. This Strategy is an opportunity to be owned by all of us: enabling and making change will be a collective effort.

The following diagram illustrates the approaches we will take:



We collected hundreds of ideas during our engagement process. We have had strategic workshops with iwi, business, community and other stakeholders. Discussion held at these workshops, and additional workshops with our Technical Advisory Group, have informed our prioritisation of areas of focus and actions.

The priority areas and actions that have been identified align to the Wellbeing Framework, Oranga Te Tauhu that has been developed for Te Tauhu. They map directly to the broad intergenerational outcomes of Te Ao Tūroa (Environment), Pūtea (Economy), Te Tauhutanga (Identity), Tangata (People and Communities), Te Rākau Taumata (Place), Rangatiratanga (Leadership), Papa Whenua (Infrastructure) and Mātauranga (Knowledge).

We have identified six priority areas of focus and actions that will be progressed concurrently. They are in no particular order and the six priority areas are:

1. Improved Climate Change and Regenerative Agriculture Outcomes
2. Strengthening our Regional Economy
3. Regional Identity (Our Stories, Te Reo and Culture)
4. Working Together to Improve Social Equity
5. Smart Housing Solutions
6. Leadership Forum for Ongoing Collaboration

The Intergenerational Outcome Areas of Papa Whenua (Infrastructure) and Mātauranga (Knowledge) align to all the priority areas of focus that have been identified.

It is hoped that this next phase of work will begin in mid-February 2020. We expect to find that some actions in priority areas will progress faster than others.

INTERGENERATIONAL OUTCOME



TE AO TŪROA ENVIRONMENT

PRIORITY 1

Improved Climate Change and Regenerative Agriculture Outcomes

ACTIONS

Organise a Regenerative Taskforce to:

- Develop actions to encourage land-owners to adopt good land and water management practices that link into the wellbeing of mahinga kai (food growing and gathering); share regenerative agriculture insights and foresight.
- Connect and build partnerships to accelerate existing activities and initiatives that improve climate change and water stewardship outcomes.
- Develop and share best practice tools and business models through identified fora and channels.

INTERGENERATIONAL OUTCOME



PŪTEA ECONOMY

PRIORITY 2

Strengthening our Regional Economy

ACTIONS

- Develop an oceans economy strategy that includes inshore and open oceans aquaculture.
- Connect and build an innovation ecosystem that builds on existing activities and initiatives that supports the incubation, acceleration and commercialisation of technologies and high value food, ingredients and wellness solutions.

INTERGENERATIONAL OUTCOME**TE TAUHUTANGA
IDENTITY****PRIORITY 3****Regional Identity -
Our Stories, Te Reo and Culture****ACTIONS**

We will improve our narrative and develop / build on initiatives relating to:

- Existing regional Identities to create a shared sense of belonging.
- Our local stories and voices (past and present) and how this can be celebrated by groups and spaces through different mediums and channels. We will remember to include the stories of all migrations and refugee communities.
- Our regional provenance and appellations.
- Support the development of a Te Reo Māori Strategy for Te Taihū.

INTERGENERATIONAL OUTCOME**TANGATA
PEOPLE &
COMMUNITIES****PRIORITY 4****Working Together to Improve
Social Equity****ACTIONS**

- Map the entities, groups and individuals in Te Taihū that are contributing to the wellbeing of people and communities in Te Taihū.
- Collaborate and build partnerships to accelerate existing activities and initiatives, and develop new initiatives, that improve health, wellness, education, access to employment, and participation in society.

INTERGENERATIONAL OUTCOME**TE RĀKAU
TAUMATUA
PLACE****PRIORITY 5****Smart Housing Solutions****ACTIONS**

Collaborate and build partnerships to accelerate existing activities and initiatives that develop smart housing solutions for our region. We will support a regional housing forum that will:

- Share resources, insights and best practices.
- Lobby for central and local government assistance with supporting infrastructure to support housing initiatives and reduce development costs.
- Identify and develop new housing models and papakāinga.
- Develop pilot projects and seek funding.

INTERGENERATIONAL OUTCOME

PRIORITY 6


**RANGATIRATANGA
LEADERSHIP**
**Leadership Forum for Ongoing
Collaboration**

ACTIONS

A forum will be required to:

- Enable discussion, debate, and collaboration across Te Taihū to deliver the priorities identified in the Strategy.
- Be the kaitiaki of the Strategy and Wellbeing Framework.
- Support delivery of the Strategy and Action Plan.
- Provide opportunities to discuss and engage on the issues and opportunities that matter most to the people of Te Taihū i.e. Te Taihū Talks, identification of channels to communicate etc.
- Develop a centralised data repository for Te Taihū.
- Support appropriate advocacy for Te Taihū.
- Ensure our leadership is reflective of Te Tiriti o Waitangi.

NEXT STEPS - GIVE YOUR VIEWS

This is the release of the Draft Te Taihū Intergenerational Strategy.

The Te Taihū team would like to thank everyone involved to date. Your contribution has made a real difference in defining our vision, outcomes, priorities and actions. We recognise your time commitment, but more importantly, your respect for our collective values during the process.

We welcome feedback on the Draft Strategy from the people of Te Taihū by **28 February 2020**.

When you are providing your feedback, it would be helpful if you could think about the following questions:

1. What do you think about the vision and intergenerational outcome statements in the DRAFT Strategy? What would you change?
2. What do you think about the priority areas and actions that have emerged from the engagement? What would you change?
3. The vision for the Strategy is: To Be Good Ancestors, Tupuna Pono. Having this in mind, how will you as an individual, business, organisation and community group contribute to this vision and the Strategy?
4. What is the best way to engage with you in the future if you are interested in being part of the Strategy?

You can provide feedback by emailing info@tetaihu.nz.

The feedback that is received will be collated and the final Strategy will be released at the end of June 2020.

We thank you for participating. Ka nui te aroha ki a koutou katoa!

APPENDIX A: MEMBERSHIP OF THE STEERING GROUP AND PROJECT MANAGEMENT GROUP AND TEAM

Steering Group	
Name	Position and Organisation
Paul Morgan (Chair of Te Tauihu 2077)	Chair, Wakatū Incorporation
Kerensa Johnston (Alternate)	CEO, Wakatū Incorporation
Mayor Rachel Reese	Mayor, Nelson City Council (NCC)
Mayor Richard Kempthorne (until September 2019) / Mayor Tim King	Mayor, Tasman District Council (TDC)
Mayor John Leggett	Mayor, Marlborough District Council (MDC)
Pat Dougherty	CEO, NCC
Nicky McDonald (Alternates)	Group Manager, Strategy and Communications, NCC
Janine Dowding (Alternate)	CEO, TDC
Mark Wheeler (Alternate)	CEO, MDC
Brendon Wilson	Chair, Ngāti Apā ki te Rā Tō Charitable and Settlement Trust
Waihaere Mason	Chair, Te Rūnanga o Ngāti Kuia
David Johnston	GM, Te Rūnanga o Ngāti Kuia
Olivia Hall	Chair, Te Rūnanga o Ngāti Rārua
Nick Chin	GM, Te Rūnanga a Rangitane o Wairau
Liam Sloan	CEO, Nelson Marlborough Institute of Technology
Peter Patullo	President, Nelson Tasman Chamber of Commerce
Ali Boswijk (Alternate)	CEO, Nelson / Tasman Chamber of Commerce
Nita van Grinsven	President, Marlborough Chamber of Commerce
Hans Neilson (Alternate)	CE, Marlborough Chamber of Commerce
Grant Rosewarne (Business Rep)	CEO, New Zealand King Salmon Company Ltd.
Mark Gillard (Alternate)	Sustainability Manager, New Zealand King Salmon Company Ltd.
Richard Olliver (Business Rep)	Chairman, MDC Holdings Ltd
Pip Jamieson	Senior Regional Advisor PDU (MBIE), advisory role only non-voting
Joanie Wilson	Chair, Ngāti Koata Trust
Butch Little	Chair, Ngāti Tama ki te Waipounamu Trust
Jaqui Ngawaka	GM, Ngāti Tama ki te Waipounamu Trust

Programme Management Group	
Miriana Stephens	Wakatū Incorporation
Anna Crosbie	Lodestone Projects NZ Ltd
Lesley McQue	Nelson Regional Development Agency
Mark Rawson	Nelson Regional Development Agency
Justin Carter	Ngāti Koata Trust
Neil Henry	Marlborough District Council
Alistair Schorn	Marlborough District Council
Sharon Flood	Tasman District Council
Leigh Rodd	Tasman District Council
Brylee Wayman	Tasman District Council
Clare Barton	Nelson City Council
Mark Tregurtha	Nelson City Council
Chris Pawson	Nelson City Council
Pip Jamieson	Senior Regional Advisor PDU (MBIE), advisory role only non-voting
Project Team	
Miriana Stephens	Programme Director
Anna Crosbie	Programme Manager
Lesley McQue	Data Analyst and Programme Coordinator
Lara Clement	Programme Administrator
Johny O'Donnell	Communications and Engagement Specialist
Conal Smith and Atawhai Tibble	Well-Being and Data Specialists
Dr Bruce Campbell	Technical Advisory Group Member
Jan Hania	Technical Advisory Group Member
Tina Porou	Technical Advisory Group Member
Ali Boswijk	Technical Advisory Group Member
Rob Simcic	Technical Advisory Group Member
Jane Kinsey	Technical Advisory Group Member
Agnieszka Grudzinska	Technical Advisory Group Member
Rebecca Mason	Technical Advisory Group Member
Bentham Ohia	Technical Advisory Group Member
Charlotte Littlewood	Strategy Writer
John Smith and Rosemary Baird	Financial Management
Kerensa Johnston and Riki Kotua	Legal
Felicity Connell	Communications
Glyn Walters	Communications (Marlborough District Council)

APPENDIX B: ENGAGEMENT AND STRATEGY DEVELOPMENT PROCESS

He waka eke noa - we are in this waka together.

As a region, we need to determine our own vision for the future and path to get there. It's also important we understand the diversity of desires and experiences of the many people living in Te Taihū.

To develop this Strategy, we started with a blank sheet of paper with no preconceived ideas. People from a diverse spectrum of backgrounds across Te Taihū have attended a range of workshops and hui to help develop the content.

STRONG GOVERNANCE OVERSEEING THE PROCESS

A diverse and representative leadership group was established to guide the project and bring some of the best minds of our region together. This includes the Chair of Wakatū Incorporation, the three Mayors of our local Councils, representatives from ngā Iwi o Te Taihū, the Chairs of the Nelson-Tasman and Marlborough Chambers of Commerce, business representatives, the Nelson-Marlborough Institute of Technology, as well as central government being represented in an advisory capacity.

SUPPORTED BY LEADING TECHNICAL EXPERTISE

The Strategy has also been informed by robust data and evidence and advised by recognised experts in wellbeing and economic development. A Technical Advisory Group helped test and shape ideas. Members were:

Dr Bruce Campbell	Rob Simcic	Jane Kinsey
Tina Porou	Agnieszka Grudzinska	Bentham Ohia
Jan Hania	Ali Boswijk	Rebecca Mason

All the outputs from the engagement were combined and considered by the Technical Advisory Group. They held a series of workshops to analyse the content and consider the priorities and ideas.

We had a Strategy Writer who assisted with developing the content of the Strategy. This was Charlotte Littlewood who attended workshops where the Technical Advisory Group were also present.

Conal Smith and Atawhai Tibble from Kōtātā Insights provided specialist expertise and support with the development of our Wellbeing Framework.

Johny O'Donnell and his team from ShiftOn developed and implemented the communications and engagement plan for the Strategy.

A PROCESS INVOLVING THE WHOLE REGION OF TE TAUIHU

As part of developing this Strategy, we have held over twenty meetings, events and hui and reached over 1000 people in the region.

This engagement included:

- **Five strategic workshops** were held across Te Taihū and included iwi, the business community, government agencies, local government and the wider community. These have been attended by over 200 people from a diverse range of backgrounds and have formed the body of the intergenerational strategy. The facilitation approach ensured a cross-sector conversation covering environmental, economic and social issues. The level of collaboration from iwi, business and community is very positive with everyone working constructively across silos to develop initiatives and priorities that will deliver in each of these areas.
- **Te Taihū Talks:** Six fireside chat style events were held across the region (from Mohua Golden Bay to Waikawa, Picton) and attracted over 600 participants. The events have all been live streamed with our online viewership surpassing 10,000 across the series. Te Taihū Talk panellists were Andy Elliot, Aneika Young, Richard Brudvik-Linder, Jan Hania Dr Bruce Campbell, Fiona van Petegem, Te Puoho Katene, Julie Fry, Florence Van Dyke, Kerensa Johnston, Ali Boswijk, Zoey Palmer, Tina Porou, Rita Powick, Agnieszka Grudzinska, Lucy Butler and Jane Dixon.
- **Youth Summits:** These were attended by over 30 of our young people and focused on developing the vision for the Strategy.
- **Large Employers Hui:** We brought together a collection of the region's largest employers to engage in a discussion about the role of business in delivering change in Te Taihū. We presented back to them the feedback we have received from the community and facilitated a discussion about how we can work collaboratively to tackle some of these challenges.
- **Business Outreach:** As part of connecting with our business community, we have worked with both the Nelson Tasman and Marlborough Chambers of Commerce to hold business events. This has included a luncheon in Blenheim, an exhibition stand at the ASPIRE Conference, an exhibition stand at the Open Oceans Conference, an event for young professionals in the region, holding a forum with the Nelson Tasman Visitor Sector and engaging with the boards of institutions such as NMIT, Chamber of Commerce and the Nelson Regional Development Agency.
- **Social Media:** We have launched Facebook and Instagram accounts to engage our community (including those living overseas) in a conversation about the future of Te Taihū. We have an average monthly reach of over 30,000 people with over 12,000 engagements which is outstanding data for a relatively new concept. We are using video snippets from the Te Taihū Talks to stimulate conversations amongst our communities, driven by speakers from within those communities who have attended the events and pitched their big ideas for Te Taihū.
- **Community hui:** Six community hui were held in August to update people on the progress of the Te Taihū Intergenerational Strategy. We shared some of the key thinking and ideas that were emerging from the process and tested the work to gauge what the community would like to see next in terms of shaping the roadmap for Te Taihū.
- **Iwi hui:** Three hui were held with Iwi Chairs and whānau, hapū across Te Taihū. Whānau and hapū members also attended many of the other engagement hui as well. Key themes that came from hui were the importance of values and Te Ao Māori principles, health, environment, education, employment, housing, leadership, whānau well-being, better and more strategic relationships, history and Māori success stories and the importance of Te Reo Māori.

ACKNOWLEDGEMENTS

The Draft Te Taihu Intergenerational Strategy has been a significant undertaking and would not have been possible without the support of the Provincial Growth Fund. We would also like to acknowledge local businesses and organisations for their financial and resource support.

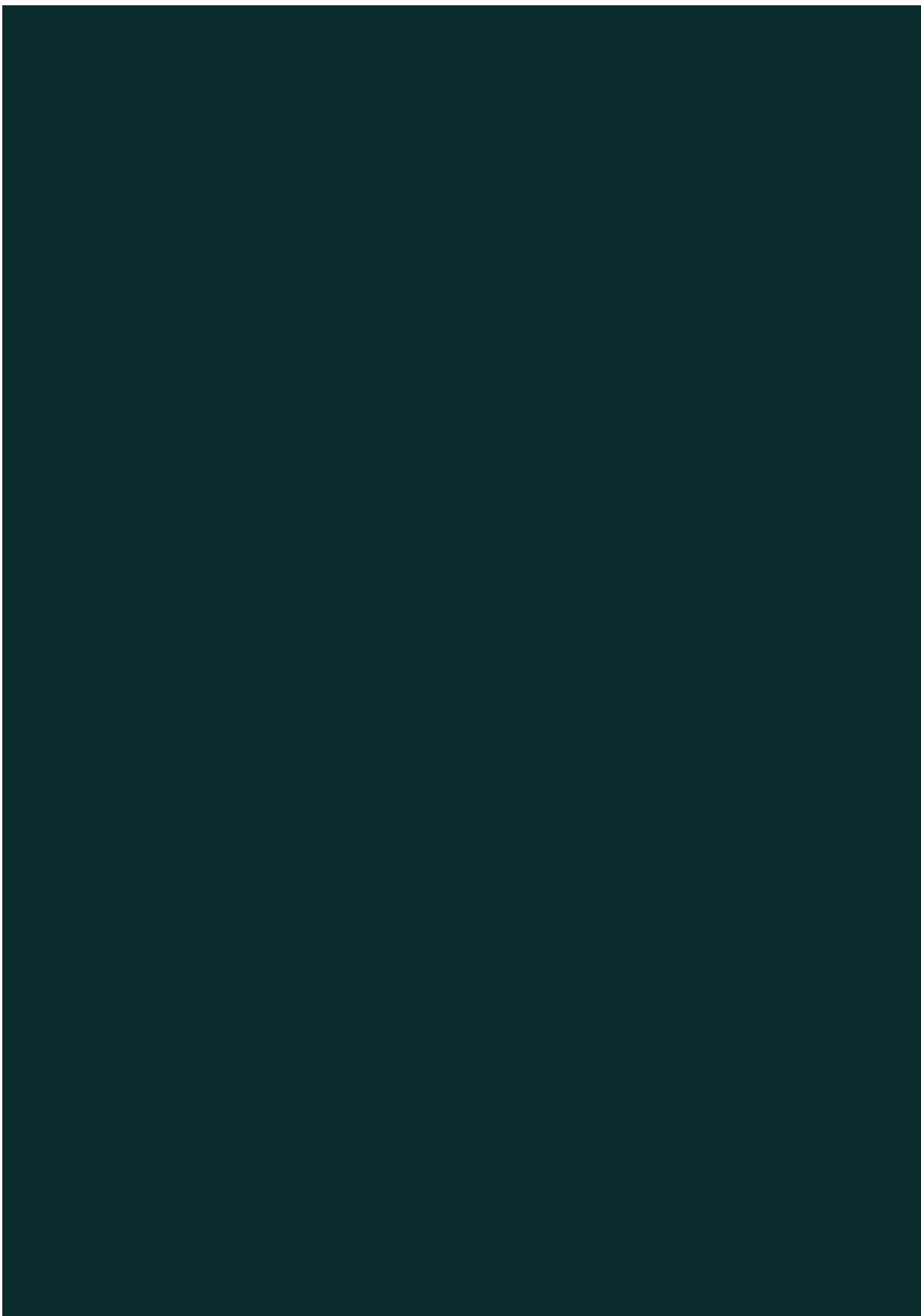
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- Plant and Food Research
- NIWA
- Cawthron
- NZ King Salmon
- Westpac NZ Ltd
- Fuji Xerox
- Nelson Airport
- Nelson Forests

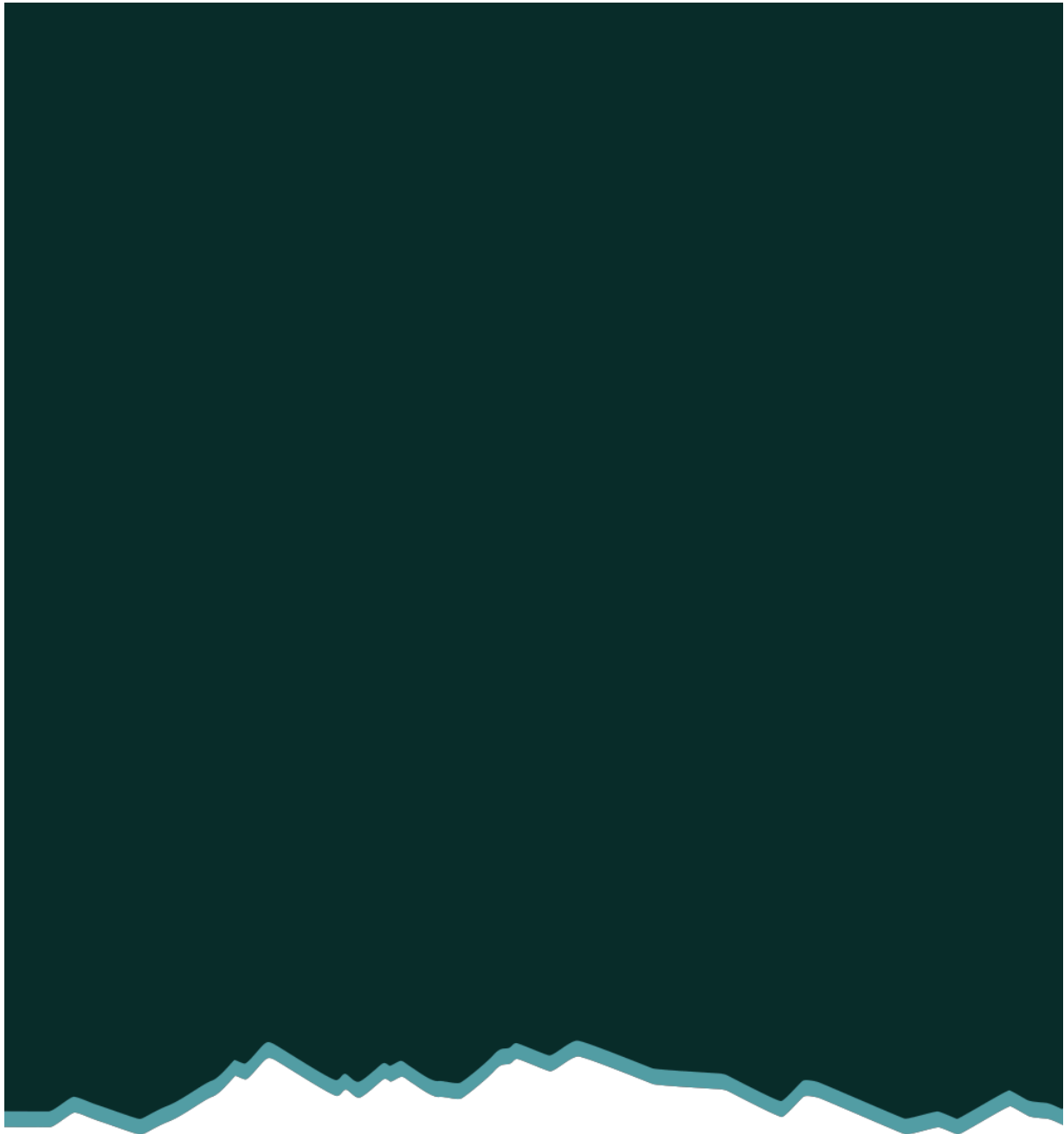


This project has been governed by the Te Taihu Steering Group, and we thank the members and their organisations for supporting their involvement.

As a final acknowledgement, the Te Taihu team would again like to thank everyone who has been part of the process to date. This Strategy would not exist without your contribution. Many people gave up significant hours to participate in workshops and hui, with a number attending multiple sessions. The team has been overwhelmed with people's passion and commitment to this region.

Every effort has been made to ensure that the information and opinions in this Draft Strategy are accurate and reliable. Wakatū Incorporation shall not be responsible for any adverse consequences or decisions made in reliance of the Draft Strategy.





TE TAUIHU
INTERGENERATIONAL STRATEGY