

Report points to agri-food pathway

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NEW Zealand's deep reliance on the agri-food sector for economic vitality has been underscored in the Lincoln University report *The Land and the Brand*.

The report found that for every \$5 of value created in the economy each year, \$1 came directly from the agri-food sector which directly employed 10,000 people.

Based on 2011-12 figures, that amounted to \$40 billion a year.

The Land and Brand study aimed to provide some pathways to build on the substantial foothold the agri-food sector already had in NZ as processors worked to try to capitalise on a combination of effective leadership, skilled people and co-operative investment.

In its modelling using the Lincoln Trade and Environment Model over a number of scenarios the report indicated the sector would continue to play a dominate role in the economy over the next decade but that came with some caveats.

It would require integrated industry developments, innovative science and trusted commercial brand creation all backed up by some strong industry leadership.

Report co-author Professor Caroline Saunders said while the report was something of a celebration of agri-food's significance economically, there were some concerns over how rapidly the sector could pick up the pace of innovation in a global marketplace that was becoming increasingly sophisticated.

As the dairy industry reeled over low commodity values and increasing pressure around water quality and its environmental footprint, Saunders did not feel the sector had entirely lost its chance to capitalise more on being a higher-value, premium food supplier.

"You could say we have shot ourselves in the foot a bit around water quality but it does come down to what you mean by water quality.

"We are setting fresh-water standards and defining nitrogen levels and we do not have the contaminants some countries have."

She believed international consumers would be more sympathetic knowing NZ was taking steps to manage the issues, rather than letting them run unabated.

However, the social licence to operate at home was threatened.

The report called for more research into the urban population's views of agriculture and improving communications between rural and urban groups.

"That is because it is only a tiny bit of agriculture is the muddy boot portion and the rest occurs in towns and cities across the country."

Saunders said she detected a vacuum in the country's efforts to have a NZ brand that could be attached as an umbrella brand to all food products grown and processed here.

The report highlighted NZ's absence from the top 10 country of origin brands, with France Italy, Spain, United States and Japan as the top five. NZ was at a lowly 17, just behind Australia.

"There is a need there to develop and lead the sector to a food brand standard, something that identifies with NZ, proves we are good at it and gets celebrated in the market but is industry-led."

She lamented the primary sector's past lack of interest in investing in social and economic research that could help deliver a vision for what that brand might look like.

Saunders agreed Ireland's initiative, the Origin Green commitment to sustainable food and drink production provided a good example.

After only two years the initiative had almost achieved its goal to have 100% of its food and drink producers committed to the programme's sustainability goals.

The report also focused on the need for industry leadership to drive a more unified approach.

"It is not a criticism but it is a bit hard for people

from behind the farmgate to look internationally and see the opportunities.

"I think that is one reason why Zespri have done so well. They have a very internationally focused board behind them."

But Saunders' research also identified some encouraging progress that proved NZ's ability to harness a premium.

Zespri commanded only 30% of the globally traded kiwifruit volume but earned two thirds the global value.

Companies like Tatua, ANZCO and Comvita had all managed to successfully claim niches leveraging off NZ's attributes while also using sophisticated technology and research to add value.



CLEANER: New Zealand does not have the contaminants some countries have, Professor Caroline Saunders says.