

# Agribusiness

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# HEROES

# OF THE COVID-19 CRISIS



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change

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# Pandemic accelerates Agri pace of change

Handled effectively, an economic crisis can become a growth driver, writes **Ian Proudfoot**

**T**he dislocation experienced in the past few months has made it easy to believe, at times, that every aspect of our lives has been fundamentally changed by the pandemic. As we move from response to recovery, the impacts of the changes experienced are becoming apparent.

Before considering how key changes may play out in relation to our food and fibre sector, given its importance to economic recovery, it is worth reflecting on the drivers underlying the crisis we now face.

A notable feature of the Covid-19 response has been the lack of a co-ordinated global approach to either the health or economic crisis. This contrasts to the multilateral approach that has been taken in previous global crises, for instance, the G20 was created to co-ordinate responses to the GFC.

Individual governments have first responded to a health crisis (with closed borders, safety warnings, social distancing and lockdowns), measures that have intentionally decreased the supply of goods and services. These actions have precipitated an economic crisis that will shape the global economy for years. The challenge is that a crisis triggered by deliberate government policy is much harder to fix than a demand-created crisis arising from a natural disaster, regulatory breakdown or bank failure.

In the case of 'traditional' demand-driven recessions, actions can be targeted at the root cause of problem and their effectiveness measured and, as we saw after the Christchurch earthquakes, an economic crisis can become a growth driver if handled effectively.

The nature of the pandemic means every country is planning economic recovery on timelines driven by its response to the health crisis. The levers available to governments are largely unpalatable; austerity, quantitative easing and raising taxes were all used post-GFC with limited success. The other option, which appears to be preferred globally, is using the government balance sheet to borrow and spend as quickly as possible to stimulate economic activity.

## Responding to isolationism

With debt piles growing, governments are focused on growing GDP faster than others to maintain relevance, start paying down debt and protect living standards. It has been apparent over the past two years that some countries were stepping back from globalisation to prioritise domestic interests. The inability to access essential supplies, including food, during the pandemic, and the need to boost domestic GDP has accelerated this trend. We expect more governments to focus on lifting domestic food resilience and reducing reliance on imports.

This trend will accelerate the uptake of modern farming systems that enhance food resilience, for instance vertical farming systems. It poses a risk to food exporting nations like New Zealand that rely on selling food to the world to create wealth. We need to accelerate our focus on securing extensive free market access. We also need to collaborate with the countries we export to, to ensure trade is seen as being good for all, not just good for New Zealand.

With China being the first to emerge from the crisis, the impact that Chinese consumers will have on shaping the post-pandemic food sys-



tem is likely to be significant. Demand from China as the market reopens is currently supporting commodity prices; however the longer-term impact will come from how the Chinese government evolves its food security, safety and provenance policies moving forward. An expected step change in the domestic food production sector in China will materially reshape global export markets.

## Agribusiness Agenda

The KPMG Agribusiness Agenda is now in its 11th year, and is a flagship publication for the agri-sector. Led by KPMG's Global Head of Agribusiness Ian Proudfoot, the Agenda shares the insights of industry leaders and explores the key issues and trends shaping the industry. Our 2020 Agribusiness Agenda looks at the unique perspectives across the industry, to identify the similarities and differences between different segments or 'voices' of the food and fibre sector. These voices are Capital Providers, Educators & Scientists, Emerging Leaders, Farmers & Producers, Māori Leaders, CEOs & Business Leaders.

## Building back better

It has become clear over the past few months that the money we are borrowing is from our children and our grandchildren. As a consequence, we need to focus on spending the money in a way that does more than just deliver short-term economic stimulus. It is about utilising the funds to build back better for future generations.

Our food and fibre sector has set some ambitious goals in the industry vision, Fit for a Better World, to transition towards the use of regenerative agricultural practices to produce exceptional food for discerning customers, while mitigating the sector's impact on the climate, water, soils and oceans. The opportunity to invest today in infrastructure that will

future-proof our ability to deliver on our regenerative vision for future generations of New Zealanders is significant. This could take the form of water storage and distribution schemes, it could be in the development and deployment of innovative new farming systems (for instance kelp farming or deep-water aquaculture) or further upgrading the ability for rural communities to digitally connect with the world.

## Purpose is critical

However the money is invested, it needs to be spent in a way that supports the industry's long-term strategic purpose. Globally, in the aftermath of the pandemic it is apparent that a sense of purpose is more important than ever. Whether this is articulated through a clear "why" statement or specific UN Sustainable Development Goals targets, it is no longer enough just to maximise profits and shareholder returns.

In New Zealand, we have seen a significant lift in food insecurity during the lockdown period. This is compounding already poor outcomes on issues like obesity and diabetes. Ultimately, these health outcomes will impact our ability to tell a trustworthy story about the quality of the products we produce.

They will reduce our ability to earn a premium on the products we grow. A key priority for our food producers should be ensuring we feed our five million properly first, to ensure we have a nutritionally secure community in New Zealand, while enhancing a healthy, natural food story.

## Conscious consumers are thinking health and safety

Lockdown has forced many people to focus on their own and their family's health and safety. The longer the pandemic impacts their day-to-day lifestyles, the more likely the new routine becomes everyday practice. We expect to see more consumers making conscious purchasing decisions.

We need to collaborate with the countries we export to, to ensure trade is seen as being good for all, not just good for New Zealand.

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# Agribusiness: shining star of the Covid-19 crisis



**Agribusiness**  
**Fran O'Sullivan**

**A**gribusiness has been the shining star of the Covid-19 crisis – a “hero” sector even. Other key export sectors such as tourism and international education came under enormous pressure as much of New Zealand was forced into lockdown as a result of the coronavirus pandemic.

Even Air New Zealand – the nation’s flag carrier – has had to clip its wings.

But Agribusiness – the nation’s largest sector – has kept pumping.

It’s not too much of a stretch to say it became the beating heart of the New Zealand economy.

This is not to denigrate the work of all those other New Zealanders in ‘essential industries’ like the supermarket workers, bus drivers, hospital frontline staff, cleaners and more who kept turning up to work each day while the rest of us became part of that collective SAH acronym – Stay at Home.

But people also have to eat.

The sector frequently gets a bum rap. It is caught in a vortex where the pressures wrought by climate change policies have forced considerable change on farm. These changes are tough. Particularly in dairy.



leaders, farming leaders, capital providers, producers, Māori Leaders and invited commentators descend on Mystery Creek as dawn breaks to mull over the latest trends and issues to impact New Zealand’s largest business sector.

Another first is that Fieldays itself – which is usually billed as the largest agricultural show in the Southern Hemisphere – will for the first time in its 52-year history be held online. Virtual Fieldays will run from July 13-26 instead of the usual four days in June. NZME, publisher of the *Herald* is media partner.

The programme includes digital exhibitors, presenters and all the usual Fieldays deals and entertainment, but in a virtual framework

The Covid-19 crisis also marked a pause in the production of the *Herald’s* Business Reports Series.

But after a three months break, the *Herald* Business reports team is pleased to be back producing high-quality premium reports like today’s Agribusiness report, the upcoming Capital Markets report and the Mood of the Boardroom Election CEOs Survey.

It’s been an absolute pleasure for the team to report on New Zealand Agribusiness this year. The optimism and innovation has been palpable.

Let’s hope it rubs off across the economy.

But the sector should be heartened. Covid-19 did not impact on Fonterra’s bottom line. The country’s biggest company managed safely through the crisis and its international customers were satisfied.

Zespri also did well – as did a range of horticultural producers. Meat producers proved resilient.

Forestry was impacted by the shutdown on wharves in China. Lobster exporters also faced a tough time. But Government agencies got behind the sector and worked

intensively in-market to keep export lanes open. So too, Cabinet Ministers like Damien O’Connor and David Parker in their respective portfolios – agriculture and trade.

In the *Herald’s* 2020 Agribusiness report we canvass the impact of the pandemic on the Agribusiness sector. There’s plenty more besides.

Particularly, the rise of bold female agribusiness entrepreneurs like Miro’s Liz Te Amo and Okuora’s Maury Leyland who are a mark of how the sector is changing. Couple that with the steady encroachment of

women into the top preserves of farm lobbying organisations and life on farm just isn’t the same.

Agribusiness and its part in New Zealand’s economic recovery from the Covid-19 crisis will be a story for months – if not years – to come.

A mark of how much things have changed is that Ian Proudfoot’s signal KPMG Agribusiness Agenda will be unveiled at a webinar next Tuesday morning.

In recent years, the KPMG Leaders’ Breakfast has been a “must”. It’s where Agri CEOs, chairs, directors, political

## GOLDEN KIWIFRUIT OPPORTUNITY

### GET IN TOUCH WITH OUR KIWIFRUIT SPECIALISTS

The growth of the kiwifruit sector could present a fruitful opportunity for existing growers and potential investors. With local knowledge, experience, and connections, our team of kiwifruit specialists can help you make informed decisions, making it a little easier for you to grow.

✉ [kiwifruit@anz.com](mailto:kiwifruit@anz.com)



# Govt agencies’ stellar job



**Agribusiness**  
**Tim McCready**

**N**ZTE chief executive Peter Chrisp says the impact of New Zealand’s Covid-19 lockdown had immediate consequences for its customers – New Zealand exporters.

“I’ve always worked hard. I’ve never worked this hard,” Chrisp said at an interview at NZTE’s Wellington head office.

Even prior to the coronavirus pandemic hitting New Zealand’s shores, the agency was heavily involved providing support to its customers exporting to the China market.

“China is such a big market for New Zealand with many of our customers,” said Chrisp. “They needed to know what was going on and were desperate for insights. We had 65 people in China – we had to get them working from home. They were keen to contribute and lean in to support customers.

“So that was the beginning of it, and then it just unfolded, into Italy and South Korea.”

When New Zealand entered the alert level four lockdown phase, one of the immediate issues Chrisp’s team needed to face was how to support airfreight. With passenger traffic severely limited, there wasn’t a functioning airfreight market, which many of our high-value exports – including seafood and honey – depend on.

NZTE co-ordinated around 200 charter flights to key export markets, including Shanghai, Los Angeles, Tokyo, Singapore and Australia: “We got good backing from the ministers and the Ministry of Transport. We underwrote the capacity of the plane – the last 20 per cent of the plane.”

He said if a chartered plane wasn’t full it wouldn’t leave. The underwrite didn’t have to be used very often, but it was an important mechanism to provide certainty to exporters that their goods would make it to market.

In the medium term, a new initiative with funding allocated from the May budget will focus on supply chains, building firm capability in freight and logistics and helping to build capability within export firms.

Another of the initial challenges for exporters was ensuring sufficient cashflow for business continuity. NZTE formed partnerships with Deloitte, PwC and KPMG to provide a business continuity service for around 500 of its customers.

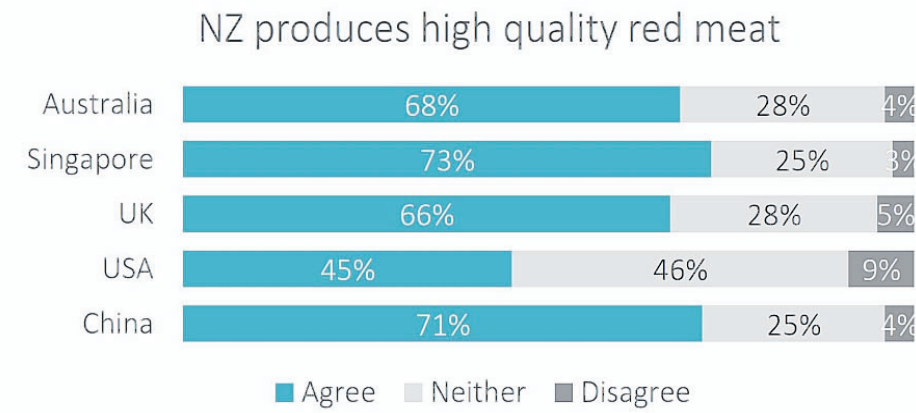
“From that, they got a bit of a plan about how to respond immediately, how to get their cash under control and what to do with their working

The next phase of New Zealand’s response is recalibrating trade policy for a new international environment



There is a massive opportunity in front of us to capture premiums. Without doubt, our brand story is at an all-time high at the moment because of what we’ve done with Covid. There is an opportunity to double-down on that brand story and those sustainability settings.

Peter Chrisp



capital and inventory,” Chrisp explained.

He said that while many exporters might be dealing with the current environment, they are starting to ask questions about the sales funnel and how to fill it long-term.

“I’ve been talking to some specialist manufacturers who would normally sell mostly through attending conferences, relationships with procurement managers, and foot traffic. They are now wondering how they reach their customers.”

Many are turning to digital – which Chrisp said is one of the biggest things NZTE is engaged with at the moment. This will include scaling up e-commerce capability to provide digital commerce content, tools and advice to more exporters.

Keeping track of its current suite of clients, NZTE has developed a heat map that runs a ruler over companies and considers which companies that are thriving, surviving, or struggling.

Chrisp said this gave the agency a good feeling for where the hotspots were, and at the start of the crisis it was the export-dependant specialist manufacturing firms that he was most concerned about.

He said that though a lot of the customers of specialised manufacturing firms were considered essential overseas, they weren’t here – which

had made things difficult.

The heat map is now showing around 32 per cent of companies thriving, 60 per cent surviving and about 8 per cent struggling.

“The thriving companies are across categories like food, manuka honey, nutraceuticals. But even in tech you’ve got companies involved with education software or gaming software that are doing well,” though Chrisp noted, you’ve also got people struggling in those categories as well. The Ministry of Foreign Affairs and Trade (MFAT) has developed a trade recovery strategy to address that. MFAT says the next phase of New Zealand’s response is recalibrating New Zealand’s trade policy for a new international environment.

The strategy, launched by trade and export growth minister David Parker, has three pillars: retooling support for exporters, reinvigorating international trade architecture, and refreshing key trade relationships.

NZTE will play a key role in this – in particular, Chrisp said it will be the custodian of the retooling pillar.

“The Government knew it couldn’t just rebuild New Zealand with a domestic fiscal spend. You need an international export recovery leg – and I think you need an investment recovery leg as well.”

Some of the \$216 million funding boost it received through the Budget will be used to significantly increase the number of exporters that receive intensive support from NZTE. The agency says that collectively these exporters directly employ over 200,000 people. About 75 per cent of these firms are expected to be SMEs with 50 or fewer employees.

“We will have more customer managers that can deal with more New Zealand companies and services – and more boots on the ground in premium international markets,” Chrisp said.

Business development managers in key offshore markets will be particularly important for exporters while international travel remains restricted. It is envisaged that this team will be able to carry out additional functions for companies in-market – including meeting customers, vetting new employees, and selecting distributors.

Another portion of the funding has been allocated to expand the International Growth Fund, which helps reconnect companies with international markets and supply chain partners, as well as explore new opportunities.

Chrisp said he is keen to uphold the sense of the opportunity in front of New Zealand – particularly in the food and beverage sector.

“We’ve had food and beverage manufacturers in New Zealand that responded very well during Covid.

“The opportunity to be the most

## Pandemic sees NZ trending upwards

An NZTE-commissioned study into the Covid-19 pandemic has identified key trends and changes:

### Market trends

- The perception of New Zealand has seen some substantial improvements over the past month. This is likely a halo effect from the positive media coverage the country received during the Covid-19 disruption. The boost has been particularly noticeable around safety and quality.
- Health and safety are becoming increasingly important to consumers across different markets. Consumers also increasingly expect their diet to be healthier and include more fresh produce than before Covid-19.
- Areas hardest hit by Covid-19 tend to be seeing the biggest shifts around health as people grapple with the

consequences of the pandemic.

- Consumers are increasingly looking for natural and organic products, tied to health perceptions.
- The proportion of consumers who prefer to buy sustainable products has seen a slight drop over the past month. However, this was starting from quite a high April base.
- Despite tough economic conditions globally, consumers are increasingly looking to treat themselves.

### Horticulture

The perception of New Zealand as a producer for high-quality fruit and vegetables is very high. Particularly for Singapore, China and Australia.

- Consumers are expecting to eat more high-quality fruit and vegetables than before Covid-19.
- Almost all consumers eat fruit or

vegetables (in some form). But kiwifruit has some strong differences across demographics particularly in the UK and USA. High income and younger consumers are far more likely to eat kiwifruit, with older audiences often never eating them.

- Kiwifruit consumers have some more niche attributes driving purchases: health claims, carbon footprint, specialty and international products more commonly feature with such consumers. This indicates that kiwifruit sit in a more specialty space than fruit such as apples.

### Meat and seafood

- There isn’t a clear trend away from meat products in most markets, the exception being the UK where consumers expect to eat less.
- New Zealand is seen as producing high-quality red meat products in

Asia Pacific countries and in the UK. The perception is far weaker in the US, where lamb is eaten less often.

- Beef is a mainstream product in all markets – consumed regularly by a wide range of people. The drivers for this are more around the taste, price, freshness and quality. Lamb is a more niche product, with a lot less consumers eating lamb. Lamb consumers have more specialised tastes with international specialty products being more attractive.
- The older generation in the US don’t eat lamb. It is more popular with younger generations – indicating more potential for the future.
- New Zealand is seen as a high-quality producer of seafood in Australia, Singapore and China. This image is far weaker in the United Kingdom and the United States. This is likely due to proximity

to where seafood is typically consumed.

### Wine

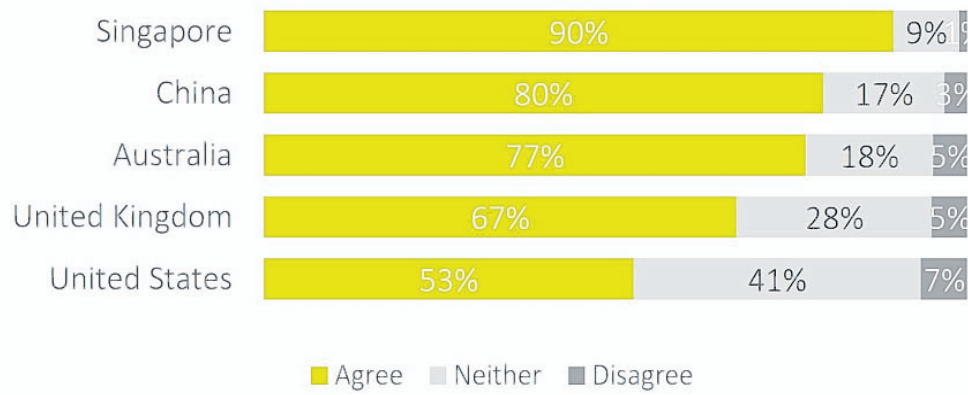
In most countries (with the exception of China), there is an expectation that consumers will drink less high-quality wine in the future. It is difficult to tell if this reflects wider alcohol trends or the disruption from Covid-19.

- New Zealand is seen as a producer of high-quality wines. This perception is lower in the US. But the perception is increasing particularly in the UK and Singapore.
- Wine is consumed weekly far more by high-income consumers; 60 per cent of those with high incomes drink wine weekly, and only 19 per cent of low-income consumers.
- Taste is key for wine and even more so for drinkers of high-quality wine.



# keeps agri exports flowing

New Zealand produces quality fresh fruit



sustainable food producer on the planet is quite a niche – quite an exciting niche.”

One area that Covid-19 might help New Zealand is by spurring the acceleration of the shift from volume to value. Chrisp said food and beverage is at the sharp end of that.

“There is a massive opportunity in front of us to capture premiums. Without doubt, our brand story is at an all-time high at the moment because of what we’ve done with Covid. There is an opportunity to double-down on that brand story and those sustainability settings.”

“The health competitor advantage – growing food and beverage out of this healthy country and the intersection of innovation with our food and beverage story and our agritech sector, there’s some really great things that we can accelerate and advance around this.”

But, said Chrisp, a key challenge for New Zealand will be keeping the New Zealand brand alive in international markets over the next 12 months without international travel.

NZTE is working on strengthening New Zealand’s brand in priority markets by maintaining, promoting and broadening New Zealand’s brand appeal, particularly while the tourism sector is recovering.

Chrisp said it will re-emphasise New Zealand’s reputation for safety, trust, resilience, ingenuity, sustainability and high-value goods and services using the highly successful New Zealand Story strategy.

“When you think about who is probably likely to carry the New Zealand brand story, it is probably food and beverage and tech, because there are such good stories wrapped around those products and services.

“If our food comes out of a Covid-free country, it’s good for human health and it’s got a story wrapped around it about the quality of the country – that’s a particularly good story that will resonate in premium markets.”

Chrisp said it comes back to the underpinning values of kaitiaki – our role as guardians of people, place and planet and protecting what is precious over generations. We think that Covid has demonstrated that story.

“Our high integrity, high transparency, our very low corruption and our ingenuity – they are underpinning values that we think will resonate well on the international stage.”

Additional reporting Fran O’Sullivan

**New Zealand Trade & Enterprise (NZTE), the government agency tasked with boosting New Zealand’s business internationally, received a \$216 million boost in the May Budget to significantly increase support for exporters to position from recovery from the impact of Covid-19.**

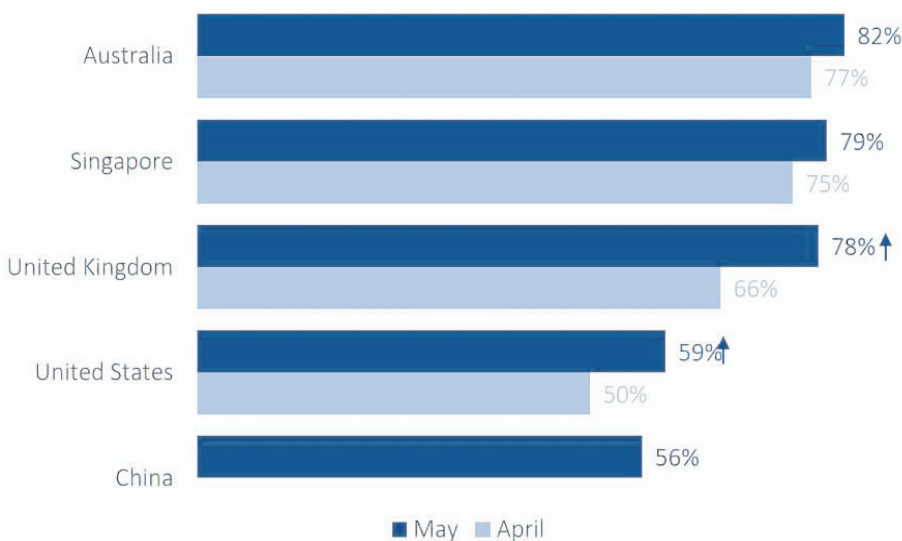
## The Heat Map

NZTE’s heat map is now showing around

**32%**  
of companies thriving,  
**60%**  
surviving and about  
**8%**  
struggling.

Stefan Corbett: The Productive & Sustainable Land Use package  
Karen Adair: Benefits of the Sustainable Food & Fibre Futures Fund  
visit [nzherald.co.nz/business](http://nzherald.co.nz/business)

To what extent do you trust products from New Zealand



## Impact ‘felt in January’

Ministry of Primary Industries chief executive Ray Smith (pictured) says the impact of the Covid-19 crisis started early for MPI “as an agency”.

Smith says in late January, MPI started to observe the impact. Their biosecurity workforce – around 300 people at air passenger terminals – saw about 20,000 people passing through daily.

“The very first issue for us became the safety of our staff with the number of people coming to New Zealand,” he recalls. “At that point in time the concern was China. We acted early to make sure our staff had protective equipment. We were one of the first companies to give our staff PPE (personal protective equipment) and Perspex screens at the airport.

“While we had a few people that had Covid, none of them picked it up through the course of undertaking their work.”

By early February, MPI was countering emerging issues in the forestry sector with too many logs sitting on wharves in China. Similarly for rock lobster where 98 per cent of NZ’s crayfish is exported to China.

“Those were huge issues. But it was when we headed into lockdown that things really started to intensify.”

Following the lockdown announcement, MPI pulled together a conference call with people right across the primary sector. Smith says it was on that call that MPI set a standard for how it would operate through the crisis.

“People were incredibly grateful to be given the opportunity to continue to operate as essential services – there was a great fear at the time that many more things would be closed down.

“We were very clear about the gravity of the situation we were facing. But we had the potential to manage this well and show what could be done.”

Over the course of the following few weeks, MPI officials visited about 4000 premises. Smith says the agency set some high standards, and it was very challenging for some reasons – those in big processing areas like meat plants, dairy companies, horticultural pack houses – where there were large volumes of people working together. Enforcing those rules had a big impact on their productivity and he says MPI was aware of that. “But they adopted protocols, enforced them, and were actually

grateful to have someone come out and verify from MPI they were adhering to good practice. We wouldn’t let each other down. It was a real test of positive relationships and working together to achieve a good outcome for New Zealanders.”

Says Smith: “It wasn’t easy in all areas. We did have some people in a couple of meat plants that had Covid, and in the dairy factory – but because of the protocols they never spread the disease, and it didn’t result in any closures. That level of cooperation, and the way we rallied together to get it right for New Zealand shone through and is something we can all be very proud of.”

The Herald put a number of questions to Smith:

**Herald: How did you manage early on with your people in market?**

Over February and March, we were bringing our people from China and Japan and other countries home. Our deputy director general for China relations – Tim Knox – went the other way. We felt that market was so important that we had our most senior person there throughout. He is still over there, and we have more MPI staff over in the next few weeks. We’ll be back to our full complement by August. That has been an important priority for us – to have our people back in market.

**Herald: Was there anything that really surprised you as you got further into the crisis?**

The level of interdependence. We are managing a biological system, and it works on a season and pattern. You can’t turn off things for four weeks and just go back to normal. Animals have to be able to be reared, farmed, go into works and sold – or else you end up with a backlog somewhere. All of these things are heavily interdependent. And there is a challenge for us around some of our systems when these crises hit. It was made worse for us because there was a drought as well as Covid. At one point there were worries about feed coming out of Malaysia – but all of these issues resolved themselves. My colleagues across government were critically important to making sure there was good flow at the border. The forestry industry was largely closed. But we didn’t close it all down. The plant in Kawerau that produces chlorine, which is needed for our drinking water remained

open. We have to have packaging materials so that our produce could be shipped offshore; paper produced for newsprint. We made an early call that we needed to allow people that work in nurseries to go and look after the plants. We couldn’t just close everything down – if those people stayed home, we would have lost more than one season of product.

**Herald: What about the NZ brand story and implications for how the sector dealt with Covid-19?**

The great thing going forward for New Zealand is how it has dealt with Covid has reinforced the confidence for NZ that you can trust the products that come out of it. The e-certification of products into China emerged through this period as well, and became very important since documents were not able to flow as easily. There is a real opportunity to change things, because people have become more used to doing things digitally. I suspect in some ways our productivity was enhanced!

**Herald: Are there any lessons for the future from dealing with the Covid-19 crisis?**

We couldn’t have achieved what we did without having relationships, trust and a sense that we are all in this together. What I was really worried about was that New Zealand was making a huge sacrifice by keeping most people at home. When we were sending people to work – particularly in meat plants and packhouses with large numbers of people – we could not become a vector of disease through poor practice. But we proved we could do it.

**Herald: What are the big challenges you are facing now?**

We have a great primary sector, but one of the big challenges we will have is attracting more New Zealanders to come into the workforce as part of the recovery effort. We will have a campaign over the next few weeks to encourage Kiwis to come and work right across the primary sector. Also maintaining our presence in market, and the inevitable levels of protectionism that might creep in as people see jobs disappear in other economies. And in getting that message out that New Zealand is here, we have great products, and you can trust us.





Agrisea's Clare Bradley in front of shipment of Dried Beach Cast NZ Kelp.

# After the pandemic

**T**he world's biggest marketer of kiwifruit – Zespri – is seeing it. So is AgriSea, New Zealand's largest seaweed company: evidence of a major shift in what global consumers want, driven by Covid-19.

Facing a worldwide health and economic crisis consumers are now putting renewed emphasis on their health. A major part of that is ensuring the food they eat is authentic, natural and is produced sustainably.

In recent years, there have been growing expectations by consumers about the standards of their food; where and how it is produced.

While it's early days, the experience of some New Zealand companies suggests Covid-19 is hastening that process.

New Zealand was already well-positioned to take advantage of this shift in consumer preferences. As a market, our reputation as a producer of healthy and authentic foods is one of our greatest export assets.

Now, the qualities that set New Zealand produce apart and enable our exporters to command a premium, look set to be even more valuable and will create a once-in-a-generation opportunity for New Zealand businesses.

Other markets will also see the opportunity, but New Zealand is already warmed up and ready to go. As well as producing top quality exports, our businesses understand that social and economic ecosystems around food production are also a major part of consumer decision-making.

From how we use fertilisers on the farm, to the way our financial sector incentivises positive social and environmental outcomes – it all matters, and is only going to matter more.

What's been startling is how quickly these changing expectations are being felt.

## On the Beaches

At the end of March, as the country went into lockdown, the owners of Paeroa-based seaweed business sent their 28 staff home.

But instead of their office falling silent, to their surprise, their phones and internet site were busy with new orders.

After registering as an essential service, they got their plant back up and running and in early April there was relief when a shipping container of product reached a major customer

Mark Hiddleston says Covid-19 has increased focus on health



As a producing nation, our commitment to sustainability needs to go beyond the wrapping and become integral to what it means to be New Zealand-made.

Mark Hiddleston

in Italy, despite their lockdown.

Then came a surprise order of another two containers from the same customer, followed by further orders from Australia and the United States.

The resulting sales saw AgriSea record twice their previous year's export revenues in June 2020 quarter.

The company harvests brown kelp from beaches, which is dried and processed into a range of organic-certified seaweed concentrates are used by many sectors as a substitute to traditional fertilisers.

Domestic demand also jumped – sectors such as Dairy, Drystock and Horticulture all increasing by a third in April and May – the company puts this down to customers wanting to support local.

It also saw an increase in the number of lifestyle block owners at home for the lockdown, looking for organic substitutes to their normal fertiliser.

The surge in demand has confirmed to the company's owners the value they have long placed in environmental and economic sustainability.

Even in their changing times, from

how they gather seaweed, to a strong commitment to their workforce and community, their wide-angle view of sustainability and their ability to tell the story of their products is continuing to underpin success.

## On the Vines

During the same period, in the Bay of Plenty hundreds of millions of kiwifruit were hanging on vines, ready for picking.

The lockdown saw many seasonal workers forced to stay home, with growers and the industry considering how they would get the fruit off the vines.

Fortunately, the harvest was deemed essential and was able to continue under additional safety protocols, the workforce boosted by local recruits from the hospitality and tourism sectors.

As the pandemic swept the world, exporter Zespri saw strong demand for kiwifruit.

Early in the season, it recorded its highest ever sales in Covid-19 hit Europe, and recently released its 2019/20 season results showing it sold more than 5 billion kiwifruit last season, with its operating revenue increasing 7 per cent.

Zespri noted one of the most popular recent searches on Google has been for food high in Vitamin C and focused its marketing message on kiwifruit's health benefits.

In launching its refreshed brand earlier this year, it recognised that consumers want to know more about the products they buy, how the fruits are grown, the health benefits of eating them, and the values of the company they're purchasing from.

Zespri is also highlighting its efforts to become carbon positive, to improve the industry's impact on waterways and to support its people and communities.

## Enabling the shift

The recent experience of both AgriSea and Zespri suggests a major shift in consumer expectations.

Their willingness to pay for quality products they can trust, that are healthy and have sustainability at their core, will help support our primary sector during the recovery.

But as a producing nation, our commitment to sustainability needs to go beyond the wrapping and become integral to what it means to be New Zealand-made.

As the country's largest rural

lender, ANZ NZ has an important role to play in supporting and enabling this transition.

Our involvement with the Aotearoa Circle's Sustainable Finance Initiative has meant we are developing new products that recognise environmental, social and governance risks, and mobilise capital 'reward' good practice. We are also exploring a range of ideas from "green" bonds to the use of on-farm data to ensure we recognise the sustainability value of productive assets.

One such sustainability-linked loan was signed last year between ANZ and dairy manufacturing company Synlait Milk.

The \$50 million four-year loan incentivises Synlait to continue to improve its environmental, social and governance performance.

ANZ NZ was also a founding partner in Mohio – The Climate Innovation Lab.

We see an increasing number of social- and climate-conscious investors wanting their capital to do well by doing good.

Through our involvement with Mohio, we have been able to make a significant contribution to the development of new financial products for the forestry sector that aim to produce positive social and environmental outcomes in addition to financial returns.

An important part of any work in this area is developing sustainability standards that, along with reporting and verification, ensure any claims of sustainability, food safety and traceability are provable.

These standards will form the basis of any trust with consumers and are essential for any financing based on sustainability metrics.

From the experiences of Zespri and AgriSea over the last few months, Covid-19 is changing consumer priorities in a way that's positive for New Zealand exporters.

The other lesson is that it's happening very quickly, which underlines the importance of responsiveness by individual businesses, and the economy as a whole.

In taking advantage of this opportunity, we can not only serve consumers of our products better, but also use sustainability, health and wellbeing as a basis for building a stronger and more resilient future

● Mark Hiddleston is Managing Director Commercial & Agri, ANZ NZ Limited



# Open trade doors critical

Talks on a FTA with Britain are the start of a new chapter in our relationship, writes **David Parker**

**D**iversifying and deepening our trade links will play a key role in our economic recovery post-Covid-19. That is why I was so pleased to announce on June 17, along with my UK counterpart Trade Secretary Liz Truss, the formal launch of talks on a free trade agreement between New Zealand and the United Kingdom. The formal launch of these talks marks the start of an important new chapter in New Zealand's relationship with the United Kingdom and builds on the extensive work we have been doing in the broader trade sphere. Earlier in June, we showed leadership on digital issues signing (fittingly online!) the Digital Economy Partnership Agreement alongside Singapore and Chile. We hope other countries will join us. Also in June we concluded the latest "virtual" round of talks with the EU – our third biggest trading partner. Since the first impacts of Covid-19 became apparent we have joined a range of countries in committing to keep supply lines open for essential goods, especially medicines – a key factor in ensuring we have enough medical equipment, including test kits, for the fight against Covid-19. I am optimistic that before the September election, efforts will also bear fruit in our Pacific neighbourhood and we will reach the required number of ratifications to bring the Pacer Plus trade deal into effect. We also hope to see the Comprehensive and Progressive Trans-Pacific partnership expand beyond its 11 members, which includes two



G7 nations, Japan and Canada. We note the strong interest shown by the UK in joining CPTPP. We are in a crucial time for the international trading system, made more acute as we deal with the economic and social consequences of the pandemic. The response to this challenge requires global cooperation, and trade has an important role to play in the international recovery just as it does for our own country. One in four New Zealanders' jobs is dependent on exports, and we know that exporters employ more staff and pay better wages, boosting productivity and generating growth. Given our history, it is fitting that New Zealand is one of the first countries to begin negotiations with the UK as it carves out a new and independent path following its

departure from the European Union. New Zealand and the United Kingdom share a particularly close bond. The UK is already our sixth-largest trading partner, with two-way trade worth NZ\$6 billion. The UK has similar interests to us in supporting an open and rules-based trading system, and we have similar institutions, complementary legal systems and many shared perspectives on trade issues. Together, those factors should make it possible for us to reach an agreement on a high quality FTA relatively quickly. I would add that our geographical distance means complementarity extends to our seasonal produce. We are seeking an FTA that delivers opportunities for exporters and businesses, through providing

We are in a crucial time for the international trading system, made more acute as we deal with the economic and social consequences of the pandemic.

comprehensive and commercially meaningful market access by the removal of tariffs and reduction of other barriers to our goods and services. We would like to make it easier for companies of all sizes to do business in the UK, including through digital means, and to establish a "level playing field" for New Zealand businesses trading, operating and investing in the UK market. We look forward to UK consumers enjoying a top-quality New Zealand Sunday roast and a topping of our kiwifruit on a classic Kiwi pavlova. Though a trade deal will benefit our important agricultural exporters, it will also create new opportunities for our growing high-tech and digital sectors. It is also important that an FTA with the UK reflects New Zealand's

Trade for All agenda on issues such as sustainable development (including climate change, environment and labour standards) and inclusivity, especially for Māori, women and small- and medium-sized enterprises. We will also look to ensure the agreement preserves the right of governments to regulate in the public interest, including for the environment, education, health and the well-being of New Zealanders. We are also mindful of the need to preserve the unique status of the Treaty of Waitangi in any FTA between our two countries. And we will oppose the inclusion of Investor State Dispute Settlement provisions in the FTA. Alongside the launch of negotiations, we are publishing an independent assessment of the views that New Zealanders have already expressed during initial consultations on a UK-New Zealand FTA. We want to conduct this process in an open and transparent way, drawing on the expertise and views of New Zealanders to help shape the agreement's outcomes. Negotiators will undertake regular consultation and engagement with Māori leaders, business and sector groups involved in trade with the UK, civil society stakeholders, and interested members of the public. Growing our exports is crucial for creating a better economy, more jobs and a higher standard of living – perhaps more so now than ever before. ● *David Parker is Minister for Trade and Export Growth*



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# Hurrell: 'We saw China almost stop overnight'

With protocols already in place, Fonterra was able to front-foot the Covid pandemic writes **Fran O'Sullivan**

**F**onterra boss Miles Hurrell gained an early insight into the emerging Covid-19 pandemic from having company "boots on the ground" in China.

Hurrell says that gave the dairy co-operative a head start when it came to preparing for the impact of the global coronavirus pandemic here.

In China, the company's food service business effectively dried up through February and into the first part of March as strict restrictions were imposed to try to stop the spread of the coronavirus to citizens well beyond the Wuhan epicentre.

"We learnt a lot through how China went through that period which was helpful for when we moved through the lockdown periods here in New Zealand," Hurrell says.

Fonterra – like other major New Zealand food producers and exporters – was quickly deemed an "essential business".

"We had to make sure we had the right protocols in place," recalls Hurrell. "Coming from a food business where we already have quite strict food safety quality controls and red lines in place, it wasn't a massive step to put in temperature recorders on the gates and tracing and a little bit more separation when people are in factories."

The timing was fortuitous. While Fonterra had scenario plans in place to take a plant down for a couple of days to clean, or in the worse case a 14 day shut-down if Covid emerged, they were through the peak of milk and had contingencies around how milk could be moved around the country to ensure that all milk was processed in the event of an outbreak.

"It would have been a different situation had that happened at peak," says Hurrell.

There was just one small incident in Edendale where a warehouse had to be closed for a thorough clean for 48 hours.

In China, it was a complex and fast evolving story.

Fonterra was still bringing milk in, says Hurrell. "But we saw China almost stop overnight."

Product was moved out of food services into other products such as ingredients or food service products for other markets.

Different labelling had to be applied. "While we took a hit on that food service business, we saw our consumer business in China respond as people started to consume more at home. And the rest of the world started to panic."

"We saw that across the globe."

Fonterra's consumer footprint in North America and Europe is not large.

In China, food service stopped but people were buying product for at home such as butter in smaller pats as opposed to the big pats.

Milk and milk powders were still being sold. Similarly, throughout Southeast Asia there was a large increase in demand through Fonterra's key products, among them lifestyle, sports and active lifestyle brands.

"One of the really interesting points was when China came out of their lockdown, and we saw food service increase again; we expected it to be maybe pizzas or going to the bakery to get yourself some bread," says Hurrell. "They went straight for the high-end cheesecakes."

"It was indulgent. It went through the roof. And it didn't last forever. But people were sick of lockdown. That caught us by surprise a bit. We did



have stock on the water which we went through quite quickly, but that was quite enlightening."

That also played out a bit in New Zealand in the first weekend after the lockdown ended.

"You saw the restaurants. People queueing up for MacDonald's. We saw that at some crazy hours of the morning. But you saw the restaurants start to get some momentum again. It was pent-up demand."

Says Hurrell: "So that's why, you know, we haven't seen a significant impact on the 'P&L' of the business

as a result of Covid."

There have been some pleasant surprises.

In the US, Fonterra couldn't keep up with the demand for medical nutritional products to feed patients through tubes in hospitals.

That demand won't end when the global pandemic ends.

Fonterra's strategy reset had singled out key sectors to double down on, Medical nutrition was among them.

Says Hurrell: "We really felt we'd had a good product. From a standing

start last year, I might add."

Fonterra had worked for several decades with a key US customer on products – such as medical nutrition – where they felt they had a competitive advantage.

"Covid has brought it to the fore and we just see it continuing to evolve. It's probably sped up the development of our strategy."

"If we think about our R&D spend, maybe medical needs start to bubble to the surface even more so."

Fonterra's head office in Auckland's Fanshawe St emptied out as employees moved to work from home.

Hurrell stayed in the tight management centre along with incoming chief operating officer Fraser Whineray, who had recently finished up at Mercury.

"We brought Fraser in off his holiday," recalls Hurrell. "He was having a break and it was a pretty quick phone call."

"So he came in to pick up the reins on our manufacturing and support the team there. And Mike Cronin was the sort of team on the ground."

They were careful not to get in the way of the crisis incident team.

When the pandemic erupted Fonterra was in a good space to manage its global interface.

As part of the strategic reset, three key CEOs had been put in the regions.

"Kelvin Wickham had moved to Europe and has been hunkered down his basement," says Hurrell. "But to



They went straight  
for the high-end  
cheesecakes.  
It was indulgent.'

Miles Hurrell

have him on the ground, close to his team, and have the same conversations in the same time zones has been very helpful."

Judith Swales was full-time for the Asia-Pacific based in Melbourne. Teh-han Chow was on the ground in China – without his family, adds Hurrell. "They went off to the US for the Chinese New Year and they're not back yet."

He also singles out Fonterra's strong relationship with global shipping giant Maersk and the Port of Tauranga.

Since 2011, Kotahi – which is New Zealand's largest supply chain collaboration – has been moving NZ's products around the world.

It was founded by Fonterra and Silver Fern Farms.

"We set that up seven or eight years ago," says Hurrell. "The whole premise was, 'we're an island nation a long way from anywhere and we're a small fish in a big pond'."

"One of biggest risks is not getting powder to market. It's one of the most perishable products, simple as that."

The relationship proved its worth during the Covid crisis.

Hurrell met with a top Maersk boss in January as Covid started to bite and ships started to pull out of service.

"He told us, rest assured our partnership that we've had with Fonterra for many years means you are at the top of the list – and that was just music to our ears."



# The beating heart of the economy has kept working

Simon Power is bullish about Kiwi agriculture, saying it could be very well placed to lead New Zealand's economic recovery from the effects of the Covid-19 pandemic.

"There are plenty of challenges," he acknowledges.

"But when you think how well agriculture has come through Covid-19, the prospects are terrific."

Power, General Manager, Commercial, Corporate & Institutional at Westpac, says the overall performance of New Zealand agribusiness since the Covid-19 crisis began has been solid.

He notes agribusiness and partner industries have felt some effects from Covid-19, but in general the sector has shown its resilience, and while commodity markets have dropped they are generally in passable shape.

Most of the Covid-19 impact was off-farm (such as freight/logistics, supply, and packing/processing) rather than in production, he adds.

"If you think about the global recession, and if global demand falters, you would expect some downward pressure on prices," says Power.

"But when you offset very low

Despite a challenging environment, Simon Power says agriculture is well-placed to lead the economic recovery



interest rates, the slightly weaker dollar, petrol prices and fuel prices it is not too major."

Power cautions that rising economic nationalism and protectionism has the potential to challenge Agri and other New Zealand export-exposed

sectors. "If the US-China relationship deteriorates then potentially that is going to have a pretty big impact on what these markets do," he says.

"We're watching that pretty carefully and I imagine the sector is watching that pretty carefully."

That said, he is confident about the pull of Asia's spending power.

Power is looking carefully at whether the coronavirus outbreak has altered consumer behaviour.

He says it is not about consumer spending patterns as such.

But on whether New Zealanders have altered some of their actual behaviours on a more permanent basis after New Zealand moved to Alert Level 1: "Are we going to cook more at home versus going to restaurants?" he questions. "What would that mean for our producers?"

"Does that mean having to think differently about the way food products are brought to market?"

Though there has since been some pent-up demand released as New Zealanders get back to work and resume much of their normal lives, it may not be clear until the wage subsidies come off whether that consumer appetite for spending is bedded in.

Other micro-trends include the role of digitisation, online shopping and working from home.

As well as coping with the Covid-19 crisis, Power says agribusiness customers have been remarkably resilient given the extent of the environmental issues, including water, that they face.

"Climate change and a societal move towards sustainability will continue to play through to farms and agribusinesses, but there are also opportunities in this area and the sector appears engaged.

"As a bank, we're here to support our customers times of need.

"We encourage them to talk to us early and explore the support that is available."

Power says during the heat of the Covid-19 lockdown, Westpac's bankers had the opportunity to have conversations with farmers about their plans in respect of climate change and sustainability, reacting not only to Government policies but also issues like enforceability of changes on water.

"That discussion is only going to get more complex and more detailed. I don't think that is going to go away."

He notes organisations like DairyNZ and Beef + Lamb NZ have actually had time to really think about the impact of trends on their industries.

"Covid has accelerated some of those trends starting to come into play," he says. "They have been remarkably resilient as a sector compared to other parts of the economy, such as tourism, construction and manufacturing, which are all facing a different set of challenges to agriculture."

"The beating heart of the economy – agriculture – has kept on working, however."

– Fran O'Sullivan

# Covid one of many challenges

Considerations close to home will push the pandemic to the periphery if NZ stays virus-clear, writes **Mark Steed**

New Zealand's move to lockdown in late March turned into a crash course in working from home for many employers and employees across the country. But in the ultimate work from home industry – agriculture – farmers just kept on doing what they always do.

In many ways that sums up how our highly adaptable primary sector deals with the many challenges it faces on a regular basis.

When Covid-19 hit, farmers were already bearing the brunt of drought in the North and flooding in the South – the latest challenges among many the sector continues to face.

Looking into the future there will be yet more challenges. Climate and environment are likely to loom large for most farmers, and adaptability and good investment plans will be key.

However, before I delve deeper into that topic it's worth taking a closer look at the impacts of Covid-19.

The effects of lockdowns around the globe were felt by agribusiness, but in most cases the impact was greater across the supply chain than at the point of production. Our bankers experienced a very low demand for funding support in the short term as most farmers had reasonable cash reserves, or undrawn overdrafts to fall back on.

Operators of packing houses and meat processing plants came to grips with the challenges of social distancing quickly, avoiding the Covid-19 clusters those buildings have harboured offshore.

Forestry was also disproportionately affected as ports shut down, and demand for logs remains uncertain, despite a recent rebound.

But for most farmers and primary producers the grass kept on growing, trees kept on fruiting and stock kept on eating.

Importantly, agriculture's 'essential service' status meant sector economic activity and employment carried on largely unchanged through the lockdown.

This meant fears of a labour market shortage, a perennial issue in horticulture due to an absence of seasonal migrant workers came and went as local workers picked up work.

However, like many other industries, agriculture has been vividly



It's not just the known unknowns that expose vulnerability, but also the unknown unknowns.



reminded by Covid-19 that resilience and adaptability have their limits if not supported by a strong balance sheet.

Equity buffers allow operators to withstand shocks and leverage opportunities, while high levels of debt imposes constraints and places greater pressure and less flexibility on farmers.

Financial strength also enhances the ability of enterprises to pivot in the face of unexpected events.

Few people predicted a pandemic, much less one that would shut down the country for weeks on end, showing it's not just the known unknowns that expose vulnerability, but also the unknown unknowns.

As always, the end result is that balance sheet health and resilience will almost always define those that win and lose in business and agri.

In terms of margins, the pandemic slightly suppressed agricultural export prices, but by and large the sector has remained profitable.

Dairy commodity prices softened slightly as the pandemic softened global demand, but have subsequently stabilised, with the weaker NZ dollar helping to offset lost margins.

In market terms, our economists expect a 2019/20 milk price of \$7.00/kg, falling 10 percent the following year.

The outlook for meat prices is mixed, with demand recently falling globally in response to restaurants and cafes closing.

However, farmgate prices are expected to increase as the impact of drought fades and Covid-19 processing constraints are removed.

Forestry has overcome the initial disruption caused by the shut-down of overseas ports but the medium-term outlook is weak, with the global recession, including weak Chinese construction demand, likely to push prices to below long-run average levels.

If there is one bright spot, it's horticulture, with this season's kiwi-fruit and apple exports off to a strong start.

Covid-19 became just another thing the sector had to deal with. Being resilient as they are, our farmers adapted very quickly.

The more serious and immediate concerns for many of them were – as always – related to weather.

Farmers in Southland had just experienced flooding, while much of the North Island was suffering from drought.

There are no signs Covid-19 will be eliminated globally, so we're not out of the woods yet. But for many farmers, considerations close to home will inevitably push the pandemic into the periphery if New Zealand remains clear of the virus.

land remains clear of the virus.

Lending and cashflow are not an immediate problem but we anticipate more lending requests in coming months as the meat industry looks to secure stock for the coming season.

Farmers are also anxious to bring in farm managers and workers who were stuck offshore as borders closed.

Looking further into the distance, the long term physical and weather impacts of climate change remain a concern, especially in places like Northland and the east coast, where this season's drought provided a taste of conditions that are expected to become more common.

Farmers are already planning for how they will adapt to these changes.

As well as changing on-farm practices and management systems, many farmers are also gaining an appreciation of shifting consumer preferences.

Consumers now expect to understand the providence and health benefits of their food.

Vegetarianism and alternative protein are on the rise, which has the potential to change the global food system.

Proposed regulation around fresh water is of high interest, in terms of protecting and accessing the resource, and of course what it may cost.

Other investment will also be needed to satisfy the Government's carbon zero goals.

Both pieces of regulation underline increased government and societal expectations and these are likely to increase rather than abate as governments and regulators look for ways to improve New Zealand's long-term sustainability.

Farmers are already heavily engaged in this discussion, but again farmers need to have a plan about how they are going to meet these requirements, what investment is required and how they will fund this.

There is a growing appreciation that on-farm systems must adapt to changing expectations.

Agriculture in the 21st century has already evolved a long way in terms of harnessing technology to understand farm inputs and outputs, but there is room to do more.

Regenerative farming practices are also growing in both application and understanding, and farmers – as well as their banks, as an integral part of a farmer's trusted adviser group – should understand these trends and embrace the opportunities they offer.

Farmers will also be keeping an eye on trends offshore, particularly the rise of protectionist trade policies pushed by some of our trading partners.

Fortunately, resilience is woven into the fabric of NZ agriculture.

Despite the challenges, we see a bright future for agribusiness – so much so that we've actively increased our market share in the sector in the past 12 months.

We're pleased to have been able to support our customers as they faced into the unknown challenges of a pandemic and happy to be supporting a sector that continues to play such a vital role in our economy and national DNA.

● Mark Steed is Westpac NZ Head of Commercial and Agribusiness



# Zespri takes Covid-19 in its stride

**B**acked by an increasing volume of gold kiwifruit, global marketer Zespri is heading for another record year despite the chill of Covid-19.

The industry has pulled out all stops with picking and the first round of packing finishing on time last week; Tauranga-based Zespri is now working on selling its largest ever crop.

Zespri expects to handle about 180 million trays of green and gold kiwifruit grown here and overseas – compared with 164.4m trays last year – and this includes a record harvest of 160m in New Zealand.

“It’s driven by the new hectares of SunGold both here and in Italy [which produces 80 per cent of the offshore crop],” said Dave Courtney, Zespri’s chief grower and alliances officer. “The fruit has flowed well out of the port and into the markets throughout the world. There hasn’t been significant disruption.

“As things stand today we are happy with how sales have gone. We are having a very good year in Europe, and Japan and China are going to plan. We are starting to see a [consumer] trend for food products rich in Vitamin C and this is helping demand.”

Courtney said Zespri was under no illusion there could be rough patches ahead “as the economic recession starts to bite. The crop is off [the vines], the supply chain is working well and we are ready to be agile and adjust our plans if needed. Every week now is a good week for us.”

Kiwifruit growers and packhouses, were able to cover gaps in the harvesting gangs by employing people from other businesses that closed during the Covid lockdown.

“They had people from hospitality

**David Courtney** tells **Graham Skellern** global demand is strong and supply chains are running smoothly as Zespri eyes increased sales for its green and gold kiwifruit

“Zespri expects to again achieve more than \$3 billion sales in 2020-21 and is on track to reach \$4.5b or 220 million trays in five years, with SunGold the dominant variety.”



through to tourism and in the early days, forestry workers when the China shutdown impacted the logging industry,” Courtney said. “It will be interesting to see if some of these people stay in the industry and view it as a viable career pathway.”

The growers and packhouses, however, did have extra costs through running extra shifts and implementing social distancing and other health and safety processes.

Courtney is confident Zespri will again surpass \$3 billion in sales for the 2020/21 financial year – in

2019/20 it was \$3.36b, creating net profit of \$200.8m and an 8 per cent increase in fruit and service payments to growers of \$1.96b.

During the Covid crisis, Zespri experienced an increase in online sales particularly in China. “We have relied on in-store promotion and because of the restrictions we had to rethink our strategy and do more online and home marketing.”

Zespri is also investing heavily in the United States market to increase sales there from the present 8m trays a year. “Kiwifruit is not that well

known as a fruit product in the US and the gold variety is bringing consumers to the category,” said Courtney.

“We’ve had a record start with SunGold in the US this year and we are on track to reach our target of 25 per cent growth in 2020/21. We want to double the business there over the next five years.”

Zespri has a goal of reaching \$4.5b in global sales by 2025, representing 221m trays of green, gold and the new red kiwifruit – 186m trays produced in New Zealand and 35m offshore, a

34 per cent increase in volume from 2019/20.

The popular SunGold variety now accounts for more than half of New Zealand’s production and is estimated to grow to 115m trays by 2024/25, outstripping the traditional Hayward green with 59m trays. SunGold has provided orchard gate returns to growers of more than \$11 a tray compared with green’s payment of about \$6.50 a tray.

“It’s still relatively early in the season but prices in all markets are tracking to plan,” said Courtney.



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Food will be at the forefront of export-led recovery from the economic ravages of Covid-19, writes **Tim Deane**

# Technology, expertise, power up Agri exports

**T**he ability of Kiwi food producers to maintain 2019 export revenues during the Covid-19 lockdown period is a testament to the resilience of the farming sector and offers further proof of the global respect for New Zealand's high-quality products.

There is no question in my mind that food will be at the forefront of an export-led recovery from the economic ravages of the pandemic.

But exporters will need to be much smarter about how they navigate the increasingly complex world of cross-border food safety – and protectionism.

Exporting food has never been for the faint-hearted.

Historically, farmers have sold their produce to others for export, and Zespri is the envy of the export sector for its ability to successfully sell its 2020 crop into countries like China and Japan over the past few months.

With increasing numbers of food businesses now growing, manufacturing, and then exporting their finished products, emerging technologies like blockchain can enable much smaller agri-producers to leverage digital trade platforms to get their goods into markets more efficiently, with less documentation and faster payment.

At ASB, we have always been proud of our innovation and being one step ahead, and in 2018, we launched New Zealand's first bank blockchain single trade window after a successful pilot on the TradeWindow digital trade platform.

With Callaghan Innovation funding and a strategic investment from ASB in 2019, TradeWindow has been able to fast-track the development of its visionary blockchain, or Distributed Ledger Technology (DLT).

What began as a collaboration through ASB's innovation programme to solve a customer problem is now a fully-fledged business.

The primary benefit of the single trading window is the immediate cost savings and efficiencies generated by having instantaneous sharing of documentation that is currently couriered at significant cost between various parties including exporters, importers, banks, certifiers and insurance companies.

Technology that was once inaccessible for smaller producers, because it was either too complicated or too expensive, is now within their reach.

What's more, blockchain reduces the risk of cyber security threats and fraud by increasing the transparency and integrity of the supply chain.

It also provides greater traceability from pasture to plate.

Once considered the holy grail of major exporters like Fonterra, critical measures like temperature and humidity can be monitored in real time from source to destination with the data stored on a tamper-proof distributed ledger for all to see.

With 12,000 registered exporters in New Zealand, TradeWindow represents a major market opportunity and the bank is committed to the use of new technology which streamlines trading between Kiwi exporters and the rest of the world.

Because digital trading pulls in so many different parties, including Governments on either side of border controls, TradeWindow has also enabled ASB to become part of a collaboration mechanism that ties in closely with various free trade agreements to make the export process a lot more seamless.

As staunch supporters of free trade, we support initiatives being

Exporters will need to be much smarter about how they navigate the increasingly complex world of cross-border food safety – and protectionism.

taken by the Government to improve access for New Zealand products and it is therefore critical that we are across new trade developments to help guide our customers through the ever-changing regulatory landscape.

To that end, the bank is working closely with various agencies on new agreements.

We've been taking a keen interest in the developing of Digital Economy Partnership Agreement (DEPA) between New Zealand, Chile and Singapore – that will help New Zealand exporters and SMEs take advantage of opportunities from digital trade.

We're also following closely the development of the Digital Council for Aotearoa New Zealand, to ensure we bring customers inside that conversation; because the end goal is the same – to digitise trade, speed up the export process and make it more efficient.

Trade finance is also another key element of being a serious business bank and it's something that we have really doubled down on. In addition to offering a competitive range of products and services, with the recent addition of former New Zealand Trade and Enterprise international director Paul Gestro, we have an

experienced team dedicated to providing the guidance and tools to help clients avoid the fishhooks and pitfalls of exporting.

Our exporter client base covers a broad spectrum of primary producers, from dairy and meat to horticulture and seafood, and ranges from billion-dollar enterprises to two-man bands with revenues of less than one million.

They're supported by an in-house documentation team who became essential workers during the lockdown, receiving and processing documentation on a daily basis from grateful clients anxious to keep trade flowing.

That expertise extends to identifying and navigating the roadblocks that often arise with non-tariff trade barriers and related documentation.

Every country has its own rules and food imports and products can easily get turned away at the border because of even minor changes to testing specifications.

It can get very expensive if you don't get it right, which is why we work closely with the Ministry of Primary Industries (MPI) and other agencies to smooth the way.

Thanks to existing relationships

with logistics partners, and the broader connections through our parent company CBA and partner banks, we are also able to help companies reassess their supply chains, develop new logistics strategies and help them establish banking and finance connectivity in foreign markets.

ASB's stewardship doesn't end there. In a post-Covid world, where protectionism is expected to rear its ugly head, ASB is quietly working behind the scenes with the relevant authorities to reduce trade barriers and open up trade for Kiwi companies.

In addition to raising awareness about potential issues, we actively encourage customers to report issues before they turn into something bigger than they should.

This is especially important for smaller food exporters who can take comfort from having the resources of a much bigger bank advocating on their behalf.

While the outlook for the global economy and for exporters remains uncertain, the quality of our rural book is strong and ASB is more than happy to support prudent and innovative exporters.

That innovation is plain to see as farmers embrace sophisticated technologies in herd management, animal welfare, nutrient balancing and environmental planning that will make them more efficient and productive than ever.

And let's face it, resilience is built into the DNA of most farmers so the banking industry must be equally resilient in its efforts to ensure the future success of our export sector.

● *Tim Deane is ASB Executive General Manager, Business Banking and has previously held senior managerial roles at Goodman Fielder and Fonterra*



# DairyNZ: 'We need



**Agribusiness**  
**Graham Skellern**

**O**kay, the new employee will almost certainly need to be out of bed by 4:30am for the first of the two milking sessions. But there's time off during the day to spend with the family on the farm.

The seasonal nature of working on the farm means the hours are flexible – the hard work is mixed with downtime to pursue other interests. And of course the new employee is enjoying the great outdoors.

Industry group DairyNZ this week relaunched its Go Dairy career-changers campaign to encourage more Kiwis into dairying, particularly those who have lost their jobs during the Covid-19 crisis and have transferable skills.

Right now, there are up to 1000 jobs available on dairy farms, mainly in Waikato, Canterbury, Otago and Southland. DairyNZ is including free entry-level training in its campaign to help career changers transition to farming.

The country's biggest industry is facing a labour shortage and a new nationwide campaign is designed to attract more Kiwis to switch to a career in dairy farming

## GODAIRY

Lately, the dairy industry which employs 34,000 people on farms throughout the country has relied on more than 5000 migrant workers a

year from Philippines, Sri Lanka, India, South America and Eastern Europe to keep milk production flowing. Kiwis have largely bypassed



"We want people coming into dairying to be informed and to understand what the sector can offer before committing themselves."

Jane Muir

the rigours of farming and headed for jobs in the bigger cities.

The fate of many of the migrant workers – those already here and those intending to come – is uncertain because of the border restrictions and immigration pressures.

"There are 2500 lower-skilled and 500 mid- or higher-skilled migrant visas expiring at the end of September and we have asked Immigration New Zealand to roll them over," said DairyNZ chief executive Dr Tim Mackle. "That's in the middle of spring calving and it's the worst time to lose staff on the farm."

He said the labour supply situation presented a new opportunity to attract more Kiwis into dairying.

"The stakes are high. The sector is delivering a \$19.2 billion business, more than last year – dairy exports have increased 12 per cent since

March compared with the same time last year.

"This equates to a \$512 million increase in much-needed export receipts and income at a critical time for our country."

"We want to play our part in reducing unemployment by connecting Kiwis with what we are good at – producing food and milk."

Mackle agreed there would be mixed perceptions about switching to dairy farming. "I won't pretend that at times during the year it isn't hard work – calving is the most challenging – but there are also relaxed times."

"The main concern, I know, will be 'how early do I need to get out of bed'. But managers are now rostering their staff and providing more flexibility and support in the job. It's also a great lifestyle."

"You can go back home on the farm for breakfast, morning tea, lunch and afternoon tea and see the family. That story needs to be told."

A new entrant could quickly move through the ranks and have the opportunity at the end of it to buy a farm or herd, said Mackle. A farm assistant with no previous experience earns between \$40,000-\$50,000 a year – someone with a trade may start at more than \$50,000 – and within a

# Career-changers make big plans

Thomas Chatfield, Tim Wilson and Dayna Rowe never thought they would be working in agriculture. Now they are working hard to improve the performance of dairying, writes **Graham Skellern**

**D**ayna Rowe set her sights on becoming an onscreen actress. Tim Wilson wanted to reach Super Rugby heights as a conditioning coach. Thomas Chatfield was a qualified physiotherapist working in hospitals here and overseas.

Now they are deep in rural New Zealand, milking and tending to 1000 cows on a 320-hectare dairy farm at Pongakawa near Te Puke.

All three switched careers to dairying and haven't looked back. They have established new plans to carve out successful careers and livelihoods in the farming industry.

"There are opportunities in this industry – it never gets boring," said Wilson.

"Dayna and Tim came here last year and within five months I left for a holiday in Japan," said Chatfield, the manager and contract milker at Rowe Farms in Pongakawa.

"I left a multimillion-dollar farming operation in the hands of people who have been here for five months. There's no other industry that can provide an opportunity like that."

Chatfield, who grew up in Te Puna, gained a Bachelor of Physiotherapy from Otago University and worked for two years at Tauranga Hospital. He went overseas working as a locum based in London for three years before returning home.

"I was staying on a dairy farm at Matatā and planning to build some savings to move to Australia for physiotherapy. I was offered a job on the farm and I just figured 'why not'. Farming was never on my radar but I enjoyed living on the farm and decided to give it a go. I haven't left," said Chatfield.

Chatfield, 34, has now been in the industry for seven years, first working as a farm assistant and then ZIC over five years on a Whakatane farm that milked 500 cows. He is in his third year managing the Rowe Farms and leases a dry stock block near Te Puke.

"It has a dairy shed and may be in 12 months we will be milking the



**Making waves: From left, Tim Wilson, Thomas Chatfield and Dayna Rowe have increased milk production at Rowe Farms in Bay of Plenty.**

"I'm better off than 90 per cent of the people I went to school with. How bad can that be?"

Thomas Chatfield

property," he said. Chatfield believes that within the next two years there is "a realistic opportunity" of buying his own farm.

"My current thinking is that Dayna

and Tim are quite capable of running the (Rowe) farm and I can contract milk over a multiple of properties."

Chatfield established his own business, Arvika Dairy, and is paid by the owners Grant and Ngaire Rowe on the amount of milk produced, not on the latest Fonterra milk price.

Chatfield, in turn, pays his five-strong staff including Dayna Rowe, 21, and Wilson, 28.

"I'm better off than 90 per cent of the people I went to school with. How bad can that be?" said Chatfield.

Over the past three seasons Chatfield and his team have increased milk production from 350,000 milk solids per kg to 416,000 and are aiming to hit 420,000 milk solids per kg. The team operates a 60-unit rotary system and take two hours to milk 1000 cows twice a day, 300 days of the year.

The first milking is 4:30am – this doesn't faze Wilson and Rowe. "You

are in bed and the alarm goes at 4:20am and you hate it. When you are out in the fresh air, it wakes you up and then you catch the sunrise and it's gold. You know why you are doing the job," Rowe says.

Chatfield has established a roster to manage the workload and each team member has periods of two weeks of being able to sleep in. "They don't all have to get up at 4am; we have enough staff and flexibility to cover the milking."

Rowe sees the positives. "I like the flexibility. I can be up early milking and be fishing with my dad at 2pm." Wilson finds time to pursue some online conditioning programmes with clients.

Head girl of Te Puke High School, Rowe went to Victoria University in Wellington to study film and theatre. "I did every audition under the sun but there were 1000 kids like me, if not better. It was very competitive

and there didn't seem to be a huge endgame in New Zealand."

On her return home during the university holidays Chatfield offered her a summer student job. "I grew up on a farm, I had the confidence and I loved animals and the outdoors, but I didn't want to be a farmer. All my friends were in the big city."

"I started with a knapsack weed spraying, did some milking and bringing the cows up to the milking shed, and at the end of it I could drive a tractor. Then one of the staff on the farm left and I stayed."

Wilson, who has a Sports Science degree and post-graduate diploma from Auckland University of Technology and worked at AUT Millennium sports centre and Bay of Plenty Rugby, said "you are bringing cows to the shed and milking, you are fixing fences and machinery, and you are calving."

"You get involved with different trades and it doesn't get boring."

"In my last industry, there are only five Super Rugby teams and the opportunities are limited for a conditioning coach. For capable, reliable people, the sky is the limit in dairying."

Wilson and Rowe are studying for Level 4 certificates in dairying through the Primary ITO, and are aiming high. Like their boss Chatfield, they want to become farm managers and contract milkers, and lease or own a property.

"If I said at school that I was going into farming, I would have been steered away from it," said Dayna Rowe. "The perception of farming and the opportunities it provides needs to be changed at the school level. A lot of the training is done on the job and there are so many people armed with skillsets that would be an incredible asset for dairy farming."

Chatfield's advice for a prospective farm worker? "Don't be late and don't waste the farmer's time. We are busy. It is hard work, but the pros outweigh the cons and there is flexibility and opportunity. If you get through the first six months, then it's plain sailing."



# you on the farm'

few years be earning \$70,000-\$80,000.

"Those wanting to shine can become farm managers within five to six years and receive six-figure salaries," he said. "Most of the training happens on farms and what the farmers are looking for is attitude and willingness to learn."

DairyNZ, based at Newstead near Hamilton, was formed in 2007 through the merger of two independent industry organisations, Dairy In-Sight and Dexcel. "There's been a campaign around attracting more people into the sector for 15 years," said Mackle. "We've always wanted to get more Kiwis on the farm, and now it is more important than ever."

The latest Go Dairy campaign is supported by the Ministry of Primary Industries and Ministry of Social Development which is providing about \$3 million for farm-ready training courses and other promotion.

DairyNZ is planning to attract 500 career-changers into the programme over the next six months.

"We want people coming into dairying to be informed and to understand what the sector can offer before committing themselves," said Jane Muir, DairyNZ's people team leader. "We want them to take their time – and not pretend they can do it but can't get up early in the morning."

"We have the jobs and we want to make a good match – we are aware of the different farms and what will be the best for each individual," said. "If the programme is successful, then I hope it will carry on."

Muir said the campaign represented one of the most exciting opportunities for the dairy industry.



"With the (previous) low unemployment, we've been reliant on low- to mid-skilled migrants on temporary visas, but the conversion rate to residency is not that high."

"We need long-term succession in dairying with a strong contingent of Kiwis bringing innovation and new skills to the sector. People do under-

estimate the level of accomplishment you can get on the farm."

The farm-ready training course is broken into three weeks and people can register by clicking to the godairy.co.nz/career-changers website.

The first week is online tuition to build an understanding of working and living on a dairy farm, including

use of technology and innovation, and the other two are on the farm working with cows and infrastructure and learning about vehicle safety.

By mid-June 300 people had already registered for the programme before the campaign officially kicked off.

Registrations included tourism

“This is an ideal opportunity for higher skilled people to enter the dairy sector that produces \$19 billion of export revenue.”

Tim Mackle

and construction workers, personal assistants in offices, team leaders, property managers, retail assistants – and even two airline pilots.

It looks like the face of dairy farming is about to change.

"We are an essential industry that has been able to carry on during the Covid crisis," said Mackle. "Demand and prices for milk and dairy products may soften a little as we don't know how badly the global economy will be hit, but the medium- to long-term outlook for the industry is still strong."

"People still need to eat, and we have to keep farming better and tell our own story about why dairy is so important to people's diet," he said.

"We have made advances environmentally – 98 per cent of all the significant streams through farms have been fenced and effluent systems have been upgraded with farmers spending \$1b. Riparian planting between the waterway and paddocks is taking place."

"We are progressing to a higher value sector and it is an ideal opportunity for higher-skilled people to enter the sector."

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# ‘A barrier is there only



**Agribusiness**  
**Natalia Rimell**

**Sirma Karapeeva: CEO, Meat Industry Association (MIA)**  
Sirma Karapeeva took over the MIA top spot in the midst of the Covid-19 pandemic in April.

For Karapeeva, starting the role two weeks into the national lockdown was a real “sink or swim moment”.

Top of her priorities list was ensuring that companies were supported in keeping operations moving and at the same time implementing new protocols to prevent the spread of the disease while farms continued to operate.

Due to new protocols devised between processing companies and the Meat Industry Association, including physical distancing measures, there was a noticeable reduction of livestock in the industry’s peak time.

This, combined with extremely dry conditions over the summer period, made for unavoidable delays.

Another issue created by the lockdown was the loss in revenue from restaurants as they shut their doors.

This made for significant pricing volatility and a reduction in global supply distribution – which ordinarily generates 16 per cent of export revenue as the country’s second largest goods exporter.

But as with most challenges, there are usually unexpected upsides and

There has been a rise in women in agribusiness leadership positions recently. **Natalia Rimell** spoke to some of them about their background, the effect Covid-19 has had, and sought their thoughts on the future of agribusiness.

Karapeeva says she is “proud of the way the sector responded in the face of such adversity”.

“What was exciting about that was how everyone pulled together to tackle this complex issue.

“The collaboration amongst the meat companies, with our farmer colleagues and with government needs to be commended and this is

exciting because it shows what is possible with greater cooperation and alignment,” she says.

In March 2020, meat exports reached \$1.1 billion up 12 per cent on last year which came despite exports to China falling 9 per cent.

Karapeeva says the industry is so resilient because it has “pursued a policy of market diversification and

exports to more than 120 markets worldwide, and has been able to pivot and re-direct product to other countries and channels such as retail”.

She explains that beef was redirected to the United States and Taiwan and sheep meat to the UK and Malaysia when China was under pressure due to the pandemic.

“Processing and exporting companies have shown real agility and decisiveness throughout the Covid-19 period and have been able to draw on their strong long-standing commercial relationships in a wide range of markets,” she says.

New Zealand has long been a trusted provider of safe, nutritious and sustainable food globally.

When asked about her concerns of rising trade protectionism as a risk to the country’s ability to export, Karapeeva says:

“Open and predictable market access is vital for the ongoing success

of our export-focussed sector as it creates a stable and level international playing field.”

The MIA supports the Government’s leadership role in trade liberalisation and the maintenance of market access and negotiation of trade agreements.

She says current trade agreements such as the China free trade agreement and the Comprehensive and Progressive Trans-Pacific Partnership have been beneficial, support trade liberalisation and improve access to New Zealand’s markets.

“The World Trading Organisation is also fundamental to the success of small trading nations like New Zealand.

“Removal of non-tariff barriers is an important priority for the sector as these are opaque, unpredictable and costly to the country.

“Non-tariff barriers on our beef exports to the Asia Pacific region cost \$1b annually.”

Karapeeva remains positive about the industry’s future in the wake of Covid-19. “As our markets reopen and recover, there are significant opportunities.

“New Zealand is a trusted producer of natural grass-fed red meat.”

She says consumers are increasingly focused on health and nutrition, and we are well-placed to capitalise on that sentiment.

“Now, more than ever, the red meat sector is proving how important it is to the New Zealand economy.

“As New Zealand’s largest manufacturing sector, we are generating critical export revenue and supporting thousands of jobs and



**Sirma Karapeeva**

A self-dubbed “city girl”, Sirma Karapeeva found her place in the New Zealand farming industry first walking an international career path.

“I come from an international background and have had an interest in international issues from an early age.

“I joined the Ministry of Economic Development (the predecessor to the Ministry of Business, Innovation and Employment (MBIE) as my first job out of university and quickly became involved in international trade matters – initially in the trans-tasman context and then as a negotiator for a number of New Zealand’s trade agreements.

“In New Zealand, when you are involved in trade policy you are never far from agricultural trade policy, which led me to join the Ministry for Primary Industries before moving to the Meat Industry Association. What is exciting about working at the association is the opportunity to see trade policy in practice and how it delivers real commercial benefits to New Zealand.”



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# because you believe it'

communities across the country."

## Jacqui Hahn, Federated Farmers Waikato president

Jacqui Hahn became the first female president of Federated Farmers Waikato in May 2020 after five years at the organisation. She has long been a vocal supporter for more women in leadership positions within the sector.

She thinks women in farming should be encouraged by the fact that there are rising numbers of women in leadership roles and the usual barriers for women aren't in place at her organisation. "A barrier is there only because you believe it's there and because you believe there is no way round it, you never get round it."

"Feds women' are women that listen, hear, try to understand, acknowledge all parties and work towards deliverable sensible outcomes."

She didn't set out to become president. "But I was encouraged and supported strongly, and only really felt ready this year and hoped I would become president – which emphasises the lack of a barrier!"

In the aftermath of the Covid-19 pandemic, Hahn has set high expectations for her role: "I desperately want to ease people's pain and fear, and just hope I can with the help of my executive, and our very hard working national policy team, who are working in a high-pressure environment."

Currently, they are working on the the appeal process of Plan Change 1: Healthy Rivers/Wai Ora plan.

She says the plan is hard on the sheep and beef sector and there are some unexpected twists for dairy and arable farmers. "It is a massive change from going to close to 100 per cent permitted activity to mostly consented activity".

The Federation states its fundamental concern over the plan is that it 'will not only result in a significant overshoot of water quality targets but also it will impose unreasonable and unnecessary costs on farmers.'

Hahn says water concerns are amongst her biggest challenges, but admits that she may not see the end of it before her term is finished. "As much as I'd like it to be sorted before I leave in three years, that's probably not the case for Plan Change 1 – at best it will recur every 10 years. At worst we won't be finished in the Environment Court."

Hahn is also concerned about farmers' welfare and state of mind: "Often farming is part of farmers' whole identity. They have built up a system that suits them and their farm and regulation can be like an uninvited guest staying with you at your house and telling you your cooking's off and you don't make the beds right."

By nature, her role won't easy: "My task as a pan sector spokesperson is not plain sailing."

Following the outbreak of the Covid-19 virus, she says there have been resultant issues including "painfully slow processing", shortages of feed, stocks not fattening and store stock left unsold. Productivity has also been down as some parts of the meat business were not considered "essential business" during the Covid-19 restrictions. There were also delays in getting supplies on farm due to the lockdown and some service businesses have since been permanently closed.

She says all thee factors – along with staff lost due to the border closures – combined with the isolation from people in the service sectors "had a profound effect on mental health, especially with drought conditions and additional workload all the above brought".

Hahn says staffing the industry in a post-Covid world where many experienced migrants got 'caught on the



## Karen Williams

Growing up in a town, now owning and living on a farm is 'massive privilege' to Karen Williams, who exudes passion for the industry and the lifestyle that accompanies it, ultimately leading her to Federated Farmers.

"The short answer is that I married a farmer. I brought my interest in environmental management, merged it with my husband's interest in food production, and together we have built a sustainable and profitable farming business. "Despite growing up in town, I was always really interested in people's interactions in their landscapes and the broader concepts of how we can provide for the health and wellbeing of people and maintain good environmental outcomes."

"This led me to complete a bachelor of arts degree in geography and a masters in resource management at Otago University, followed by several years working for local authorities and a planning consultancy."

"Once the juggle of farm, family and a career started to get difficult, I resigned from my planning role and invested more of my time in our farming business and the associated political and resource management processes."

wrong side of the border' will be particularly tricky and time-consuming.

"Those with no previous experience with large animals will struggle to fill the gap, as it takes a couple of years for even the brightest people

to acquire sufficient animal experience and to be able to meet all the very varied trades skills required on farms."

## Karen Williams, national board member and arable industry group chairperson, Federated Farmers of New Zealand

For the past two years Karen Williams has been the arable industry group chairperson for Federated Farmers.

She was the first female chairperson, and is one of just two women among 24 provincial presidents of Federated Farmers. She has recently been elected as the new vice president of the group.

"We have a sprinkling of females in leadership roles in Federated Farmers, but we are still well below what I would consider optimal to provide diversity of thought around our decision making tables, says Williams."

The organisation is currently going through the process of board election and there are two women candidates – Williams included.

Williams say this isn't necessary an intentional move: "This gender inequity is not a deliberate ploy by Federated Farmers to exclude women. I believe there are more complex social and economic reasons at play here that I would like to explore."

She singles out leadership and development programmes that currently have strong female voices participating: Agri-Women's Development Trust, the Kellogg Rural Leadership Programme and the Nuffield Farming Scholarship.

In her role she has seen satisfying

changes, including more visibility in government, the wider primary sector as well as the consumer.

"It is often overlooked that an arable farmer grows the seed that forms the basis for growing pasture for our livestock industry, the grain for complementary animal feed, the milling wheat for breads, cakes, pies and pastries, malting barley for beer production, durum wheat for pasta and pizza bases, and vegetable seeds such as carrot, corn and peas," Williams says.

She notes that arable production sales contribute \$863 million towards

yards were unable to do so."

She was heartened to see the lift in community efforts during this unprecedented time.

"What was really heart-warming was to see the rallying around in rural communities who were less affected by the drought to gather donated feed to go to badly affected areas such as Hawke's Bay."

One of the unexpected positive side-effects of Covid was a lift in farmer confidence, says Williams: "I think the experience resulted in a better understanding of the importance of agriculture to our economy,

Farmers – some of whom have felt rather under-appreciated and under attack on their environmental credentials – have lifted their heads higher.

Karen Williams

NZ's gross domestic product.

On the effect of Covid on the industry, she states it was "predominantly business as usual" on farms due to the industry's essential service status.

She says the real difficulty stemmed from the double blow of the pandemic and the drought, reducing capacity at meat processing plants and closure of sale yards throughout some of the lockdown period.

"Farmers who were in extreme drought conditions and who would ordinarily destock to either the processing plants or through the sale

and some of the challenges farmers deal with. "Farmers – some of whom have felt rather under-appreciated and under attack on their environmental credentials – have lifted their heads higher."

When asked about future challenges for the industry, Williams continues to find the positives: "We hope to see a lot of skilled New Zealanders come into the agricultural workforce who were previously in different careers."

"I am excited about the opportunities that a different range of skills presents for our industry but we will need government-industry collaboration to train these people to work safely and effectively on-farm."

She admits that rural businesses struggle when it comes to limited mobile coverage and poor internet connectivity, and a decline in the condition of rural roads.

"As a mother of three school-aged children, the lack of internet capability during lockdown severely hampered both business meetings and school lessons. For us to be thriving rural communities who can adopt modern technology, improved infrastructure investment must be made in these areas."



## Jacqui Hahn

With both of her parents farmers, Jacqui Hahn was born into and raised in the agribusiness sector, destined to follow in their footsteps.

"At 12 years old I had a share in a Suffolk sheep stud, and a flock of about 15 pet sheep that had been mismanaged lambs. I bought and reared a couple of calves when I was 16, one of those calves we reared calves off along with 25 others as income while we converted my parents' property in 1998."

"My background education was a certificate in production horticulture and office systems. I worked winters in a kiwifruit packing house including quality control and helped manage an orchard outside of Te Kuiti, so I have a feel for many agriculture industries. I also have a bachelor's degree in environmental management with an agri focus."

"We started with a 450-cow herd and now have 1450 dairy cows, 300 replacements, 16 bulls and teasers, rear 350 beef calves and run 300 ewes."





Cricket stars Daniel Vettori, Brendon McCullum and Stephen Fleming are helping to promote Alliance as shareholders of QualityNZ, which supplies New Zealand red meat, seafood and wine to India.

For many, the Covid-19 shutdown was a time for reflection. Not Alliance Group. The co-operative set about positioning itself for the economic recovery, writes **Graham Skellern**

# Alliance Group steps up marketing efforts

**F**armer-owned meat co-operative Alliance Group made the most of its downtime during the Covid-19 crisis by developing new product and new market channels.

During level 4, Alliance's beef plants operated at 70 per cent production and lamb 50 per cent, and this increased to 100 per cent and 80 per cent respectively in level 3. The co-op, owned by more than 4000 farmer shareholders, is back to full production under level 1.

Alliance chief executive David Surveyor said the co-op came through Covid-19 "pretty well and delivered a good result to farmers".

During the restrictions, Alliance concentrated on "delivering in the moment" by continuing to process farmers' livestock and keeping staff safe and employed; working its supply chain hard and shoring up its cash position in preparation for a global economic slowdown; and positioning itself to quickly take advantage when the market turns.

It's all part of Alliance's strategy to become a world-class food and solutions co-operative, not just focused on cost but also capturing greater market value.

"The great learning out of Covid is the need to be agile," said Surveyor. "We diverted product from one market to another to maintain our selling velocity, and we changed product form by making cuts that were more versatile and appealing to multiple markets and channels."

"We focused on value-added products such as dicing and mincing to improve yield performance and recover the maximum amount of meat you can get off every animal."

"There is ongoing work with chefs on new forms of leg product, such as



creating cuts to use leg muscles in different ways. Value-added products mean more processing in New Zealand," he said.

With the food service and restaurant trade falling over, Alliance switched to retail and e-commerce, and online sales increased 400 per cent in April.

The co-op accelerated previously planned investment in its online store, puresouthshop.com. And in partnership with Beef + Lamb, Alliance launched a new campaign on China's two biggest e-commerce platforms, Tmall.com and JD.com to boost online sales, particularly for its Pure South lamb.

The programme includes search engine marketing to attract consumers seeking grass-fed meat.

Surveyor said consumers were seeking out nutritious food to boost their immunity and this was expected to continue as people focus on their health in these uncertain times.

"We can position ourselves by producing trusted protein and pure flavours."

Alliance organised cooking com-

petitions in different marketplaces including involving 600 of United States leading chefs. Influential Italian chef Massimo Bottura, who has more than 1.3 million Instagram followers, cooked Alliance's Te Mana Lamb during the Kitchen Quarantine social media event.

"We have put in a lot of work to make sure that when food service recovers, we are well primed," Surveyor said. "We have found new [selling] channels such as online, and we have found some new customers."

During the Covid crisis, when demand from China slipped, Alliance switched product into other Asian markets. But Surveyor wouldn't identify those markets. The co-op exports 95 per cent of its beef, lamb and venison products to more than 60 countries.

He said China was continuing to recover, but North America was under pressure with South American beef starting to flow into that market.

New Zealand, however, is a growing market for Alliance with sales increasing more than 25 per cent over the past six months.

Our whole aim during the Covid period was to keep processing farmers' livestock, keep people safe and keep people in jobs.

David Surveyor

Five of Alliance's seven processing plants are based in the South Island but it has gained greater presence in the North Island retail market.

The branded Pure South lamb and beef is now regularly available in North Island supermarkets, and sales have tripled in Auckland. Alliance also provides products to home delivery service My Food Bag, which experienced a lift in demand during the Covid restrictions.

For the financial year ending September 2019, Alliance achieved revenue of \$1.7 billion – similar to 2018 – reported gross profit of \$77 million, up from \$60.7m, and doubled its profit before tax and distribution from \$10.3m to \$20.7m.

During the Covid restrictions the co-op honoured its minimum price contracts and farmers were paid above the market price for their livestock over this period.

One thousand of its 5000-strong workforce stayed at home during the level 4 lockdown and were paid by the co-op and through the government wage subsidy of \$34m. Surveyor said if any of the wage subsidy

wasn't used, it would be returned to the Crown but it was too early to determine this.

"Our whole aim during the Covid period was to keep processing farmers' livestock, keep people safe and keep people in jobs," he said.

"For many of our farmers we provide 90 per cent of their animal income and this money is recirculated in rural communities where we are the largest employer."

"This illustrates the importance of Alliance and agriculture in New Zealand society. It looks like New Zealand is facing challenging times ahead and agriculture will help lead the country through the economic recovery."

Alliance's plants are in Dannevirke, Levin, Nelson, Timaru, Oamaru and two in Southland.

Surveyor said \$4m was being invested in the 18-month-old venison plant at Lorneville near Invercargill, so culled cows could be processed during the peak season. This would free up space at the nearby Mataura plant for prime steer, heifer and bull.

"As supply volumes continued to grow year-on-year, farmers have been asking for more beef capacity in peak season and this investment recognises that need," he said.

"It's also a win for deer farmers because Alliance will be increasing venison processing at the plant. We will be ready for next season."

Surveyor said that globally the importance of food would only increase in these times, and the safety and nutritional aspects of food would continue. "New Zealand is wonderfully placed."

Alliance is doing its bit with a strategy for connecting farmers with consumers and chefs around the world and developing the New Zealand food production story.



# A fantastic story – so far

The challenge now for agribusiness is to capitalise on its response to the Covid-19 crisis, writes **Gill South**



**Agribusiness**  
**Gill South**

**T**he contortions New Zealand's agriculture industry, especially the red meat sector, have had to work through thanks to Covid-19, have been quite extraordinary.

"What's been truly impressive has been the adaptability through the supply chain," says Todd Charteris, CEO of rural lending specialist, Rabobank.

For the horticulture industry, the timing of Covid-19's arrival in New Zealand was critical – giving growers just enough time for a crucial window of harvest to be completed.

"For apple growers, kiwifruit growers, the grape harvest, the risk of impact of infection was huge," says Charteris.

For the kiwifruit industry, as an example, there are 26,000 people involved in the supply chain – growers, packers, processors and there was not a single case of Covid-19 among them, he says.

"The window of harvest came. Despite the challenges, they came together, and everything was processed. It's a fantastic story," says the Rabobank CEO.

Meanwhile red meat suppliers had challenges because of the social/physical distancing regulations, says Rabobank's agriculture and sustainability analyst, Blake Holgate.

The new working conditions meant sheep processing was initially down 50 per cent because meat plants could only process half the numbers, while beef was down 30 per cent. But the industry very quickly adapted and brought things up to normal numbers.

At the same time, the meat sector had to find alternatives to major export markets as China, New Zealand's largest market for beef and lamb, dropped its demand for red meat by around 60 per cent in February. So New Zealand increased its sheep meat exports to the EU, the UK and the Middle East.

Meat producers also stepped up their beef exports to Japan, Taiwan and Korea over this period and when retail beef prices soared in the US during April, due to domestic processing struggles, New Zealand was one of the countries to increase its beef supply there. By April, the usual supply of beef and sheep reverted back to China.

One of the big changes NZ meat producers had to cope with was specifically just where product was going, and the channels it was going through. Rather than food service and restaurants, demand was coming from food retail.

"There was a huge drop off in food service and into food retail and it's not easy to change from one channel to the other," says Holgate. The packaging and certifications are different, for instance.

Throughout the Covid-19 crisis pricing has held up relatively well for



Yes, we've got a great story to tell but we do need to substantiate that.

Todd Charteris

beef and lamb producers, says Holgate. Beef is sitting now at where prices were last year, around 3-5 per cent below average while lamb is 7-8 per cent down on last year but last year's prices were high.

While export values are higher January to April, what farmers are getting has been lower since February. Average export prices are down from the record highs last December but are still up year on year.

## New Zealand supply chain has proven adaptability

As a country that produces a huge food surplus, New Zealand agriculture lives or dies on its exports, says Charteris. It is so important at times like this that there are strong relationships with a diverse range of markets.

Also, what has really become clear is the reputation New Zealand has built up as a trading partner and

We need to look at where and how people eat food.

Blake Holgate

supplier of high-quality food during this period. This is super important, adds Charteris.

Meanwhile, as tourism in New Zealand for international visitors has had to take a step back, Charteris' ambition for the country's agriculture sector is that it steps up and increases in value in the coming months.

"You can see that in the markets, Zespri's announcement that it's increased export revenues, increased in value. That's a real opportunity for us in the agriculture sector."

There is a real sense of pride in the agriculture sector in terms of the importance of always being there for the country, says the Rabobank CEO.

The rural bank lender's role meanwhile will be to help farms with increased consumer expectations, around producing quality animals, treating staff well and the environment, its land, soil and water.

"We're spending time one on one with farming clients to better understand where the opportunities lie," says Charteris.

"Yes, we've got a great story to tell but we do need to substantiate that."

## Challenges ahead for NZ meat producers

As an economic recession kicks in globally, consumers will be responding by trading down on their protein, predicts Holgate. They might get a burger rather than a steak or might buy poultry or pork because it is perceived as cheaper.

He believes there will be structural changes around what the industry does longer-term regarding food consumption and sales channels. Governments will be more intent about shoring up domestic supply and more protectionism could happen.

"New Zealand has, however, demonstrated that it is capable of producing export food throughout adverse circumstances," he says.

New Zealand has shown it had a reliable food chain and it's important that negotiators make this clear to export countries, he adds.

Longer-term, the NZ meat industry needs to consider what it does when it comes to food consumption and sales channels. It will be important to think about the diversity of markets and of sales channels and to redirect to those sales channels, he says.

"We need to look beyond this. To look at where and how people eat food, to facilitate online purchasing of food and meal kits, with people learning to enjoy more food cooked at home," says Holgate.

New Zealand is in a good position to capitalise on these new opportunities and channels, he argues. "It's nimble enough to adapt and tap into market changes. We don't produce huge volumes like Brazil, we can be pickier about how we go about it. But we can't get complacent about how robust borders are."

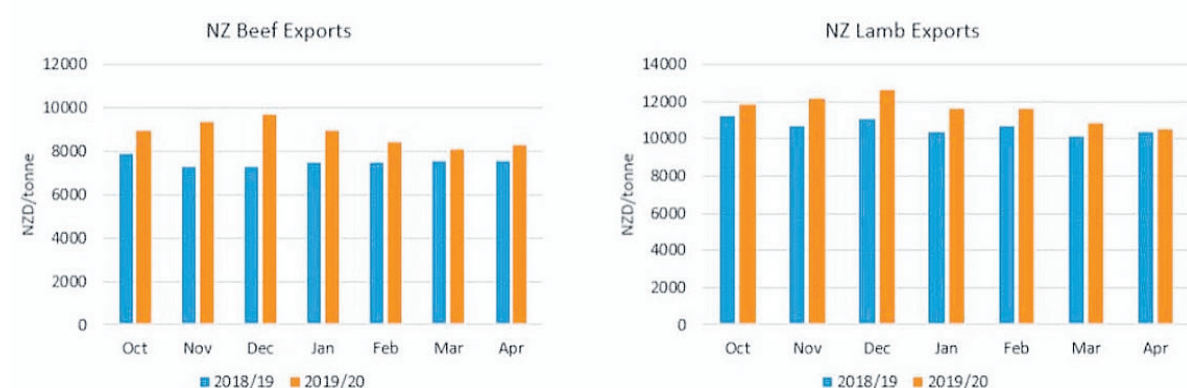
## Exchange of information key

"One of the things we've learned through this is the importance of timely information on what's occurring in the marketplace. We've been able to research and exchange knowledge and that's very important," says Charteris.

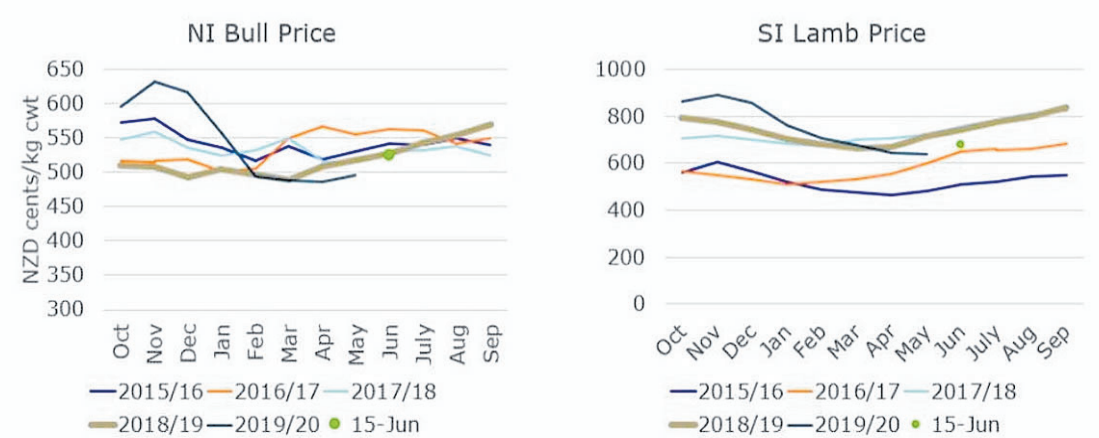
Rabobank drew from its team of global analysts to get timely information. "The world is an even smaller place," he says. It is about translating this information from a global perspective, to what it means locally and how it is applied and maximised at home.

Meanwhile the New Zealand and Australian agriculture industries can collaborate more. The transfer of information and knowledge could be made easier, he says.

## Average export prices down from record highs last December but up year-on-year



## New Zealand sheep and beef prices





# Silver Fern plants find new production horsepower

**P**roductivity gains secured during the Covid-19 restrictions will stand New Zealand's biggest meat processor Silver Fern Farms in good stead for the remainder of the year and into the future.

Silver Fern worked public holidays, at night and staggered shifts during level 4 and 3 to maintain near-to-full production and reduce the backlog of livestock created by the drought.

"A lot of new best practice emerged out of Covid," said Silver Fern chief executive, Simon Limmer.

"We built a strong rapport with staff, our relationship with the unions is enhanced, and operationally, we are really pleased with the outcome. It has generated food for thought about how things are done going forward."

Silver Fern, like the other meat processors in the country was at the peak of the production season when the lockdown occurred.

"It was an intense time," said Limmer. "We were under a lot of pressure because of the drought – there was no feed on [some] farms – and we had to build confidence among our staff of 7000 that it was essential they come to work and we would look after them."

At level 4 Silver Fern introduced social distancing and safety protocols such as track and tracing, and providing additional personal protective equipment and plastic screens.

"The two-metre spacing was not just about keeping our staff safe but convincing them they were safe," said Limmer. "We changed shifts around, staggered smoko and created cohorts of teams so if we had a (Covid) incursion we could isolate groups of people. For the first time, we worked Easter and Anzac Day, and we also ran some night shifts."

After two weeks of lockdown, Silver Fern's productivity increased from 50 per cent to 90 per cent. It meant the co-op had to repay its government wage subsidy of \$43 million. "It is a real testament to the plants for finding better ways of working. We have been able to meet our opportunities."

Under level 1 work is back to normal but Silver Fern is determined to maintain the productivity gains.

Limmer said the meat industry had traditionally operated in an hierarchical environment. Silver Fern was implementing a new culture of empowerment – staff in the 14 processing plants around the country are now empowered to find solutions to bottlenecks [in production] and other issues. This information is shared quickly in the co-operative.

Meat giant Silver Fern Farms has given each of its 14 processing plants more autonomy, a move that has provided rewarding results, **Graham Skellern** reports



Silver Fern Farms reconfigured its plants and kept production at 90 per cent during the Covid-19 restrictions.



New Zealand's reputation coming out of Covid has been enhanced and the markets will be more focused on the integrity of our sustainable, grass-fed production system.

Simon Limmer

Before, troubleshooting teams would travel around the plants, using up manpower resources. "There is greater openness to new ideas, and we have found better ways of doing things by giving autonomy to each plant," said Limmer.

Silver Fern, equally owned by a co-op of 16,000 New Zealand sheep, cattle and deer farmers and Shanghai Maling Aquarius, was able to supply more red meat to the United States during the Covid crisis and demand from the Chinese market was also returning.

"We have the agility and ability to chop and change between markets and [sales] channels. I think New Zealand's reputation coming out of

Covid has been enhanced and the markets will be more focused on the integrity of our sustainable, grass-fed production system," said Limmer.

"Uncertainty is a word we have to acknowledge – what the global economy does is outside our control. But I'm optimistic that the quality of our red meat will continue to resonate with consumers. They still want to eat good quality, safe food."

Last year Silver Fern achieved sales of \$2.6 billion representing 295,000 tonnes of meat – 200,000 tonnes was beef, 90,000 tonnes lamb and mutton, and 5000 tonnes venison. Nearly 90 per cent is exported; Silver Fern accounts for 30 per cent of all New Zealand red meat exports.

Over the past eight years China has grown from a very small market to representing between a quarter to a third of Silver Fern's sales. North America takes about a quarter of the volume, Europe and the Middle East 20 per cent and there is increasing demand from Japan and South Korea.

For the 2019 financial year Silver Fern reported net profit of \$70.7 million, up from \$5.8m in 2018 and a 13.2 per cent return on equity compared with the previous 1.2 per cent. Earnings before interest, tax, depreciation and amortisation was \$124.3m, and it has no debt.

At this stage Limmer was reluctant to forecast another year of \$2.6b sales.

"It's too early to say but I will be pleased if we achieved that level of revenue in 2020, given the current volatility. Livestock volumes are similar, but the seasonal timing has been disrupted given the Covid impact on processing and the weather impacts of drought."

"Market returns are not as consistently positive as we saw last year and there is a high degree of uncertainty given the economic ramifications of Covid around the world."

In the first quarter of this year, Silver Fern's Chinese beef shipments dropped by 75 per cent compared with the previous two months – though the market had risen strongly last year because of a shortage of pork products due to African swine fever.

Product was diverted to the United States where plants had closed because of Covid and in the first quarter sales were up more than 50 per cent on the previous period.

Smaller markets, such as Japan, doubled their beef orders.

Lamb and venison markets were disrupted because of the Covid impact on food service channels and the restaurant trade. But the retail and online sales grew.

"The story of the last 12 months is that the Chinese and North American markets have competed strongly for our product," said Limmer.

"We found that if one market softens, then the other steps in."

"The China demand for beef was phenomenal in 2019 – it surpassed North America – but it stalled at the start of the year because of the Covid outbreak."

"Supply is now back to 90 per cent, but it is compromised by distributors still sitting on inventory. We expect supply will start flowing more freely within the next two months."

"There is some nervousness about the North American markets as their processing plants come back into production."

Limmer said that out of the Covid crisis the primary sector had been reconfirmed as the backbone of the New Zealand economy.

"We recognised our responsibility of successfully navigating our way through Covid and playing our part in the economic recovery."

"During this period we have strengthened our relationship with farmers and staff, we have made productivity gains through innovation, and we have built a good platform to make strong progress."

## Fenwick Forum leaders propose agribusiness industry transition

**Vicki Watson**

New Zealand's agribusiness sector has exciting opportunities if initiatives such as a national food strategy, regenerative land use and new ocean-based sunrise industries can get momentum.

The Aotearoa Circle's Fenwick Forum, a virtual meeting of some 75 corporate and public sector leaders, has pinpointed substantive ideas to position the country's agribusiness sector for the post-Covid era.

The pandemic highlighted how dependent the economy is on nature – with global business and trade taking the biggest hit this century from a natural pathogen. Similarly, New Zealand's agribusiness sector is dependent on the natural environment

to grow and harvest the food and fibre products we sell to the world.

The forum emphasised some current farming, horticulture, forestry and fishing practices have had negative impacts on NZ's water sheds, soil quality and surrounding oceans.

These issues are being exacerbated by climate change. There is a need to shift to practices that regenerate the health of the entire system – including NZ's own domestic food security with a focus on creating a food system that is both sustainable and creates value.

The forum highlighted three broad initiatives – the food innovation system, regeneration hubs and access to transition finance, and a national strategy for a secure regenerative food future. It highlighted six actions that will

**Organisations involved in the forum include the Ministry of Primary Industries (MPI), ANZ, Sanford, Fonterra, Manaaki Whenua, Foodstuffs and Villa Maria.**

require investment by Government and the industry:

1. Research on regenerative and integrated land use practices to build a robust-evidence base of the benefits in a New Zealand context.
2. Identify 'sunrise' sectors – including opportunities to utilise our oceans.
3. Research and innovation on agritech and circular economy

solutions to increase sustainability throughout food and fibre value chains.

4. Locally based hubs providing services and access to finance for food and fibre sector producers to transition to regenerative practices and/or sunrise sectors.

5. Develop a whole systems national food strategy based on the concept of Taiao, with a long-term outlook – encompassing land, oceans, export resilience, and domestic food security.

6. Engagement with stakeholders including farmers, growers, and foresters, Māori food and fibre leaders, and the science and research community to inform long-run strategy.

The forum identified there is a lack of robust research on integrated land use, poor tools to measure and manage

impacts on natural capital, inadequate financial support, a lack of forethought on what the food system will look like long term, and equity issues with access to affordable and nutritious food. A national food strategy should have a parallel and complementary ocean strategy. Such strategies must address climate change and also how NZ tells the story of sustainability in our value-based food system – not only care of the environment, but also for workers and their communities.

The forum identified players who need to be involved in the transition including consumers and businesses from across the food system, government agencies, iwi, academia, industry bodies and research and innovation organisations.



# Economic lessons from Covid-19

We need to be adaptable and resilient to maximise the value of our agribusiness, writes **Nick Tuffley**

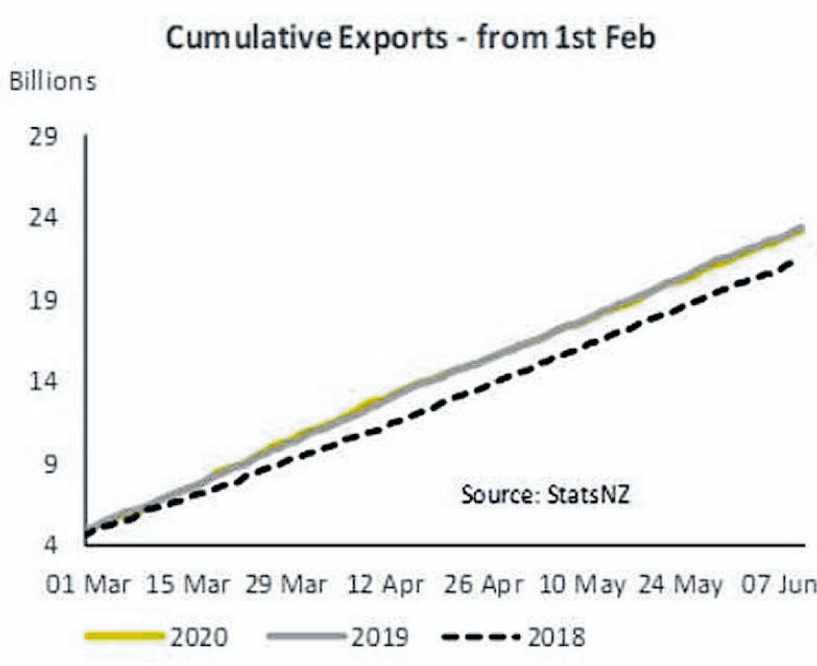
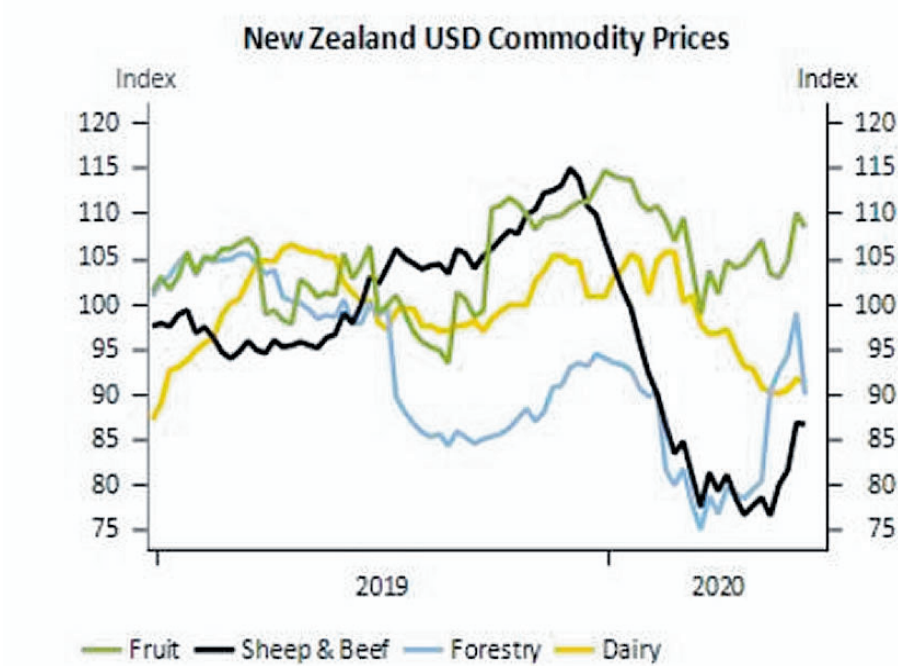
There are myriad lessons New Zealand as a whole and the agriculture sector can take from the Covid crisis, through its own experiences and by taking heed of what has happened in other countries.

Health is a selling point, being fleet of foot is valuable, and food is still something that people want to consume.

We, and many other countries, have had some very strong reminders this year of health, hygiene and food safety – “wash your hands for 20 seconds”.

The result is a greater focus on being healthy. There are several potential ways New Zealand can benefit from this heightened focus.

One, quite literally, is the adage “an apple a day keeps the doctor away”. Fruit is NZ’s fifth largest export, worth \$3.5 billion in the year to March, with kiwifruit and apples the mainstays. Fruit prices have been very resilient this year. Kiwifruit is doing well coming out the other side of global lockdowns, with Zespri leveraging the fruit’s Vitamin C content and using savvy marketing techniques in key markets. New Zealand already has a good reputation for food safety, which is another angle to continue pushing as a selling point. That repu-



tation could be burnished if New Zealand can ensure that it remains Covid-free.

Another lesson has been the value of flexibility in export markets.

A key market like China, which was disrupted earliest, is one that is always going to be hard to wean off. And if it is delivering the highest prices, then there is a genuine foregone opportunity from diversifying. But maintaining contacts or some market presence in other countries can help in times of crisis when key markets get impacted. Our exports

have held up well this year, in part because of agility to switch markets.

That ability to pivot when needed has value. New Zealand contrasts well with some examples in the US for diversification and the ability to flex. During the Covid crisis the US managed to have both a surplus of potatoes and a shortage of frozen French fries. There was a spike in demand for frozen fries for home consumption. Yet producers of bulk pack fries for fast-food operators had little need to purchase potatoes to process when many fast-food chains

and commercial kitchens were closed and did not have the equipment or packaging to supply the home market. Overspecialisation has its disadvantages.

The importance of resilience has been strongly brought to the fore. Financial resilience is the make or break of many businesses in New Zealand at present. It is no less important in the agriculture sector.

Agriculture needs to deal with weather impacts, climate change, swings in commodity prices, and over time a transition to a more environ-

mentally sustainable industry. This is a time to look really hard at business models and financial positions and work on making them better able to weather shocks. The Covid crisis is not yet over, and we don’t know if there is more pain to come in our key export markets. Even simple things like packaging sources can throw the spanner in the works, so the supply chain for our exports needs to be reviewed for its resilience.

The final thing New Zealand should not lose sight of is that food exports still have a good long-term future.

World population growth means many more mouths to feed.

New Zealand’s challenge is to strive to maximise the value of what it can create from its land while increasingly rebalancing to produce in a more environmentally sustainable way – and do it in a world which risks being more inward-looking.

● Nick Tuffley is chief economist at ASB



This is a time to look really hard at business models and financial positions and work on making them better able to weather shocks.

Nick Tuffley

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Geographical information systems have many benefits on the farm, as **Bill Bennett** discovers

# Top flight farm management



**Agribusiness**  
**Bill Bennett**

**T**here's nothing new about farmers using spatial mapping to manage a farm. They have done it for centuries.

Now farmers use digital technologies to make their maps.

Eagle Technology GIS product owner Lauren McCartney says it means they can do more with them.

"Farming is inherently spatial. You need to know where your assets are, what condition they are in and what you need to do in the future," says McCartney. "The benefit of a geographic information system is that it is a way of managing where things are."

"It allows you find assets, track their current state and make plans. It won't be your only digital system. There might be others that track what those assets are doing or deal with sensors."

There are huge differences when maps move from paper to a digital form. McCartney says typical pre-digital farm maps might only show the geography and layout. Farmers would update these maps every six months or less often.

In contrast, the digital maps created by geographical information systems (GIS) are living documents. Farmers can update the maps weekly, daily or hourly. They can even use them in real time.

A geographical information system might tell you where to find a tractor or a water pump that needs fixing. It can also show where the stock is at any moment or whether a paddock is in suitable condition for the stock to move to.

It is all because GIS maps can exist on many layers. One layer might show geography, another might show buildings, a third could be soil types and so on.

GIS has many agribusiness applications. McCartney says one of the most important is making farms safer: "Every farm and every organisation has to adhere to health and safety regulations.



They were dealing with facts and information . . . in the past they may have been dealing with hearsay.

Lauren McCartney

"Yet making a farm safe is more about understanding hazards, visualising them and sharing the information. That way, when people come on to a property they can know in advance where the hazards are. Farmers can know what they need to do to minimise the risks."

She says GIS gives farmers a visual way of providing staff members and visitors with up-to-date risk warnings. "It's not just a list."

They can use GIS to record new safety incidents as they happen. Farmers can add a dashboard capability to show how many hazards there are. This can list what needs fixing and which areas of the farm need special care.

"Because it is about more than filling in a health and safety form, GIS gives farmers the data they need to make informed decisions."

"GIS health and safety information can integrate with other systems. Say someone from outside plans to visit a farm area where there is a fresh hazard. A system can generate and



Satellites pick out the low resolution images. Fixed wing planes get closer and drones get closer again.

Scott Campbell

This is when sharemilkers move from one farm to another. It is a large-scale exercise; this year saw 5000 families move at the start of June.

McCartney says it was successful. Behind-the-scenes organisers used GIS tools to make that happen safely.

"Many of the challenges were spatial," she explains.

"It was all about using the power of a map. Everything that needed to be organised could be brought together in a single place. Then the information could be shared with decision makers. They were dealing with facts and information where in the past they may have been dealing with hearsay."

## Drones play a big part

Drones and sensors are starting to play an important role alongside the use of farm geographical information systems.

Eagle Technology's Scott Campbell explains the concept of GIS is all about layers of information. "Traditionally, government departments or

individuals would maintain those layers," says Campbell who is Eagle Technology's head of GIS technology. "They included information about boundaries or water sources, but they were static. Over time we've moved to more dynamic sources to update layers of information."

"This is where drones and sensors have a role to play."

Campbell says a farm can install a finite number of IoT sensors.

The sensors might measure environmental values such as water quality, soil moisture or weather conditions.

"A farmer can collect the data along with the location information. Then, using some smarts on the computer and GIS, calculate the values in between each sensor to get a continuous picture of temperature, water quality or whatever and turn this into a GIS layer."

"They can connect this with data on other layers and use computer power to understand how they interact. This way the farmer can understand, say, how moisture relates to animal productivity or crop yield."

Campbell says farmers have used drones for some time now. A drone can capture video footage.

"If you take the frames from the drone video footage, you can create a two or three dimensional image-based map of an area."

"There is a hierarchy of photographic information. Satellites pick out the low resolution images. Fixed wing planes get closer and drones get closer again."

"Drones are a lot cheaper to deploy. Drone images can be built into a mosaic."

"Increasingly farmers are making maps using information from beyond the visible spectrum, going into infrared and ultraviolet. This allows you to pick up information about things such as vegetation health."

Campbell says this gives farmers better information to help decision-making. It makes for greater productivity, less waste and more sustainability.

He says this is especially important when it comes to applying fertiliser, which is often one of the largest costs and a source of run-off into rivers and water systems.





# Software platform: A farm bonus

Farmers face increasing regulatory requirements. But what looks like an insurmountable obstacle is fast becoming a competitive advantage in New Zealand, writes **Tim McCready**

The FarmIQ farm management software platform is in use by over 4000 New Zealand livestock and dairy farms to support farm assurance, compliance, sustainability, productivity and traceability. Most recently, it is now meeting new demands faced by the industry post-Covid.

The platform was developed as part of the FarmIQ Primary Growth Partnership (PGP), a seven-year programme that began in 2010 with the aim to create a demand-driven, integrated value chain for red meat that could grow the value of the sector by 50 per cent by 2025.

FarmIQ's software is now jointly owned by Pamu Farms NZ, Silver Fern Farms, Farmlands, Veterinary Enterprises, and recently received investment from MSD Animal Health.

The agriculture industry is being



Above, FarmIQ CEO Darryn Pegram; left, Farmers can use FarmIQ to keep track of where their cattle are.

disrupted by the rapid emergence of digital technologies, along with increasing compliance and regulatory requirements.

FarmIQ's platform brings together all farming data into one place, helping farmers to run more productive, profitable and sustainable farming operations.

It combines detailed animal records with information about land, feed and people.

While some farmers solely use the platform for its recording and com-

munication efficiencies, others use it to compare and learn from the results of changing practices like planting crops or mating hoggets at different weights.

FarmIQ chief executive Darryn Pegram says the only way you can meet today's increasing demands is through digital technology.

FarmIQ's software pulls together all farm information into a single dashboard.

By sharing farm data with vets, processors and regulators, FarmIQ is

able to create value for the entire supply chain.

An example of the benefit of this was during the *Mycoplasma bovis* outbreak. A number of FarmIQ's farms were able to use records dating back 18 months to identify the movements of their stock.

With this proof, the Ministry for Primary Industries was able to significantly reduce the necessary stock cull on these farms.

There is also a growing awareness and demand from consumers about their food choices, seeking traceability of food across the supply chain.

In major markets around the world, customers are prepared to pay a premium for sustainable food grown and produced in New Zealand. This is only expected to increase in a post-Covid era.

"By treating compliance as a by-product of productivity, it makes compliance easy and improves the quality of information that flows through the entire ecosystem," says Pegram.

"FarmIQ allows producers to help tell the New Zealand provenance story on the world stage, while also demonstrating the integrity of its supply chain."

He says the pandemic has accelerated digital transformation in agriculture and highlights the need for digital transactions.

"This is likely to continue to escalate, as demand and requirements for biosecurity and remote assurance steps up."

Pegram says that FarmIQ's software platform has the potential to create new value for farmers the world over, and the recent investment in the company by MSD Animal Health – a division of global

healthcare company Merck & Co – is recognition of the considerable potential the FarmIQ platform has for use in global markets.

"We often field inquiries from farmers and agribusinesses in Australia and other countries that don't have comparable products."

"We can see that as software becomes an increasingly important part of hardware offerings, we'll have new opportunities to reach foreign farmers."

**Pandemic pivot**

FarmIQ's platform was able to help the industry quickly respond to the Covid-19 pandemic during New Zealand's alert level four.

During New Zealand's strict national lockdown, Synlait was able to continue audits on its farms with FarmIQ providing remote visibility of what was happening on-farm.

"Synlait were able to maintain their very high standards of food integrity while keeping their farmers, staff and auditors all remote from each other and safe from the spread of Covid-19," says Pegram.

"The process also offers efficiencies and is popular with farmers as less time is spent on farm looking at records."

"Synlait completed the audits with a short physical visit once lockdown was over."

While designed for farms, the FarmIQ team are using their software in their Wellington head office. All staff and visitors use the Safevisit app they developed with Farmlands for contact tracing.

"We knew FarmIQ was a fantastic biosecurity tool," says Pegram. "But we didn't really imagine it would be called on as a holistic solution for animals, plants and people too."



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# Better breeding decisions

**L**IC chief executive Wayne McNee says the agritech co-operative's \$70 million investment in genomics research and development is paying off.

"Genomics helps up predict which bulls will breed better. And it helps us do it more quickly," says McNee. "That means farmers can breed from a bull when he is younger."

"Traditionally we've had to wait until a bull has had daughters before we know how good he is. With genomics you can tell from before a bull is born whether he will be good. That means you can start using him as a sire as soon as he is mature. And you can use the first to sire other predictable bulls. This accelerates the rates of genetic gain quite significantly."

Using genomics takes about three years off the normal bull breeding cycle. McNee says on top of that benefit there is the knowledge the bull's sons will also be able to start breeding within a year.

"This is a real breakthrough for us. It gives a big step forward."

Now LIC research is moving on to the next stage. McNee says: "We're doing a lot more work on this in terms of identifying the traits of bulls. Producing less methane is part of that and also identifying bulls who sire cows that produce less nitrogen."

Genomics has a fast pay off for farmers because they see an accelerated gain in animal performance. Meanwhile LIC earns a return because it can charge farmers more.

This performance gain is vital. McNee says that after 20 or so years of increasing cow numbers in the New Zealand dairy herd, environmental restraints means numbers are now declining.

This year there will be 50,000 fewer cows. He predicts the numbers will continue to fall in coming years.

"If we are going to have fewer cows, we need to make sure the ones we have are better. So breeding becomes more and more of a focus. That's good for farmers and it is good for us."

Another step towards this goal is the Single Step Animal Model (SSAM). The project has been under way for some time, its commercial release was earlier this year. SSAM is a way of blending genomics with traditional breeding methods in a single step.

McNee says it has been peer reviewed both in New Zealand and overseas.

SSAM leads to a more efficient

Genetics is a long game but it can speed up herd improvement, as **Bill Bennett** reports



LIC coop shareholder's cows in Taranaki with wearable cow monitoring tech.



If we are going to have fewer cows, we need to make sure the ones we have are better. So breeding becomes more and more of a focus.

Wayne McNee

breeding programme because it gives farmers clearer information on the most profitable cows on their farm. This helps them make better breeding decisions.

The last year has seen a rise in demand for sexed semen, another technique to manage herds and make them more productive. It allows a farmer to choose a calf's sex and that gives farmers more flexibility.

McNee says sexed semen is widely used overseas, but until now has been less popular in New Zealand. In part

this is because our dairy farms are free range. Animals live and feed outside on grass pastures. They lead more natural lives and that means farmers tend to do all the breeding in season. There is a short, six-week window. New Zealand farmers time births so cows are milking in the spring when grass is growing.

Overseas dairy cows are often housed in sheds which have similar conditions year round. They are fed continually and can get pregnant at any time. Our short breeding

windows means there is a high demand for semen for that short time.

He says that farmers use sexed semen on their top cows and 95 per cent of the time they will choose a female calf. This accelerates the rate of genetic gain in a herd, but there are other benefits. When they don't need to produce a female calf, they will produce an animal that will go to dairy beef. This means there are less bobby calves.

Sexed semen is reliable, but it comes with a downside. McNee says

the sexing process damages the semen. This means you get fewer inseminations from a bull. Another downside for LIC is that it doesn't own the technology. It has to pay an American company to do the work and that makes it more expensive.

LIC's Hoofprint index is a recent addition to the catalogue showing the bulls available for use in the mating season. It gives farmers an insight into a bull's ability to produce cows that have a lower environmental impact. The Hoofprint Index gives bulls a score which shows how they rank for methane and nitrogen efficiency.

"We recently employed Tony Fransen, a rural environmental specialist. He's been helping us focus on environmental impact," says McNee. "Last year we joined the Sustainable Business Council and the Climate Leaders Coalition. That's lead to a focus on our internal business being more efficient in use of fuel and water. At the same time we've looked at what we're offering farmers in terms of improving their environmental impact."

"The Hoofprint Index is a piece of work Fransen has done with our genetics team. It identifies the bulls that will be more likely to have a reduced environmental impact in both methane and nitrates. It's not a perfect tool, but it ranks on a scale of one to 10 the likely impact. This gives farmers another option when choosing the bulls to breed from. Genetics is a long game, it doesn't happen overnight, but if you combine the tools you can speed up the improvement."

McNee says farmers are keen to produce more efficient cows using these tools.

Every year LIC publishes sustainability information about the improved efficiency of dairy animals and the extra value that creates for farmers. McNee says: "As part of the work we're doing now with Fransen and our internal team we are starting integrated reporting."

"There will be a light touch this year where we will produce a sustainability report alongside our annual report that will focus on we are doing to help farmers."

"We've a good story to tell consumers about our industry with our grass-fed, mainly free-range cows. Most other countries' dairy industries are not like that."

# Research yielding fruitful results

"As a country we aspire to a high income economy," says Gareth Edgecombe, CEO of T&G Global.

"To achieve this, we need to lift productivity – delivering more from scarce resources. At T&G, we're doing this by leveraging our intellectual property."

"Just like a2 Milk, Icebreaker, Allbirds and Zespri, T&G is being purposeful in creating and capturing value from its unique intellectual property."

"Throughout our 120-year history, we've developed and partnered with others to create valuable intellectual property – it's our genetics, our growing and production systems, our brands, our market access and our networks."

"At the heart of our global strategy is selecting and developing the best genetics to meet consumer and customer needs, with a real focus on apples, grapes and berries. Our recent partnership with Plant & Food Research is fully aligned with this."

"Earlier this year, T&G announced a partnership with Plant & Food

Research to breed and commercialise new varieties of blueberries to be sold globally. We know there's strong consumer demand for blueberries, so by teaming up with Plant & Food, we can secure exclusive rights to premium blueberries with superior genetics."

"This will provide consumers with bigger, tastier year-round berries, which will have improved yields and resistance to disease."

Within T&G's global footprint and end-to-end supply chain, lies significant expertise and sources of valuable intellectual property.

"At the same time as partnering with Plant & Food, we teamed up with one of the world's largest berry growers, CarSol Fruit Export. This will enable the year-round supply and sale of high-quality berries into Asia," says Edgecombe.

"By combining CarSol's global expertise in blueberry growing and commercial experience, with our in-market sales capability and unique knowledge of the Asian market, we can significantly increase blueberry



T&G Global's Director Innovation & Technical, Peter Landon-Lane with David Hughes and the team from Plant & Food Research.

sales into Asia over coming years."

T&G's innovation, technical and category teams continually search the world for unique genetics and

potential partners, which align with its strategy and augment its own strengths.

Its two protected premium apple

varieties, which trade under the Envy™ and JAZZ™ brands, are sold in over 40 countries. Last year, T&G built an enviable premium position in the United States for Envy™, with sales revenues increasing by 43 per cent and consumers voting it the number one apple in the market. With its ability to maximise opportunities across its global network, the future growth potential of T&G's apple category is significant.

In the coming weeks, T&G, along with its Hot Climate Programme partners, will commercialise the first apple from an exciting pipeline of varieties which is bred to withstand the world's hottest and driest conditions.

"This world-class breeding programme is designed to specifically tackle challenges such as sunburn and firmness, which are associated with a warming climate. It'll ensure consumers can continue to enjoy crisp, tasty apples in the future, and that we deliver increased value to growers through unique IP," says Edgecombe.



# Miro aims to be baby Zespri

A partnership between iwi and investors is turning under-utilised Māori land into high-value horticultural production and becoming a major blueberry exporter, writes **Graham Skellern**

**L**iz Te Amo forged a successful public service career pursuing trade promotion and developing Māori economic development policy. But after 18 years, Te Amo – whose iwi is Te Arawa – knew it was time to return to her home roots.

Te Amo says her work at New Zealand Trade and Enterprise and Ministry of Business, Innovation and Employment (MBIE) taught her that “I love building businesses, especially Māori ones.”

Having moved from Auckland to Tauranga in 2018, Te Amo is chief executive of Miro LP and is focused on developing high-value horticulture on under-utilised Māori land, and creating jobs for Māori in rural communities.

“It’s our version of economic rangatiratanga – determining your own economic future,” she says. Miro’s long-term goal is to transform 500-1000 hectares of Māori land into productive horticulture.

Miro is a partnership with 28 Māori authorities and investors; among its directors are lawyer and chair Rukumoana Schaafhausen, former Zespri chief executive Lain Jager, agricultural entrepreneur Steve Saunders and former Fonterra executive Bob Major.

“Our aspiration is to build a Māori global brand and become a major player in blueberry production,” says Te Amo. “There’s no reason why we can’t grow to a \$200 million business by investing wisely, innovating and expanding on Māori land.”

“We are talking about a \$52 billion Māori economy in New Zealand – and the trick is to have well-managed and governed businesses, underpinned by Māori values and environmental sustainability.”

Miro has organised a supply chain of 12 blueberry orchards around the North Island, formed Berry Packers with six Bay of Plenty growers, and signed up with marketer and distributor BerryCo, based in Tauranga. The aim is to become “a baby Zespri” by co-ordinating all the parts of the value chain.

Seven of the blueberry orchards will be harvested for the first time this year, while others are under development. Miro first established its pilot Fort orchard in 2018 with 24,000 plants, after leasing three hectares from a local family in Te Teko, eastern Bay of Plenty.

Miro created an intensive growing system to increase productivity.



**Liz Te Amo: Miro’s programme is our version of economic rangatiratanga – determining your own economic future.**

Our aspiration is to build a Māori global brand and become a major player in blueberry production’

Liz Te Amo

The Eureka blueberries, from the Australian Mountain Blue Orchards, are planted in pots in rows of polytunnels. The plants are fed by a fully controlled “fertigation” system, creating a low environmental footprint.

Miro is aiming to increase productivity from four to 25 tonnes a hectare when the plantings mature in five years. “Potentially, the returns can be as good as gold kiwifruit in five years,” says Te Amo.

The Fort’s first harvest at the end of last year produced 50 tonnes of blueberries or 85,000 trays, and Miro expects to increase the orchard’s production to between 75 and 80 tonnes this year.

Across the road in Te Teko, Miro is developing an 18ha orchard with the potential to produce 580 tonnes of blueberries after obtaining a 20-year lease from the Meihana Koata Trust. Stage one with 40,000 plants has just been completed.

The \$8.5 million project has attracted a \$2.125m Provincial Growth Fund loan, Miro has invested \$1.5m and is planning to raise a further \$2.6m.

Miro also obtained a Ministry of Social Development grant of \$1.3m for an employment and training pro-



**Stage one of the Meihana Koata orchard at Te Teko is completed, with 40,000 blueberry plants growing in rows of polytunnels.**

gramme. So far Miro has employed more than 150 local Māori for the Fort and Meihana Koata orchards with nearly half of them coming off the

benefit. “That’s GDP going straight into the households, whanau and rural communities,” says Te Amo.

Miro has organised 50 hectares of

## Liz Te Amo

Liz Te Amo was a regional development advisor, Director of Projects North Asia managing trade shows in China, Hong Kong, Japan and South Korea, and Director of Māori Business at NZTE between 2005 and 2015.

She helped establish New Zealand Central in Shanghai which has become an important hub for exporting companies to host meetings and functions and grow their business in the lucrative Chinese market.

In 2016-17, Te Amo was the MBIE’s executive director of the Māori Economic Development Unit responsible for leading the national Crown-Māori economic development strategy and partnership.

She graduated with a Bachelor of Commerce from Auckland University, studied at the Stanford University Graduate School of Business, completed the INSEAD Advanced Management Programme, led the Te Hono Primary Sector Leaders group and was a member of New Zealand Rugby’s commercial committee and Waitaha Group Holdings.

Born and bred in Auckland, Te Amo spent her holidays with her grandmother and hapu in Te Puke. “I remember as a 14-year-old I was packing kiwifruit during the school holidays.” Her father lives in Maketu and two sisters are in Tauranga. Te Amo says Miro provided the opportunity of going home – it was a dream job working with 28 iwi and landowners, introducing horticultural skill sets and lifting the potential and value of Māori land and their people.

plantings in North Island and plans to step up production to nearly half New Zealand’s present blueberry production of 2800 tonnes.

Te Amo says 50 per cent of Miro’s production is exported to Asian markets and the remainder is supplied to New Zealand supermarkets and other outlets.

She built up plenty of experience working with New Zealand exporters during her 16 years at New Zealand Trade and Enterprise (NZTE). “I have a real passion growing international business and I’m committed to Māori economic development – it’s the fastest growing part of the New Zealand economy.”

# Oceans of untapped opportunity

## Volker Kuntzsch

There’s a lot of ocean around us. In fact, 96 per cent of New Zealand is ocean. We have the fourth largest exclusive economic zone (EEZ) in the world, and one of the few that does not overlap with any other country’s EEZ. Our oceans teem with a species diversity and our fisheries management system is considered best in class.

Yet we largely talk about land. We strategise, scrutinise, collaborate to maximise the value from that “4 per cent”, trying to balance economic objectives with environmental pressures.

It seems remiss to me how rarely New Zealand reflects on the vastness of ocean surrounding our home. The potential for us to tap into our oceans, both environmentally and economically, to create sustainable



**Volker Kuntzsch:** My goal is a single vision for our blue economy that protects and provides on behalf of us all.

value and health for every New Zealander is vast.

My goal is to shift emphasis to our oceans – the largely forgotten 96 per cent of New Zealand – and see stakeholders collaborating selflessly to create a single vision for our blue economy that protects and provides on behalf of us all.

We need to consider an Oceans Strategy (or policy) for New Zealand.

A smart Oceans Strategy will fast-track much needed decisions surrounding the utilisation of water space to farm the most environmentally-friendly protein.

For example, the promotion of aquaculture through the creation of a more enabling environment, allowing for improved water space allocation, easier access to funding, and state-of-the-art infrastructure in

manufacturing and logistics would immediately benefit existing operations.

Value encompasses the ability for companies to invest in processing facilities in regional New Zealand to produce face masks made from fish waste or to manufacture nutraceuticals made from Greenshell mussels.

Beyond that, we could be as bold as considering a national focus on seaweed that would range from identifying appropriate farming regions and methods to innovating farming technology and products like high-value algae oil extracts or pharmaceuticals. Add seaweed’s potential to sequester carbon to the mix and we have a species that provides a basis for a large-scale multi-stakeholder project that would have benefits for the environment, economy and people.

These ideas are a start. Where we

end up, well, the world is our oyster.

There is generally a good collaborative spirit in New Zealand, especially when you talk to a cross-sectoral group, including the Crown Research Institutes, a very innovative environment that has given rise to some game-changing ideas like Precision Seafood Harvesting and SpatNZ, the world’s only Greenshell mussel hatchery.

With climate change being our greatest challenge, the initiative we need to drive is the adaptation of our fishing and aquaculture industries to likely developments we anticipate.

New Zealand’s ocean – our moat – is positioned to protect and sustain the country into an unknown future. There has never been a more perfect time than now for the innovative spirit and caring nature of Kiwis to navigate the course for its success.

● Volker Kuntzsch is CEO, Sanford



# Transforming food systems

**T**hroughout an absorbing career Maury Leyland has been associated with transformation. She has never shied away from new challenges and is now determined to be in the forefront of transforming the primary sector.

After Leyland left the Fonterra executive team in 2016 and her husband Dr John Penno stepped down as chief executive of Synlait Milk, the public-listed company he co-founded, they established Okuora Holdings to invest in innovative, early-stage growth companies focussed on sustainable agriculture and future foods.

"There are environmental pressures, and consumers are becoming more demanding, seeking out higher quality products and wanting to know the provenance of the food. They are also moving to plant-based diets," Leyland said.

"We have become too dependent on a small range of exports. There's nothing wrong with the beef, sheep and milk products – they still attract global demand – but we need to have a strong portfolio of exports with a fantastic environmental story behind them. We do meat, wool and dairy, apples, kiwifruit and wine really well, but the list gets a bit thin after that."

Leyland, who earned first class honours in engineering science at Auckland University, held a range of positions in strategy, operations and HR during her 11 years at Fonterra, after a nine-year stint as strategy consultant at The Boston Consulting Group.

She was formerly a member of the Team New Zealand America's Cup design group, a director of Spark and also Transpower New Zealand, and a member of the Lincoln University Transformation Board.

She is presently an independent director of Genesis Energy, a member of the Te Hono Movement's steering committee, and chair of the Auckland-based Education Hub which produces research and the tools to improve school teaching practices.

Leyland and Penno, an agricultural scientist, formed Okuora Holdings in mid-2017 and its investments all link to high-value agriculture and food production.

Leyland and Penno have taken stakes in Auckland-based Pastoral Robotics which has developed technology to reduce nitrogen leaching in the paddocks; Wellington-based Regen which employs sensor technol-

ogy and farm data to manage irrigation and effluent systems, using the right amount of water; and QR code company, Trust Codes, that traces the origin and tells the story behind individual products (Leyland is the chair).

Okuora owns half of the 18 hectare Wangapeka River Hops farm near Nelson and has a 30.43 per cent stake in The Pure Food Co, which provides pureed, fortified and shaped food to the elderly in hospitals and aged care facilities in New Zealand and Australia.



**Maury Leyland: "We haven't backed down on our [investment] strategy because of Covid. We want to be on the journey of serving high-end consumers and not just stand on the sideline."**

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Nelson and has a 30.43 per cent stake in The Pure Food Co, which provides pureed, fortified and shaped food to the elderly in hospitals and aged care facilities in New Zealand and Australia.

"New Zealand grows beautiful hops with great aromatic flavour. Hops grown here are largely exported

and in high demand with brewers.

"The Pure Food Co has utilised New Zealand products to develop pureed food for people who are in need of extra nutritional support," said Leyland.

"They are now making dishes that are shaped like proper meals and encourage people to eat well and improve their health and wellbeing." Penno chairs the company, and Leyland is a fellow director.

Leyland and Penno, who commute between Christchurch and Auckland, also established Leaft Foods at Lincoln to develop a high-quality plant protein powder that can shake up the concentrate ingredients market here and overseas.

It is likely to compete strongly with the traditional plant protein ingredients like pea and soy protein – and The Pure Food Co will no doubt

become a Leaft customer.

The Leaft protein, based around the abundant and energy-rich rubisco, is extracted from green leafy plants such as lucerne or oats.

After being harvested and juiced, the manufacturing process produces the rubisco protein powder.

As a by-product, the manufacturing process produces high carbohydrate silage feed for stock and reduces nitrogen loadings on farms. By using leafy crops that remove nitrogen from the soil, Leaft expects to produce protein with a lighter environmental footprint and greater nutritional advantages.

Leyland said Leaft was conducting "an awful lot of trials" and the plant protein should be commercial within 18 months to two years.

"The British produced a green protein during World War II but it wasn't very delicious," she said.

"We have produced a white protein that doesn't have a strong taste – you want the flavour of the other ingredients to be the stars. We made a pavlova and the protein performed well, showing strong foaming and gelling properties."

Leyland said a number of global food companies had shown interest in the Leaft plant protein.

"There's no reason why farmers around the country can't grow the green leafy crops for our protein and at the same time they benefit environmentally."

"That would involve a significant volume of protein and shipping thousands of tonnes. That's the potential of our food ingredient."

During the Covid-19 lockdown Leyland and Penno bought a 700ha sheep and beef farm in North Canterbury alongside the Hurunui River and called it Okuora Farms.

It's an ideal opportunity for them to put their innovative farming systems into practice.

"We have the chance to produce fine wools and high-value meat, we can grow the green leafy plants for protein and some horticulture on the flats – it may be hops, apples or something novel. We will look at a forestry option and it won't necessarily be pinus radiata," Leyland said.

"We want to be able to tell great stories about our products, their taste and where they come from. We haven't backed down on our [investment] strategy because of Covid."

"We want to be on the journey of serving high-end consumers and not just stand on the sideline."

"It's fun and it's challenging."

There's nothing wrong with the beef, sheep and milk products, but we need to have a strong portfolio of exports with a fantastic environmental story behind them.

Maury Leyland

## Breaking global barriers by supporting digital trade

**Stephanie Honey**

An agreement signed recently by New Zealand, Singapore and Chile tries to establish ground rules for digital trade – e-commerce, cloud computing and other so-called "weightless" exports.

While this is a great example of creative trade policy among small, open, agile economies, the real value will come from getting others to join the party.

There would be few New Zealanders who have not used e-commerce at some point to buy something from overseas on Amazon or Alibaba. But the term digital trade encompasses many other virtual ways of doing business across borders, such as selling services via a website, streaming creative content like movies or music, video-gaming, the use of digital technologies in supply chains such as blockchain, cloud-based customer databases or back-office tools, and many others.

Digital transformation has largely outpaced the development of trade rules. New Zealand has grappled with this through a handful of recent trade deals, including the Comprehensive and Progressive Agreement for Trans-

Pacific Partnership (CPTPP).

However, a new agreement with Singapore and Chile, the Digital Economy Partnership Agreement (DEPA), helps lay the groundwork for a far more digitally-focused trade policy – all the more timely given the lessons of Covid-19 on the importance of digital ways of working and doing business.

DEPA includes twelve modules, or subject-specific sections, spanning from the relatively mundane (for example, acceptance of electronic versions of export certificates) through to undertakings to work on principles for complex new technologies such as artificial intelligence (AI).

In the more detailed sections, the agreement builds on provisions already been enshrined in the CPTPP, for example on e-commerce. In other areas, such as cybersecurity and innovation, the emphasis is on deepening mutual understanding and collaboration towards eventual rules. The agreement also aims to ensure that the benefits of the digital economy can be shared as widely as possible – for example, by encouraging co-operation on upskilling women and indigenous people in the digital economy, and by



setting up a Digital SME Dialogue to promote the agreement's opportunities for small businesses.

For New Zealand exporters, the biggest short-term benefits are likely to come from the way DEPA tries to unlock practical digital tools – for example, being able to use e-invoicing when doing business with customers in Singapore or Chile. In the longer term, new rules that may be elaborated – on key emerging technologies such as AI or digital identity, cybersecurity, or ensuring a level playing field for business – should help to create a more

Digital transformation has largely outpaced the development of trade rules.

Stephanie Honey

trusted, safe and innovative digital environment for Kiwi firms and consumers. Inputs from businesses and others on various DEPA workstreams, which the Ministry of Foreign Affairs and Trade is encouraging, will help policymakers to understand what matters most.

This agreement burnishes the reputation of New Zealand, Singapore and Chile as creative thinkers when it comes to trade. But DEPA's significance does not sit primarily with the current members; it matters most for its demonstration effect to the wider world. The agreement has been designed to be open to newcomers, and to expand in both scope and membership over time. Obvious candidates would include others in CPTPP, on which many of its more substantive provisions are based; it would be good, too, to triangulate with

Australia, given the close integration of economic activity across the Tasman, including on areas such as e-invoicing, and in light of a similar agreement that Australia signed earlier this year with Singapore. Looking further afield, British Minister of State for Trade Policy Greg Hands noted in a recent webinar with New Zealand stakeholders on the prospective UK-New Zealand FTA that the UK was interested in the DEPA model too. And the agreement could also influence those taking part in the WTO negotiations on e-commerce currently facing headwinds in Geneva. Why might others seek to join?

In short, if adopted more broadly, in whole or in part, DEPA could help enable truly global, 'borderless' modern trade.

● *Stephanie Honey is Associate Director of the NZ International Business Forum*



# Has Covid-19 changed the election dynamic?

As we emerge from Covid-19, our focus is on working with farmers and growers to continue to drive our economic recovery. Overseas consumers are now more than ever looking for healthy, New Zealand-made food – we've seen that with the sustained demand for fresh fruit, particularly in Europe and North America and the strong demand for red meat in China.

The Covid-19 pandemic has highlighted the vital role that farmers and growers play in New Zealand's economy, and as a key part of our social fabric. As an "essential service", the primary sector helped feed Kiwis in lockdown and sent our high-quality food and fibre to international consumers despite the trade challenges.

Together, we kept places like Kiwifruit packhouses and meat works operating while limiting the spread of Covid-19. That is something other countries have struggled to achieve.

It's important to recognise the great work under way in the primary sector – we were already adapting and transforming before Covid-19 happened. The ability to adapt means our primary sector exports are tracking to be 4.5 per cent higher this year than last. Given the effects of Covid-19 across economies, it's something everyone can reflect on with pride.

But where to from here? Along with the sector, the Government is focused on creating more demand, pursuing greater market opportunities to generate higher export returns, and growing rural communities with new jobs.

There are several strands to that work – and all of it is done in partnership with farmers and growers.

First, we are training more workers. By supporting new start-up training courses at farming institutions such as Taratahi and Telford, we give people a practical taste and basic skills for work in the primary sector.

Budget 2020 included \$19.3 million to place 10,000 people into primary sector jobs, \$128 million for jobs to help control wilding pines and get populations of wallabies under control, and a \$110 million worker redeployment package to create employment for people who



● *Damien O'Connor is the Minister of Agriculture and also holds the portfolios for food safety, biosecurity and rural communities.*

have lost their jobs due to Covid-19.

We are equipping farmers and growers with the right tools to measure and reduce emissions through He Waka Eke Noa.

All of this work on our strong environmental credentials is critical to securing high-quality Free Trade Agreements – some of which kicked off this week. Overseas consumers are prepared to pay more for a trusted and sustainably-grown product.

That's one of the reasons why we are working on cleaning up our waterways with our freshwater reforms and making sure farmers and growers have good plans in place to farm in the best way possible. We're backing farmers on the ground through catchment groups, extending the work they've started, to improve knowledge about riparian planting and to get more information about sustainable practices.

Finally there's the project work – all of it focused on helping our farmers and growers and lifting the value the sector gets for its products, which will underpin our economic recovery. That's why MPI's Sustainable Food and Fibre Futures programme is investing \$40m a year in innovative projects to help the primary sector, and we've made \$19m available to help drought-stricken farmers in the regions so far this year – including an extra \$3 million in the drought relief advice fund just this week.

Covid-19 has helped remind me just how much other countries look to New Zealand for safely-produced food of a very high standard.

New Zealand food and fibre is not just good for us, it's good for the world. I know we can make the most of our strengths, while providing an environment for more creativity and innovation.

In times of crisis, New Zealand always reverts back to its competitive advantage. We have the best climate in the world for farming, secure borders, a reputation for environmentally friendly products, established brands, the most competitive and accomplished farmers, and a history of innovation and adaption.

These are the key drivers of our success. In a post-Covid world, farming is being valued once more in the community. Before this pandemic, economists from Deloitte Access Economics had ranked agribusiness and food processing as two of the five key "industries of opportunity" for future growth.

This is an important time for farmers to take advantage of the public mood. This is an opportunity to enhance their role as exporters and the future of the country.

The true test of our success in building the future of farming will be how we attract talent, on and off-farm.

There are five main avenues we need to utilise to attract this talent:

**Maintaining the next generations of our farming families**

They have it in their blood and we should enable them to gain off-farm skills and practical experience so they can actively manage farms and achieve farm ownership.

**Our Māori communities**

They've been here for a long time and respect and understand the land better than anyone. They are natural farmers with extensive agricultural interests. Māori can farm for the greater good.

**Our urban population**

We need to show that farming is an accessible and exciting career option.

We should be encouraging young and old from all over New Zealand to have a career in agriculture.

**Women in farming**

Farming needs to encourage women to enter the workforce and there should be equal



● *David Bennett is National's agriculture spokesman and a former Food Safety Minister*

opportunities for women to take active farming roles and achieve farm ownership.

**Migrant populations**

Migrant labour has played a crucial role in our rural communities and has filled a significant shortfall in on-farm employees. There needs to be a genuine pathway for these farmers to make New Zealand their home.

The Government has a role to play in delivering an environment in which farmers can succeed. Farmers want certainty of regulation and a fair playing field. Going forward, our markets and our urban communities will demand greater sustainability in agricultural practices. Targets need to be practical, achievable, and science-based.

Technology will be vital for growing the sector. Our on-farm research and development needs to be world-class. We need a range of agritech industries that will be the cutting edge of IT and on-farm solutions. The Government can assist through ensuring farmers are connected with comprehensive broadband coverage.

Government needs to deal with hard issues like water storage to combat drought and to assist in best land use. Government assistance for infrastructure can enable farmers to be innovative in the products coming from these land and water resources.

A post-Covid world will focus on diversified products and markets. We are lucky to have such a strong primary sector and resource of talent. Our future will rely on attracting the next generation to continue this legacy.



## Improve your footprint with HoofPrint®

Selecting bulls for your future progeny has always been about herd efficiency, sustainability and improvement. Now we're making the sustainability part a little easier.

LIC's new HoofPrint® index assigns bulls a score based on their progeny's estimated methane and nitrogen efficiency. The higher the score, the more improvement on your farm and the environment. And that could give NZ, a greener footprint.

Talk to your Agri Manager about the HoofPrint index today.

There's always room for improvement





# Food for long-term thought

Primary production is not a sunset industry, but it must continue to evolve, writes **Sir Peter Gluckman**

Over the past few months Kōi Tū: The Centre for Informed Futures has explored New Zealand's post-Covid future through a series of conversations with industry leaders, policy makers, scientists and stakeholders. Two discussions, on the future of our food and primary production system ([www.informedfutures.org/the-future-of-food-the-primary-sector](http://www.informedfutures.org/the-future-of-food-the-primary-sector)) and that of our environmental challenges ([www.informedfutures.org/the-environment-is-now](http://www.informedfutures.org/the-environment-is-now)) converged, and raised some interesting challenges.

The future of New Zealand's food production needs to be value-based; reflecting both those embedded within our society and those of consumers. But that future cannot be considered in isolation from our environmental, cultural, social and economic futures, and it requires strategic alignment over many decades, rather than a three-year political cycle.

Can we leverage the international interest in our unique national values, attributes and our status as a leading producer of elite primary products? Could this be the basis for the renewal of New Zealand's national brand? Alongside this, the commercial case for sustainability is becoming much more apparent, with a sustainable business model integral to success in uncertain times.

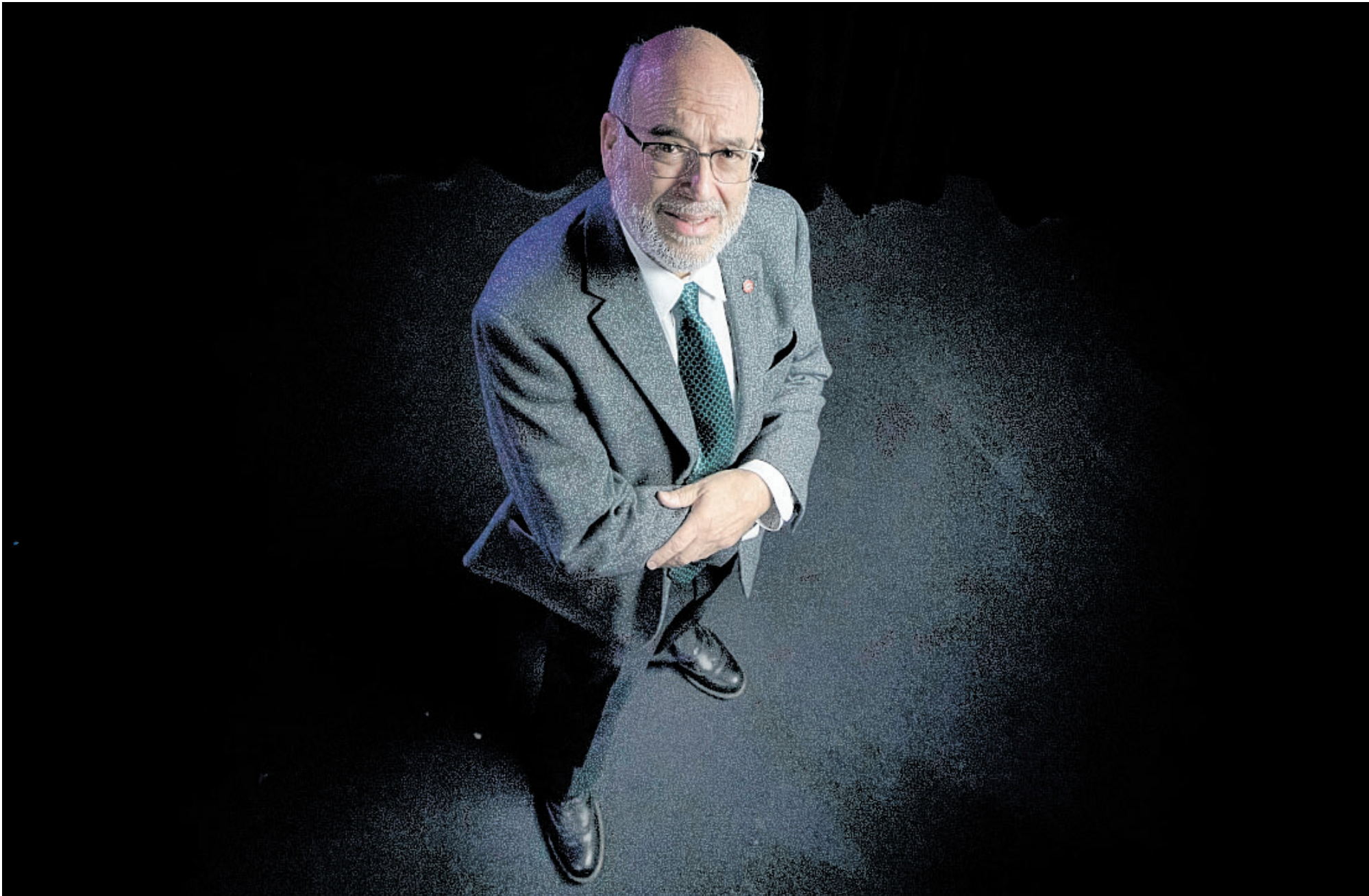
There is a need to re-evaluate existing paradigms, business models and mindsets. Supporting this, there must be an integrated strategy with a common set of goals, based on a collective, cross-sectoral agreement that links economic, social and environmental aspirations.

Business-as-usual, incremental approaches will not lead to the necessary transformation.

Underlying issues such as the determination of land use, water access and quality issues must be pulled out of the too-hard basket. The system must adapt to the changing weather patterns as climate change will make some current practices and land uses untenable. Climate change will also heighten the risk of biosecurity incursions, which threaten plant production and animal health, as well as native biodiversity.

And the system must evolve towards carbon neutrality.

The common assertion that our food production is a mature industry is wrong. There are major opportunities, both terrestrial and aquatic, but a more strategic approach to research and development is needed. Incentives in the New Zealand research system have a largely short-term focus. To be strategic, the



science system needs to fix its splintered nature and the misplaced incentives on which it is based.

The make-up of the private sector creates challenges, because most producers and manufacturers are small businesses.

We need investment in research to support an increasingly technologically-based sector. Many different technologies, including sensors, big data and artificial intelligence, and breakthroughs in the life sciences will dramatically change agriculture and food production systems around the globe.

We must invest to ensure food safety and provenance traceability, and in data sharing across the sector.

Claims for alternate farming systems at scale such as regenerative agriculture will need to be supported by contextually relevant research. Non-animal-based foods, replacing meat and milk, using advanced technologies based on plants or fermentation are rapidly emerging. Barriers to exploring the potential of advanced life science technologies to assist our food system need to be periodically reassessed. New food-

There are major opportunities, both terrestrial and aquatic, but a more strategic approach to research and development is needed.

Sir Peter Gluckman

processing systems, such as 3D printed foods and sustainable packaging, are developing in response to changing consumer preferences.

The necessary adaptations, investments and innovations will take time, but need to be planned for now.

We need a national marine strategy that allows for innovative, sustainable aquaculture development and investment while supporting the preservation of marine ecosystems and biosecurity – perhaps we need a ministry for the oceans.

We need to consider workforce requirements in the primary sector, including psychosocial needs of rural communities and training for future

high-tech production methods.

There are increasing calls globally for dramatic changes in food consumption, in particular a move away from ruminant- to plant-based foods to reduce environmental impacts and enhance health. This could significantly affect the acceptability of our pastoral products in some markets although niche markets will remain for quality products. Can we rely on those alone? Domestically we have too many people with food insecurity. Our public health and education systems have failed badly with respect to nutritional advice and regulation of unhealthy marketing.

Can New Zealand become a global leader in sustainability across the

entire food system? We need a clear narrative – can we develop a “sustainable New Zealand” brand, but one supported by validation, certification and labelling? Taking a proactive approach to emphasising the qualities of sustainable, low-carbon dairy production, agriculture, horticulture, fisheries and aquaculture could be highly valuable. It is critical that government agencies take a more co-ordinated and co-determinative partnership with scientists, producers and manufacturers to support the sector's journey towards a resilient future.

The socio-economic consequences of Covid-19 and presents an unparalleled opportunity to rethink our future acknowledging the many accumulated issues that need to be addressed. In doing so we can accelerate transformation of our core export industry towards a more sustainable and profitable future. Primary production is not a sunset industry, but it must continue to evolve.

We will continue to depend on it. ● Sir Peter Gluckman is Director of Kōi Tū: The Centre for Informed Futures



**NZ Herald Agribusiness Report is one of a series of eight Business Reports published annually.**

These Reports are premier, business-to-business publications providing critical sector insights alongside robust informed content and commentary about issues that matter to New Zealand businesses. The Reports canvas the views of Cabinet Ministers, business leaders, and business organisation chiefs.

This sits alongside expert commentary from respected thought-leaders through interviews and in-depth articles written by the Herald Business Reports team.

The Reports are distributed within the NZ Herald and the editorial content is carried online at [nzherald.co.nz/business](http://nzherald.co.nz/business) section.

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**PUBLISHING CALENDAR FOR THE BUSINESS REPORT SERIES 2020**

- Agribusiness Report – June
- Capital Markets – July
- Mood of the Boardroom – August
- Infrastructure – October
- Sustainable Finance – November
- Dynamic Business – December

\*Dates can be subject to change



# Catalyst for culture change

Outgoing Fonterra chair advocated back-to-basics approach to become match-fit, reports **Bill Bennett**

**J**ohn Monaghan did not hesitate to make sweeping changes when he became Fonterra chairman in mid-2018 shortly after the dairy co-operative posted its first ever loss.

It was a difficult moment in the dairy co-operative's history.

Monaghan is preparing to step down as chairman at Fonterra's annual meeting in November after 12 years as a farmer-director.

He says the two years he has spent as chair has seen the co-operative go through the most significant period of change since it was established in 2001.

"When any business is facing a headwind you have the choice to make tweaks or a fundamental change. The board and myself opted for fundamental change," he recalls. "A big part of that was to reflect on the New Zealand dairy industry, where we are and the huge opportunity. There's confidence and quality behind our dairy, people will always pay for that."

Within days of taking up the reins Monaghan was active. "We brought in a new purpose, new strategy, structure and culture."

He felt the business had somewhat lost its way culturally and set about uniting everyone under the banner of "You, me, us, together".

The new strategy has been at the core of the change in processes central to refreshing Fonterra's culture and behaviours.

Transparency has been a key theme during Monaghan's time as Fonterra's chairman. "Being a governor of a co-op brings demands and an accountability that you don't always see in other organisations."

"It's not just about turning up to an AGM once a year. Our shareholders expect contact as part of the cultural reset."

Monaghan and chief executive officer Miles Hurrell also communicate in plain language.

The chairman says they talk like farmers, even though they are running a global business. It's a way of staying connected to the shareholders and their culture.



We've delivered substantial wealth for not only our farmers but for New Zealand. We've grown from a \$6.3 billion industry in 2001 to an industry that's forecast to produce more than \$19 billion today.

John Monaghan

Likewise he had a focus on rebuilding trust. "We burned off some of the trust with our performance. First with our farmers and shareholders, then second with the wider New Zealand public. The only way to correct that is how we turn it around with our new purpose and doing what we say we are going to do."

Monaghan has never lost sight of the fact Fonterra is a co-operative, not a conventional corporation. He says

this is one of the company's greatest strengths and the aspect he is most proud of.

"In the late 1980s, dairy was seen as a sunset industry. Tourism and banking were going to be the future. But here we are," says Monaghan. "We've delivered substantial wealth for not only our farmers but for New Zealand. We've grown from a \$6.3 billion industry in 2001 to an industry that's forecast to produce more than

\$19 billion today. It is our largest exporter, but it is still largely owned by mum and dad New Zealand dairy farmers. For every dollar of income, 50 cents goes back to the regional economies.

"We're really conscious of that." Monaghan says Fonterra's business is food, which he regards as exciting. Customer needs and tastes constantly change. There's a lot of energy when it comes to new product development or reaching new and emerging markets.

"As a co-op one of our biggest advantages is our scale and global reach," says Monaghan. "At a time like this when there is a global crisis our ability to put a farmer's milk into the products and into the places where they are most valuable is important. We can do this at scale. We are also able to leverage long-standing logistical partnerships with the likes of [Danish shipping company] Maersk."

"Over the last couple of years we've had good farm gate milk prices. Our financial results are solid and the balance sheet is in a much healthier

state. If you look at where we went with our portfolio review, it has helped us to dramatically reduce debt over the last two years."

The result of all this work is to build an organisation Monaghan says is now "match fit" and well-positioned to deal with the post-pandemic global economic turnaround.

This means getting back to basics. He says for a while Fonterra was trying to be all things to all people. Take the sale of the Tip Top ice cream business. Monaghan says it was an easy decision as Fonterra is not a confectionery company.

He readily admits Fonterra would not have been in shape to weather the coming storm had Covid-19 happened two years ago.

"It wouldn't have been a good place for us. The fact that we made those changes and have been focused about making them, regardless of external criticism, with a focused board and management team conscious of turning up and doing things differently, doing more listening and getting on with the job."

Monaghan grew up in a farming family. Both his father and grandfather ran dairy companies. He says one of the biggest changes he has seen in his lifetime is the level of compliance needed on a farm.

"A lot of that change was needed. It's around animal welfare, health and safety, milk quality and environmental standards. They are good things for our industry, but they come at a financial cost."

"Most farmers get into farming because they have a passion for working with animals or the land. They don't have a passion for paperwork. That's one of the areas where our co-op can help so they spend less time doing that."

"Today roughly a quarter of our farms have environmental plans. Our target is to get that to 100 per cent by 2025. I'm proud of that achievement to date. There is limited land in New Zealand; there's an expectation for farmers to reduce their environmental footprint. So the only way we can grow dairy now is to grasp value through innovation."

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# Virtual Fielddays a ‘first’ for New Zealand Agri

Fielddays Online is launching this July for the first time in the 52-year history of Fielddays and will run for two weeks, from the 13-26th, instead of the usual four days in June. The programme includes digital exhibitors, presenters and all the usual Fielddays deals and entertainment, but in a virtual framework. Here’s what to look out for.

## Fielddays Kitchen Theatre

Chefs and foodie personalities with strong links to Fielddays will take the stage to delight and entertain viewers.

- Local food heroes who continue to support the Fielddays and our rural communities include Simon Gault, Michael Van de Elzen, Brett McGregor, Nici Wickes, sisters Kasey and Karena, and Belinda McDonald. Presentations will expand on the New Zealand food story while inspiring every day at-home chefs with local ingredients.

## Fielddays Future Focus Seminar Series

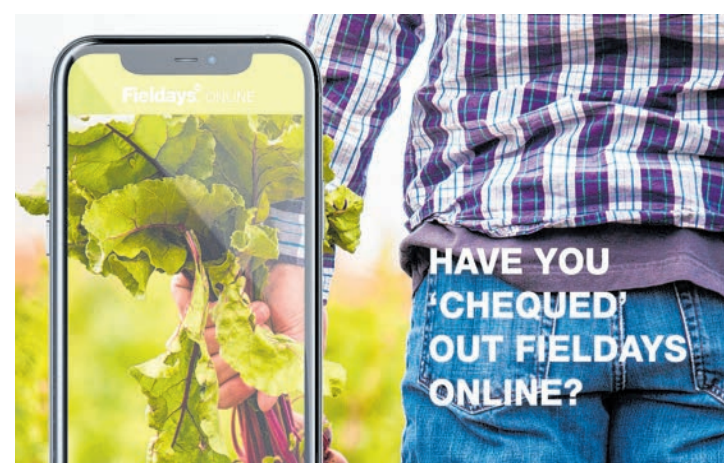
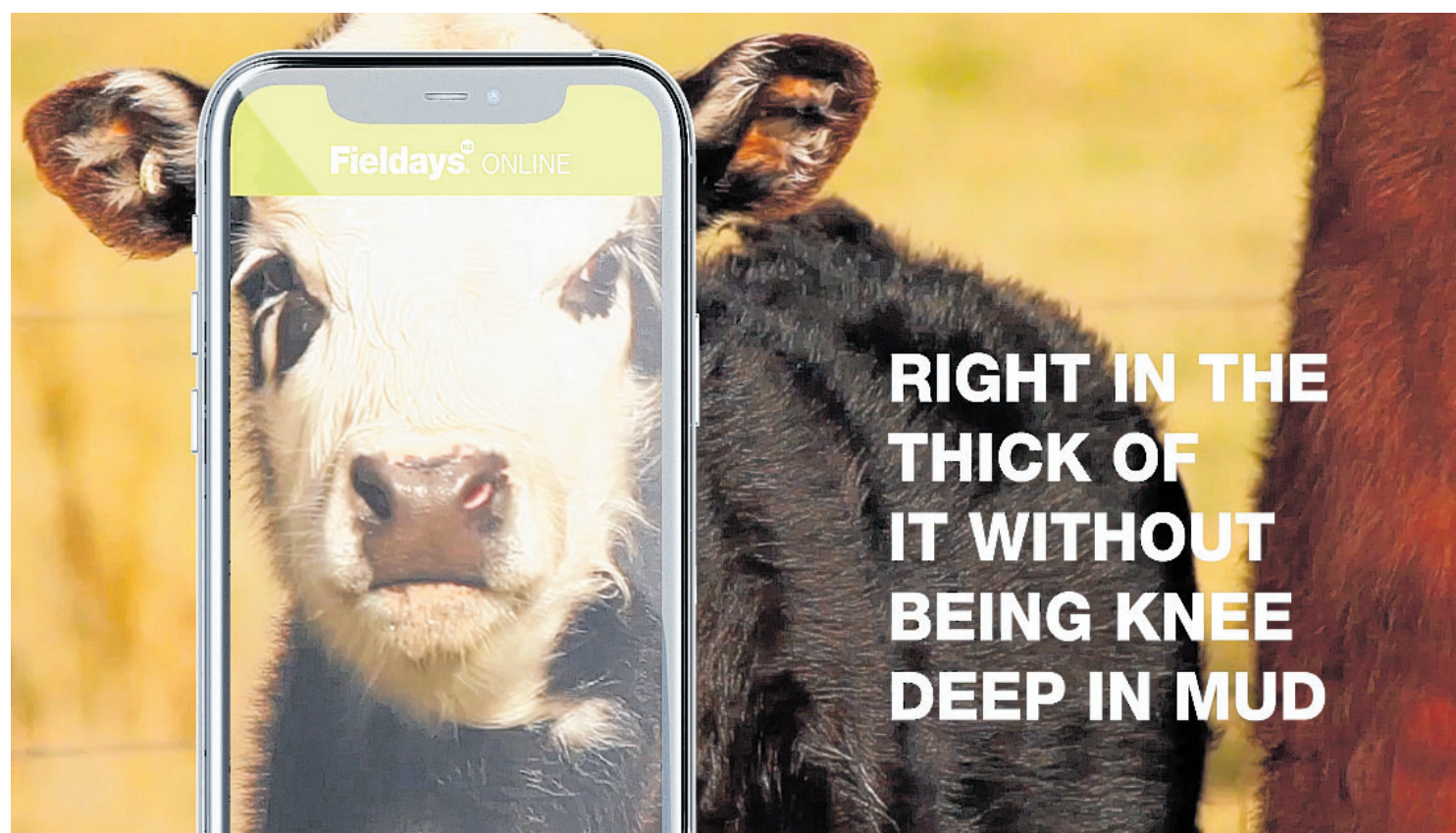
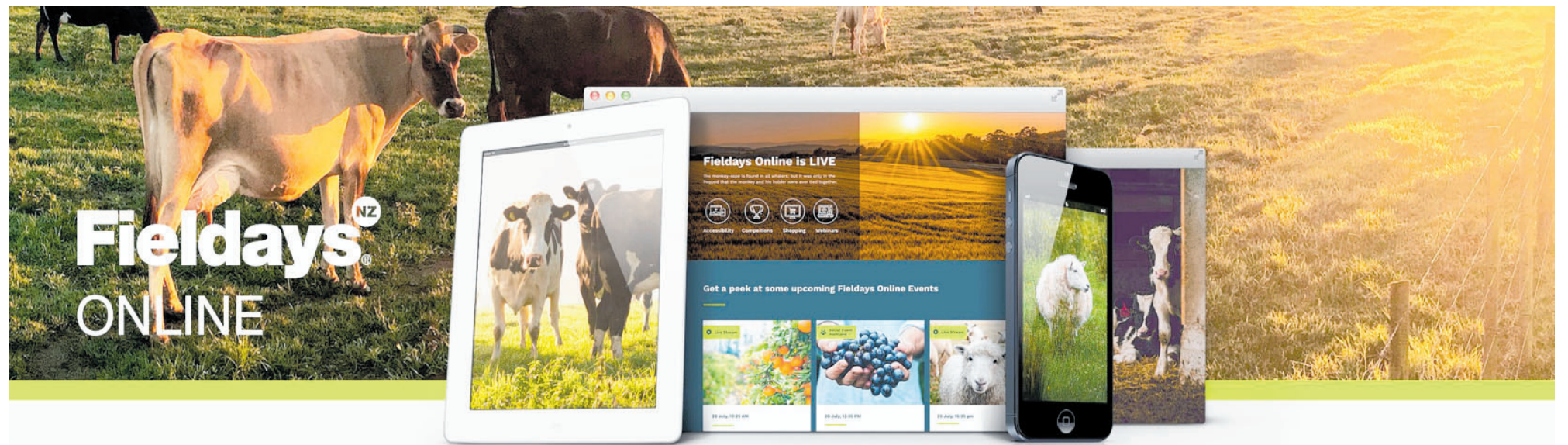
The Fielddays Future Focus series, which was scheduled to debut at the physical event, has been repositioned to form a live-from-studio series covering topics like globalisation, financial resilience, the future of the workforce and governance across the ag-sector. Topics have been shaped by the Fielddays Future Focus advisory panel experts, including Cameron Bagrie, Ian Proudfoot, Mike Petersen, Mike Chapman and Jacqueline Rowarth. The series has been shaped with the view of being more reflective of the current climate and concerns for the industry post Covid-19.

## Fielddays Innovations Hub

- Seminars hosted by Callaghan Innovation include Staff and Financial Management and Innovation and Disease Management.
- International exhibitors include Irish agritech company MagGrow as well as plenty of local talent including returning winners of Innovations Awards past, Riverwatch and Antahi, amongst others.
- Award winners will be announced at a live event which will include judges’ feedback and video content of winners. This will be broadcast on Fielddays TV then available for viewing on demand for the remainder of the event.

## Fielddays Agribusiness Career Spotlight

Highlighting young Kiwi success stories making a name for themselves in the industry. Profiling several young agribusiness professionals including Lely New Zealand Farm Advisors Nicole and Briar, Dairy Farm Manager Sam Waugh and others.



NZME, publisher of the *NZ Herald*, is once again the media partner for Fielddays® and is proud to support this year’s Fielddays Online event.

## Fielddays Health and Wellbeing

Worksafe, in conjunction with Xero and others, present People and Wellbeing and Better People and Better Business. Ensuring your people are good in order to do good business. Hyundai Ambassador “Dr Tom” will be hosting a series of “talks” on Fielddays TV. This will be both live and on-demand, sharing with viewers some of his “Walk the Talk” stories from his travels meeting farmers around the countryside. Dr Tom’s intentions with “Walk the Talk” is to hear what farmers have to say, provide some tools to measure, monitor and motivate health and wellbeing, and connect other farmers in the area into this discussion in their community.

## Other things to look out for

The Wilson Sisters brought to you by Isuzu Utes.  
Fielddays Social Club Quiz Night brought to you by Good George.  
*Hyundai Country Calendar*: The Innovators. A short “series” featuring five innovative Kiwi stories from the heartland.  
Plus, all visitors to Fielddays Online will have the opportunity to win a brand-new Hyundai Santa Fe for a year.

**Register your interest for Fielddays Online here: [www.fielddaysonline.co.nz](http://www.fielddaysonline.co.nz)**

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