



The Future of New Zealand's Food and Fibre Sector:

Exploring new demand opportunities
for the sector in the year 2050

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Long-Term Insights Briefing Consultation Document
Prepared by MPI's Economic Intelligence Unit

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1 What is a Long-Term Insights Briefing?

Long-Term Insights Briefings (the Briefing) are a new requirement for agencies under the Public Sector Act 2020. Chief executives are required to publish a Briefing at least once every three years. The purpose of the Briefing is to share:

- information about medium and long-term trends, risks and opportunities that affect or may affect New Zealand and New Zealand society
- information and impartial analysis, including policy options for responding to these matters.

The Briefings represent an opportunity for the public to contribute on what matters to the future of New Zealand. They provide an opportunity to enhance public debate on long-term issues and the potential options available for future decision makers.

The Briefings are not government policy and are developed independently of ministers. They provide the chance to explore and better understand critical issues affecting our future.

Chief executives select the subject matter for the Briefing. They do this by considering the purpose of the Briefings and those future trends, risks, and opportunities that are particularly relevant to their department's functions.

Chief executives must consult the public on the proposed subjects of their Briefings. They must also consult the public on their draft Briefings.

For more information on the Long-Term Insights Briefing process, visit the Department of the Prime Minister and Cabinet: [Long-term Insights Briefings – Department of the Prime Minister and Cabinet](#)

2 What is MPI's proposed Briefing subject?

The ambition of MPI's Briefing is to generate insights on the future path of the food and fibre sector across the globe and provide direction on how New Zealand might best prepare for and shape that future. Our proposed topic is:

*The Future of New Zealand's Food and Fibre Sector:
exploring new demand opportunities for the sector in the year 2050.*

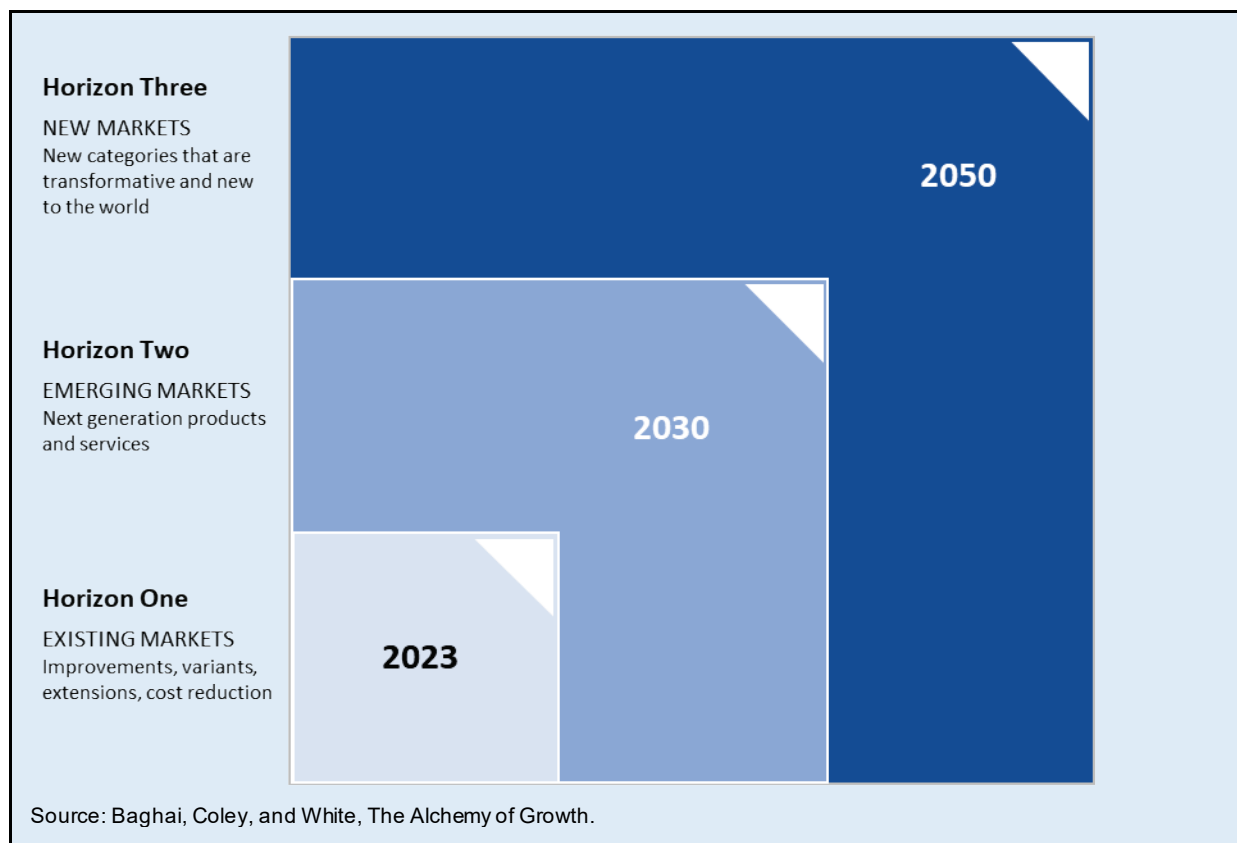
The Briefing will focus on the consumption and market trends which could be in play by the year 2050. The year 2050 has been deliberately selected as it aligns with opportunities that are transformative and new to the world (see Figure 1). This distances the Briefing from MPI's existing work streams which focus on current and emerging opportunities.

We intend developing the briefing content in three stages:

1. identifying and prioritising the market-led missions the sector should focus on for success in the future
2. finding connections between these missions and the value chain, particularly production, processing, manufacturing, and distribution
3. formulating options for industry and Government to lift the sector's productivity performance by focussing on nine core productivity drivers¹

¹ An initial literature review and internal discussions identified nine drivers of food and fibre sector productivity: (1) delivering economic stability & institutional trust, (2) facilitating capital access & targeted deployment, (3) building physical infrastructure capacity, (4) raising workforce capacity & capability, (5) improving management practices, (6) building an innovation ecosystem, (7) unlocking market opportunities, (8) supporting Māori agribusiness potential, and (9) untapping Mātauranga Māori.

Figure 1: The Future of New Zealand's Food and Fibre Sector focusses on Horizon Three



3 Why is productivity growth important?

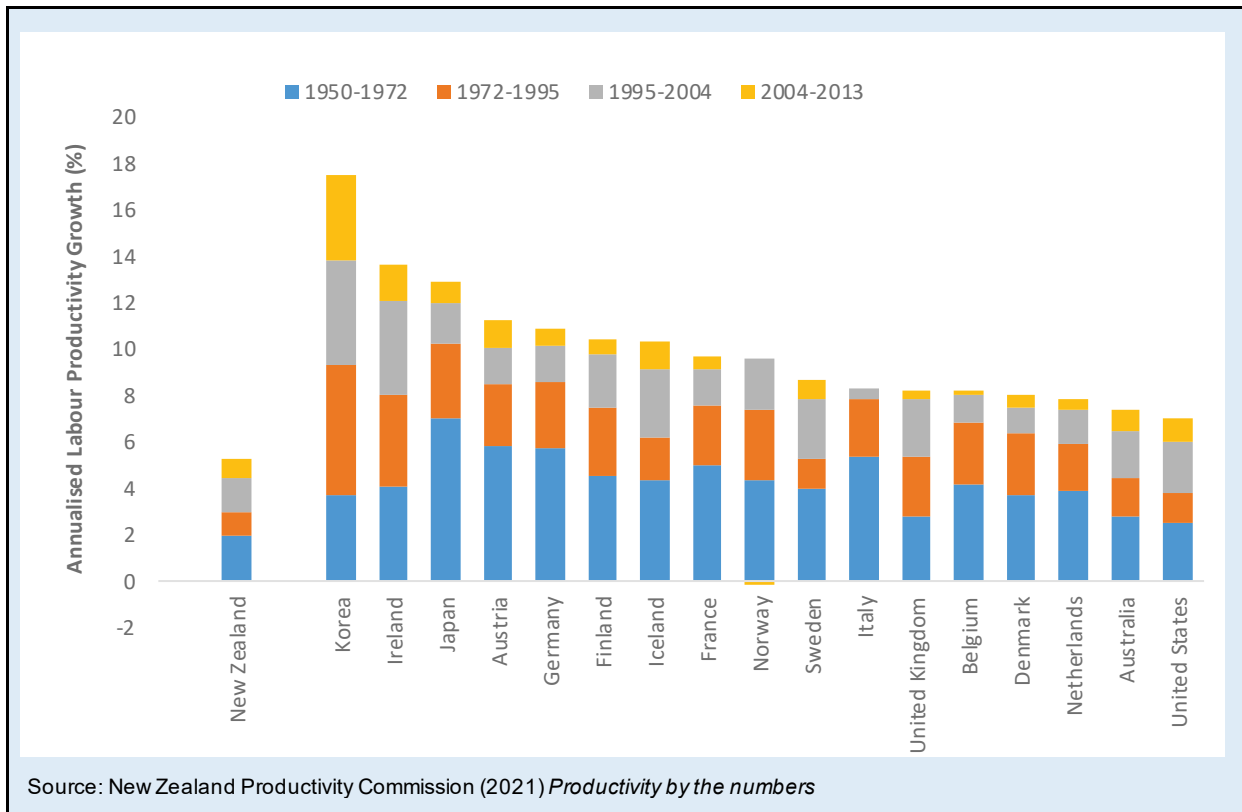
Productivity growth is about producing more from what we have (people, knowledge, natural resources, skills, and capital). Strong productivity growth allows countries to enjoy higher living standards and levels of wellbeing. This includes improved health and education services, higher paying jobs, better quality of environment, and more time available for leisure. In this context, productivity is the key determinant of a country's standard of living over the long-term.

3.1 Productivity growth in New Zealand

New Zealand's productivity growth performance since the Second World War has been poor compared to other nations (see Figure 2). This seven-decade long trend of lower labour productivity growth and lower per capita income growth has seen a fall in the average New Zealander's material living standards and wellbeing relative to comparable countries. Moreover, much of the GDP growth we have seen in recent decades has come from more people being put into work and those people working longer hours.

Since the 1990's, New Zealand's productivity performance has been the focus of successive governments. While New Zealand's policy settings and institutions rate comparatively well because of this, we are yet to close the gap with other countries. Therefore, productivity improvement remains an essential focus for New Zealand.

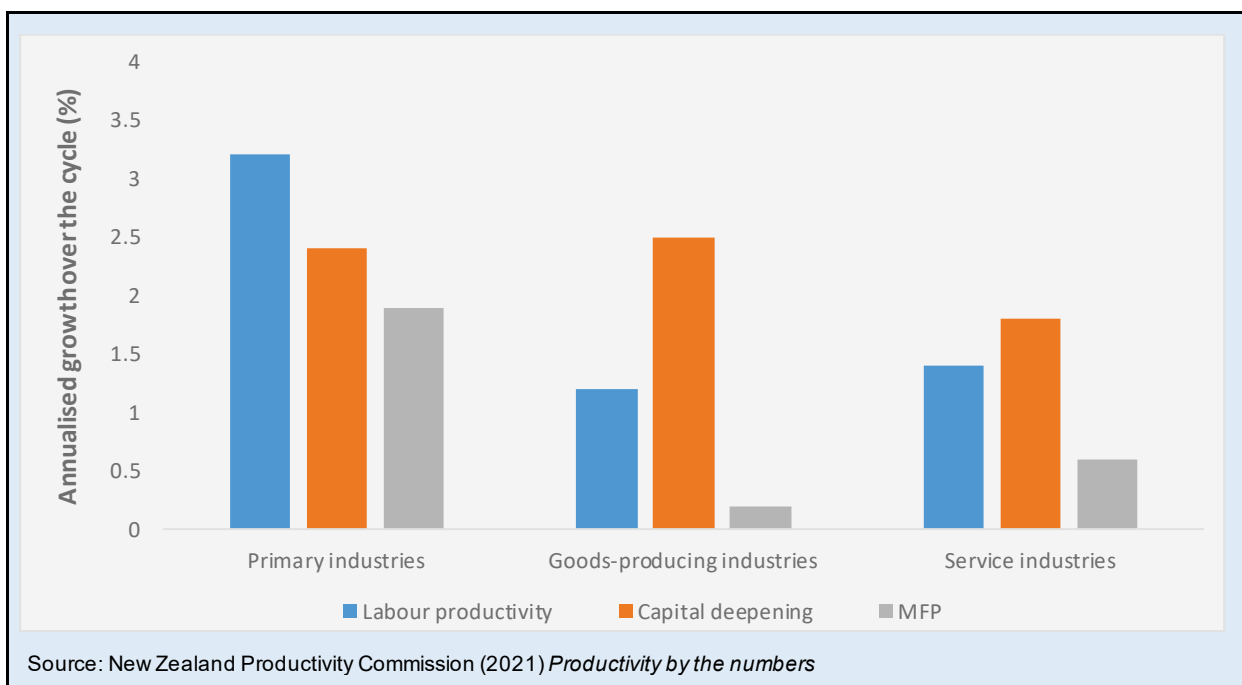
Figure 2: New Zealand's productivity growth since the 1950s has lagged behind other OECD countries



3.2 Productivity growth in New Zealand's primary industries

In recent decades, the food and fibre sector has had the highest annualised productivity growth compared to goods-producing and service industries (see Figure 3). The challenge going forward is to accelerate this growth in the face of significant headwinds brought about external factors and changing consumer preferences, particularly in our export markets.

Figure 3: New Zealand's primary industries have led productivity growth between 1978 and 2020



For more information on how productivity links to material standards and wellbeing, and New Zealand's recent productivity performance including the primary industries, visit the New Zealand Productivity Commission: [Productivity by the numbers: May 2021 or New Zealand firms: Reaching for the frontier: April 2021](#)

3.3 Does productivity growth align with the sector's strategy?

Our food and fibre sector continues to lead New Zealand's economic recovery from COVID-19. The Fit for a Better World – Accelerating our Economic Potential roadmap outlines a transformation path for the sector to accelerate that effort. One of the key pillars of this strategy is boosting productivity by adding \$44 billion in export earnings over the next decade by focussing on value creation.

Demand for New Zealand products is strong with food and fibre sector exporters serving a wide range of customers in more than 150 countries. These customers range from large multinational businesses that rely on world-leading safety and quality attributes delivered to precise specifications, to individual consumers attracted to our high-end food, beverage, and fibre products. Rising incomes and continued urbanisation in emerging Asian economies (China, Indonesia, Vietnam, India) will likely continue to increase demand for our products in the future.

However, there is significant scope to continue to grow our customer base, building on our sustainable management of natural resources, our trusted regulatory and production systems, and our global reputation for honesty and competence.

3.4 Why the focus on consumer demand?

As an exporting nation, what we produce and how we produce it should be connected to, and informed by, global markets and trends. The key to success as we move into the future will be constantly understanding and responding to the needs of customers, consumers, and markets. Even more critically we will need to find demand spaces which allow us to charge premium prices and deliver greater value to the sector while also aligning our production with our broader environmental goals.

Changing consumer preferences was identified by Te Puna Whakaaronui as one of three global drivers of change for New Zealand's food production systems, along with rapidly developing technology and climate change. Te Puna Whakaaronui is New Zealand's Primary Sector Think Tank which provides thought leadership, insights, and strategic analysis towards transformation of the primary sector.

Demand will continue for a wide range of our products to be exported and used in offshore manufacturing processes that meet the needs of a growing global population. Consumers in key markets will continue to prioritise high-quality food and fibre products that are safe and healthy, and produced and packaged sustainably. However, by anticipating the key forces of change around demand and the opportunities these create for the sector, our aspiration is to lay the foundations for New Zealand to futureproof the productive capability and capacity of the food and fibre sector.

A significant programme of work is already laying strong foundations for the future through the Food and Fibre Partnership Group, Ngā Pouwhiro Taimatua (Māori Primary Sector Forum), as well as Te Puna Whakaaronui. In addition to this, Industry Transformation Plans have been developed for the agritech and construction sectors, and are in development for digital technologies, advanced manufacturing, food and beverage, and forestry and wood processing.

For more information on the *Fit for a Better World* roadmap, themes, intended roll out and progress update, visit the Ministry for Primary website: [Fit for a Better World - accelerating our economic potential](#).

4 Why are we consulting?

We are keen to hear directly from New Zealanders and key stakeholders on our proposed subject, and appropriately consider Māori and Treaty interests. We seek your input and feedback on several key questions. Our goal is to produce a Briefing that will be useful to anyone looking for future demand-based trends and productivity opportunities for the food and fibre sector.

The future focus of this work is intended to help MPI:

- test assumptions that are influencing how policy and industry issues are being considered;
- explore beyond the assumed future to consider a much wider range of possible contexts;
- generate new insights into possible future demand drivers, and;
- reduce risk by developing policy and industry plans that are more resilient to changing conditions and take advantage of new opportunities.

5 Making a submission

This consultation document outlines the subject selected by the Ministry for Primary Industries to explore in its Long-Term Insights Briefing (the Briefing) to Government. It is designed to provide you with information about the proposed subject and why it was chosen, the scope of the Briefing, and a high-level outline of the content that will be included in the final Briefing.

You are welcome to provide feedback on any part of this document. Submissions close at 5pm on Friday, 16 September 2022. We encourage you to email your completed submission to LTIB@mpi.govt.nz using the template provided here: [LTIB Submission.docx](#).

You can also post your completed submission to:

Long-Term Insights Briefing
Ministry for Primary Industries
PO Box 2526
Wellington 6140
New Zealand.

Note, that any submission you make becomes public information. People can ask for copies of submissions under the Official Information Act 1982 (OIA). Under sections 6 and 9 of the Act, the OIA says we have to make submissions available unless we have a good reason for withholding it. Please tell us if you think there are grounds to withhold specific information in your submission. Reasons might include that it's commercially sensitive or it's personal information. However, any decision MPI makes to withhold information can be reviewed by the Ombudsman, who may tell us to release it.

6 Consultation questions

Question 1: Is MPI's proposed subject a worthwhile topic to investigate in the Long-Term Insight Briefing?

Question 2: What new demand opportunities could exist in 2050 for the food and fibre sector?

Question 3: Which markets, segments, or consumers are likely to be leading the development of these opportunities?

Question 4: What values, frameworks, or other criteria should we consider when evaluating and prioritising the various export demand opportunities for New Zealand in 2050?

Question 5: What capabilities will the food and fibre sector need to develop to take advantage of these future opportunities?

Question 6: Are you aware of any New Zealand businesses who are either thinking about these new demand opportunities, are in the early stages of exploring their potential, or are developing the capabilities required to take advantage of them in the future? If not in New Zealand, are there any international businesses we could contact?

Question 7: Would you or the organisation you represent like to be involved in more detailed stakeholder engagements, e.g. workshops, one-to-one discussions, reviewing the Briefing, etc?

Question 8: Do you have any other feedback on the briefing topic which hasn't been captured in the questions above?