

Workshop D: Primary Production and Brand New Zealand

What does New Zealand's integrity value proposition mean for primary production?

New Zealand trades internationally on a high degree of integrity. New Zealand is seen as a green country. We should leverage this image and need to prove we meet these perceptions.

The merino industry has a validation process for animal welfare and the supply chain. Yet all of the industries have different brands. It would be helpful to have a standardised accreditation system.

Companies such as Icebreaker are leaders in the market sector and sell an added value product not just a commodity. There is not a problem with our products but the way we are selling them. We need to consider how brands can sell more products.

In the opinion of some workshop participants the recession has masked the social revolution. There has been a tangible shift in terms of products that make people feel good. The KPMG report highlights that faceless consumer products is not the future for New Zealand.

New Zealand's primary sector is at a turning point with several areas that urgently need to be improved but the sector has other positives which should be accentuated.

Wine Industry

New Zealand wine is not the cheapest in the world. It is sold in the top 10-15% of the market. New Zealand and its wine and the producer and individual brand motivate people to buy New Zealand wine.

If you buy certain wine it says something about you. Consumers want to buy something that reflects well on them and shows that they are up with current trends.

There are assumptions people make, like they know we are not destroying the environment, or using slave labour. For example Chile has a problem with use of cheap labour in vineyards. Most other countries are over populated and over polluted. Even though New Zealand has undergone dramatic change the perception is that it is clean and green.

We are in it together, what each sector does affect other sectors. Brand image is very important for New Zealand.

Dairy Industry

Integrity is about honesty and accountability.

Fonterra are increasingly a global player but the bulk of production comes out of New Zealand. Later we expect that 50% of Fonterra's milk will come from different parts of the world. This is an advantage because our customers will not pay a premium but we do get greater volume.

30% of Fonterra is high value products and this is growing, for example protein products in China. It is the future but we cannot compete with Nestle. We have a good base.

Sustainability and efficiency go hand in hand. Just on the intensification question, New Zealand has a beef feed lot in Canterbury with 20,000 cows. The water that comes out is cleaner than what goes in.

We are close to 90% exclusion under the Clean Streams Accord and maybe it is time to take the next step of putting the Accord targets in statutory plans. Horizons are thinking about writing a rule that if your stock are excluded it is permitted activity but if not then it is a controlled activity.

Mackenzie was a wake-up call about the importance of free grazing. The key signal was that you have to manage nutrient loss but there was no signal about the landscape. Anchor butter dines out on free grazing.

Every farm every year is appraised. If there is a real problem then we stop picking up the milk otherwise we set up an effluent plan to address the problem. Fonterra also deduct their pay-out. Managing nutrient loss is our key issue going forward.

It is apparent that we need substantial change. Some of the participants believe New Zealand is well placed to make the substantial change.