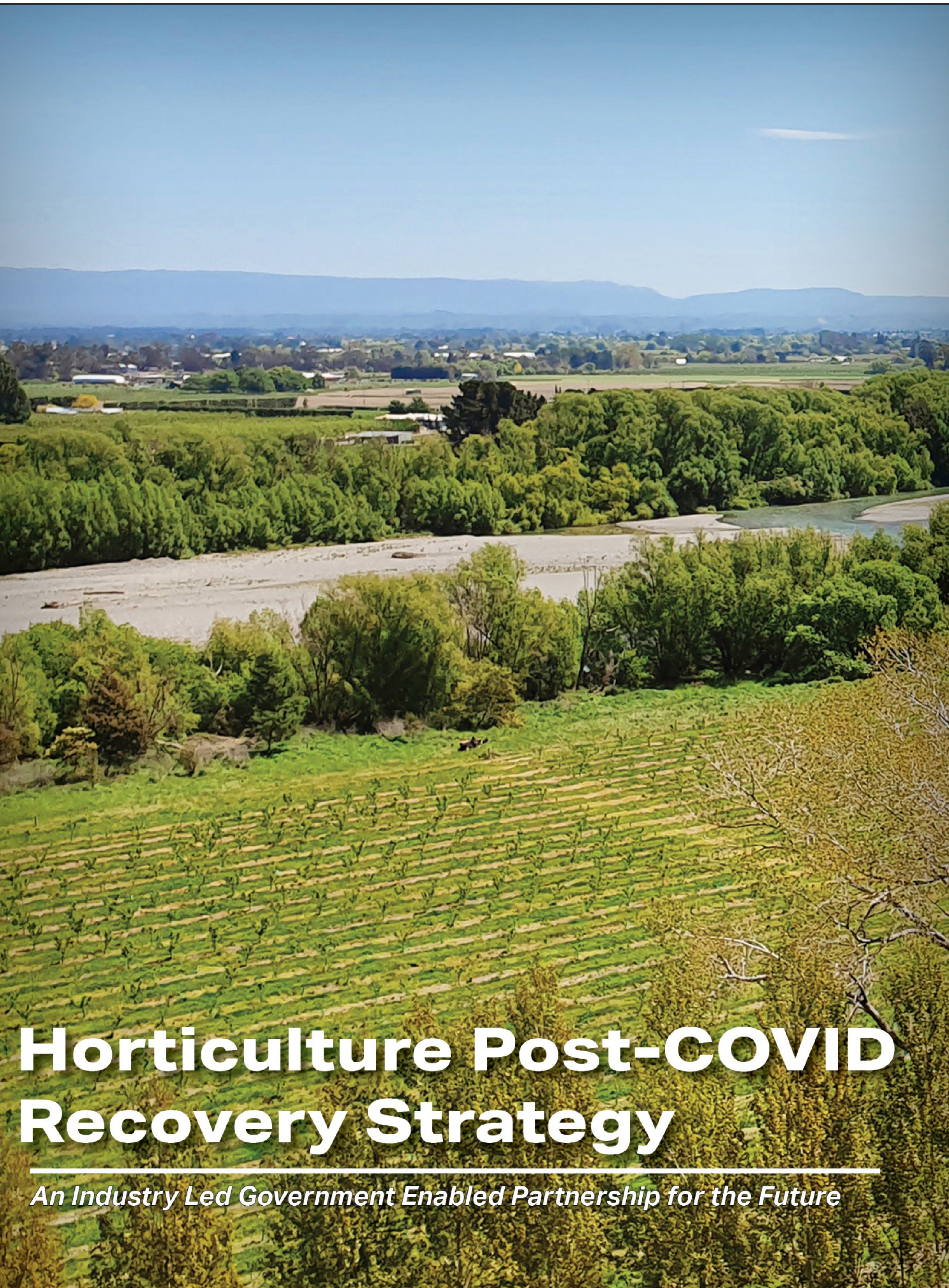

Horticulture Post-COVID Recovery Strategy

An Industry Led Government Enabled Partnership for the Future

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1. Playing to our strengths

NZ’s economic recovery must focus on the opportunities that offer the best possible growth potential.

While the Minister of Agriculture will shortly release MPI’s “Fit for a Better World” action plan to accelerate the economic potential of the primary sectors, the Horticulture sector is in a unique position to provide this opportunity and unleash this potential. The sector has a track record of growth that is expected to continue domestically and globally.

The sector offers a diverse range of products, services, locations and end markets, and channels revenue and job opportunities into the regions where some of our largest social and economic challenges exist.

Most importantly it has a justifiable reputation for safe, sustainable, healthy and ethically produced food.

There is significant potential to accelerate the sector’s contribution to post-Covid recovery through a more cohesive style of “Industry led Government enabled” partnership. Both Government and the horticulture sector for this plan to succeed will need to commit to working cohesively to implement the plan’s workstreams.

Embracing the opportunity in this way will generate significant jobs (especially in the regions), revenue and earnings in a way that leverages and enhances NZ’s reputation here and overseas.

2. Setting the scene

The New Zealand Government is looking to identify and support the opportunities that create the greatest impact to realise our economic potential and “rebuild better”.

The Horticulture sector has been growing more strongly than any other primary sector in recent years and latest export growth figures are proving its resilience through the crisis.

Yet its true value is generally under recognised and under reported, as the significant Global IP and the indirect benefits multiplier, are often not accounted for. For example, research conducted by the NZ apple industry estimated that the true broader economic benefit of the industry at that time was 3 to 5 times its export value. If that is extrapolated, with horticulture exports (including wine) exceeding $6.2b in 2019, the primarily regional economic benefit is huge.

The industry’s potential for growth in the most sustainable, environmentally friendly, and ethical manner, makes it an ideal sector to lead the recovery with domestic growth and export earnings. Such growth has many benefits to New Zealand, from clean, green job growth to investment in regional areas and in a range of industries and communities.

It also reflects emerging consumer trends for healthy produce grown in a way and by businesses, that reflect not only the values of today’s consumers but position New Zealand well to meet the needs of consumers in the post-Covid-19 world.

Diversity of crops and produce in various locations provides strength, spreads risk and offers a brand and approach that adds even more value to New Zealand.

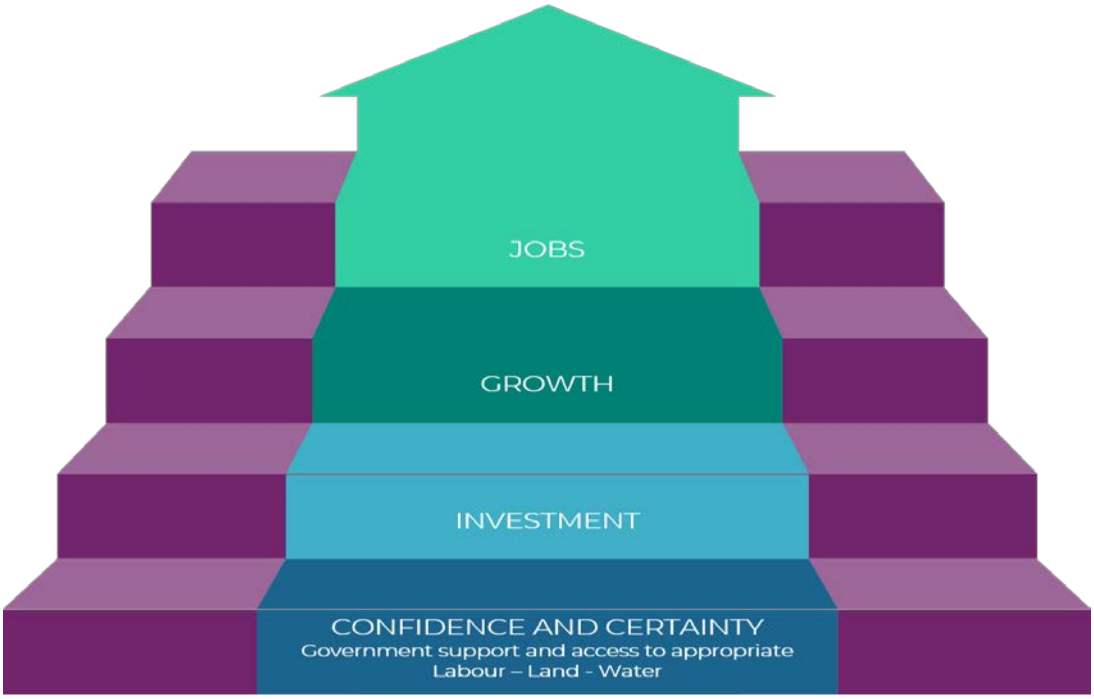
In addition to the sector’s growth and economic potential, it has a vital role feeding first New Zealand and then consumers in our export markets, healthy food that has significant health benefits and enables reduced Government spending on health services.

Recognition of this contribution to the country's health and well-being as we recover from Covid-19, strongly reinforces the value proposition for additional growth acceleration programmes for the sector.

The sector wants to be an exemplar by providing a positive, cohesive, and constructive partner for government. Doing this will maximise the potential of the industry, realising a way of doing business that's **Industry-led, Government enabled,** that will deliver meaningful results for our country and our communities.

The purpose of this project has been to take a co-design approach between the Horticulture sector and relevant government Ministries to develop and agree on a plan which will accelerate the realisation of the significant potential the sector has, to generate jobs (especially in the regions), and support domestic and export growth, leading to economic and social recovery.

The vision for this plan is for ***Horticulture to lead New Zealand's economic recovery from Covid-19***



3. What does "Industry led Government enabled" look like?

The implementation of a cohesive **"Industry led, government enabled"** plan will ensure industry and government work together to help the industry achieve its full potential ensuring greater benefits for New Zealand.

What does this model require?

Industry led

- Full support from all critical stakeholders for the sector plan
- Accountability for actions and decisions required from the plan
- Investment from industry to make progress as quickly as possible and show Government the belief the sector has in its own potential
- Alignment of actions and priorities with the plan
- Individual industry plans aligning with the sector plan principles and priorities
- Quality involvement in subsequent working groups, addressing the priority workstreams
- A "greater good" approach and mindset
- A collaborative partner for Government acknowledging the work, support and value they provide.
- Leveraging and sharing knowledge, and domestic and global relationships

- Working together in a collaborative and respectful manner, whilst acknowledging the individuality of each sector

Government enabled

- Funding, including increased eligibility and prioritisation within existing programmes, and in areas which support the growth of the industry but are harder to fund i.e. where innovation is prohibitively expensive or risky for an industry sector or individual business to bear the burden, but for which the potential benefit for New Zealand could be significant (robotics and automation, plant genetics, etc)
- Consistent recognition from Government of the value and contribution of the sector at all levels
- Highest possible level support within each relevant Ministry for the plan and its implementation
- Policy, resource allocation/commitment and prioritisation decisions that reflect the sector wide plan
- Openness to review existing regulatory and policy processes, decisions and frameworks with the objective of removing barriers to and better supporting growth.
- Improved inter-agency co-ordination within Government, including the NZ Government representatives in overseas markets
- Commitment to the working groups and helping achieve results in as timely a manner as possible in the workstreams
- Ministry plans that dovetail into and support the sector plan
- Government officials at the highest level proactively engaged with industry, aware of and focussed on industry potential and on collectively addressing industry challenges

4. Methodology

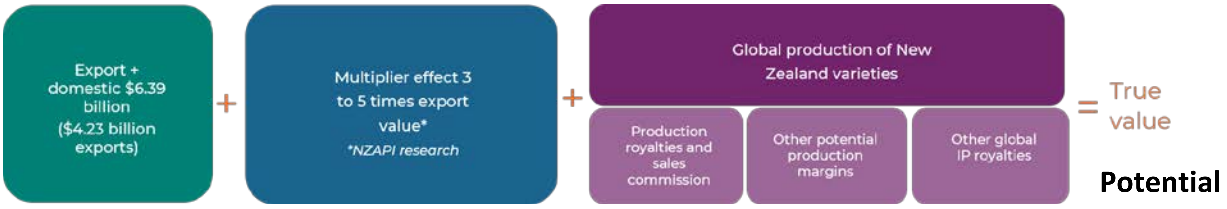
This report and recommendations combine

- Separate pre-workshop surveys of Government attendees and Horticulture Industry association CEO representatives
- Recent, relevant Government and industry documents/plans
- Industry representative discussions
- Combined Government and Horticulture industry association CEOs workshop May 27th, 2020
- Extensive Industry and Government feedback on the draft proposal

5. Why Horticulture will be one of New Zealand's most effective channels to recovery

Present value

The 2019 Fresh Facts reported that the value Horticulture at that time was $6.39b ($4.23b in export and $2.16b in domestic trade). Pre Covid-19 it was forecast to grow to $10b by 2030. But this is only part of the real value equation for this sector. When you add in the multiplier effect of associated or service industries in New Zealand and globally, IP royalties and the like *(*see appendix two)* the true value becomes much clearer. While it hasn't been possible to quantify for the purpose of this document, the positive health benefits that arise from the consumption of healthy plant-based food (a potentially large saving in our health and pharmaceutical sector) adds to the economic benefit of the horticulture industry.



The world needs healthy food.

Discerning consumers will pay a premium for products they can be sure are safely, sustainably, and ethically produced.

The most recent report from NZTE research in May 2020 on International Consumer Review, shows NZ has received a strong, positive "halo effect" in the perception of our country being trusted to provide safe, healthy and sustainably produced food.

The potential for the sector to capitalise on this perception and reputation is limited only by its imagination.

Supporting "trade for all"

In 2018, the government embarked on what became known as the Trade for All strategy, ensuring that our trade policy delivers for all New Zealanders, and contributes to addressing global and regional issues of concern, such as environmental issues and labour standards. The goal is to have a trade policy that works alongside other government policies, to support sustainable and inclusive economic development.

Many countries will want to partner with others they can trust and that will add value to their economies, to provide trade for all.

The sector is already showing the way with mutually beneficial ways of transferring IP to countries that can allow us to provide year-round supply to our customers, generate ongoing growing royalties and service opportunities.

This "mutually beneficial" approach to trade will give Government leverage and demonstrable benefits to bring to the table in trade negotiations.

The innovation and economic impact of the globally recognised RSE scheme gives added weight and credibility to our ability to partner like this.

Our country, our people, our food and services can be trusted.

It's all about jobs

Post-Covid-19 New Zealand will be characterised by high unemployment but with a significant skills shortage.

Growth in permanent sustainable jobs will come from:

- Confidence of the industry to continue to invest and grow
- Increased domestic and overseas market demand for safe, ethical, fresh, healthy produce
- Training and capability investment to deliver the skills that the industry needs for the future

We know that production growth translates to jobs. For example, apple industry research conducted in 2018 showed:

- Industry export value is forecast to increase from $777m in 2018 to $2 billion per annum by 2030.
- For example the area planted in apples and pears will grow from 10,250ha currently to 15,000ha by 2030.
- This will directly create 2,349 more permanent jobs:
  - with 891 more jobs in production
  - 1,080 more jobs in post-harvest; and
  - 378 more jobs in corporate services.

- This will also create 12,757 more seasonal jobs including:
  - 6,177 in harvest,
  - 2,531 in packing,
  - 2,910 in thinning, and
  - 1,139 in pruning.

Ability to grow sustainably and effectively

Horticulture is the most trusted sector in the primary industry *(*see appendix one)* and the ROI per hectare on horticulture producing land is the highest in the primary sector with the least impact on water quality, the environment and carbon emissions.

On 1st June, the $27 million Agroecological Crop Protection research programme was announced. Although some horticulture industries are already well advanced with modern world leading crop protection systems, for others this project will shift the focus from traditional crop protection to integrating biological and ecological processes into food production in New Zealand. The project will commercialise biopesticides and biological control agents, progressively replacing remaining antiquated crop protection regimes. It will provide growers with methods and tools to manage their crop protection in new and more sustainable ways. It will speed up development of agri-ecological crop protection techniques that are both environmentally sound and effective. This will accelerate the Covid-19 recovery and place more of New Zealand's horticulture products in a premium position both in New Zealand and in our offshore markets.

While horticulture is already recognised as being a sustainable and effective use of land, this investment will enhance this and is an excellent example of a Government/Industry partnership.

Heathy food

The sector makes a significant contribution to the health of New Zealand and the consumers where its produce is exported to by providing a variety of fresh fruit and vegetables. This not only helps protect people from disease, diabetes and heart conditions but also enables reduced Government spending on health care. We have seen COVID-19 increase demand for healthy products and this trend looks set to continue. The role of New Zealand fruit and vegetables in addressing chronic and lifestyle diseases will be identified for inclusion in the workstream focussed on telling our story.

Diversity

The range of crops grown in different parts of the country, primarily in regional areas, provide a high degree of risk mitigation from "all our eggs being in one basket". For food security and supply, fruit and vegetables need to be grown around the country in different locations to ensure continued supply during natural events such as drought and to ensure that supply chains are short and most efficient where possible. This diversity also supports the industry ability to provide efficient and sustainable labour solutions.

Horticulture's diversity includes a range of growers, from small family-run operations to large vertically integrated commercial enterprises. This diversity fosters innovation, trying new things and embracing new practices.

The promotion and recognition of women in horticulture will add to the diversity contemplated in this recovery plan.

Partnership with Māori

Horticulture is ideally suited to partner with Māori / Māori Land entities.

Small lot, intensive Horticultural opportunities can provide significant economic, social and cultural value in many economically and socially challenged regions that have available Māori land, settlement funds and underutilised labour.

The NZ Plant food story (safe-sustainable-ethically produced and healthy) aligns perfectly with the fundamental principles of Manaakitanga and Kaitiakitanga and could provide a global point of difference attracting premium returns.

Commitment to true partnership with Government

The Horticulture sector wants to be the exemplar of the most positive, respectful and effective partner for an **"Industry led Government enabled"** partnership.

It is a cohesive sector and with Government support can align its efforts and investment across various component industries, along the priorities and principles outlined in this report.

It will leverage, support, and acknowledge the role of Government partners in achieving the initiatives identified by this plan and ensuing workstreams.

6. Insight summaries

Industry surveys

A summary of the key insights from the surveys and initial discussions are provided in appendix four and can best be summarised as:

- Labour certainty is needed as quickly as possible to underpin industry investment decisions to maximise short term growth opportunities in domestic and global markets.
- Certainty around future access to appropriate land, labour, water and low emissions energy will be needed to support the realisation of the full potential of this sector.
  - *For "export" industries with proprietary plant varieties owned in NZ, restrictions on NZ production could mean some of the supply chain value, including jobs, being pushed offshore.*
  - *For fruit and vegetable crops produced for domestic and export consumption, without certainty of access to land, labour, water and low emissions energy, there is a risk that investment will stall leading to industry contraction and consumers having less choice and access to fresh, healthy, NZ grown food.*
- The NZ Horticultural story of food production that is "trusted, safe, sustainable and ethical" is at the heart of its ability to secure a premium place on both the national and world stage. Domestically, we want to see fruit and vegetables eaten as a daily staple by loyal New Zealanders who value locally grown fresh produce. The strength and ability to continue to develop and increasingly validate this position is key to growth, as is the ability to then communicate this evolving story.
- Government support is seen as needing to be "industry led" with significantly more co-ordination between government departments and the industry.
- Government needs to have a better understanding of the Horticultural sector, and be more industry centric, including more trusting of globally recognised industry standards to help maximise growth and minimise what are seen by some in the industry as "red tape/restrictive practices". Government needs to appreciate that overall the industry is already trying to do the right thing. This should be front of mind when responding to issues which arise, with Government actively seeking to understand industry initiatives and supporting industry to address these issues in a positive and constructive manner (for example NZ horticulture is leading the way in global initiatives to remove the risk of worker exploitation and modern slavery from our supply chains)
- Certainty and confidence will lead to industry investment under-pinning the many opportunities available including conversion to more valuable production systems.

Government staff feedback

- Absolute belief that the best way forward is in a closer partnership with industry.
- Need for trust, respect, transparency, and consistency from industry to Government and true acknowledgement from industry that a partnership is not a one-way street.
- Request for specific detail on where any actions/policies/processes/decisions are inhibiting trade or investment.
- Making sure each Ministry provides high enough level support and delegated authority for those Officials in this plan's working groups and workstreams to be effective.
- Clarity and documentation of roles within working groups, and their objectives.
- Commitment by all parties to processes/timelines/operating principles as we go forward i.e. accountability and governance.

Workshop insights

- A strong partnership between industry and Government is critical for Horticulture to realise anywhere near its full potential. It was acknowledged that this partnership is currently not where it needs to be. This will be overcome through two-way commitment to this plan.
- There is a clear desire and commitment by relevant Government Ministries to "enable" industry by "leaning in actively" with support.
  A significant upside is seen by all, for better communication, understanding and involvement between industry and Government.
- Industry needs to help create deeper understanding of the characteristics of Horticulture. Horticulture offers a lot more than just "products". It offers global IP and relationships which will help in a Trade for All approach (see appendix two)
- Covid-19 has accelerated a number of changes relevant to the sector
  - Globalisation is under pressure meaning an increase in protectionism and quite possibly a move towards smaller more mutually beneficial trade-based agreements.
  - The greater influence of "green" agendas in many of our key markets, while already becoming influential prior to Covid-19, is likely to accelerate
  - Food that is environmentally friendly and produced in a sustainable, ethical and healthy manner will become even more important.
  - Logistics channels, particularly shipping schedules and pricing is likely to be very different and present challenges.
  - Recognition of the need for healthy food to be in plentiful supply to feed New Zealand and our offshore consumers.
  - An increased awareness by global consumers to support their immune systems through lifestyle and healthy food consumption.
- The more robust industry standards and processes are, the more Government can have the ability and confidence to review existing policies and processes that restrict/inhibit trade. The basis of regulatory and policy formation of yesterday will not suit the trading environment of tomorrow.

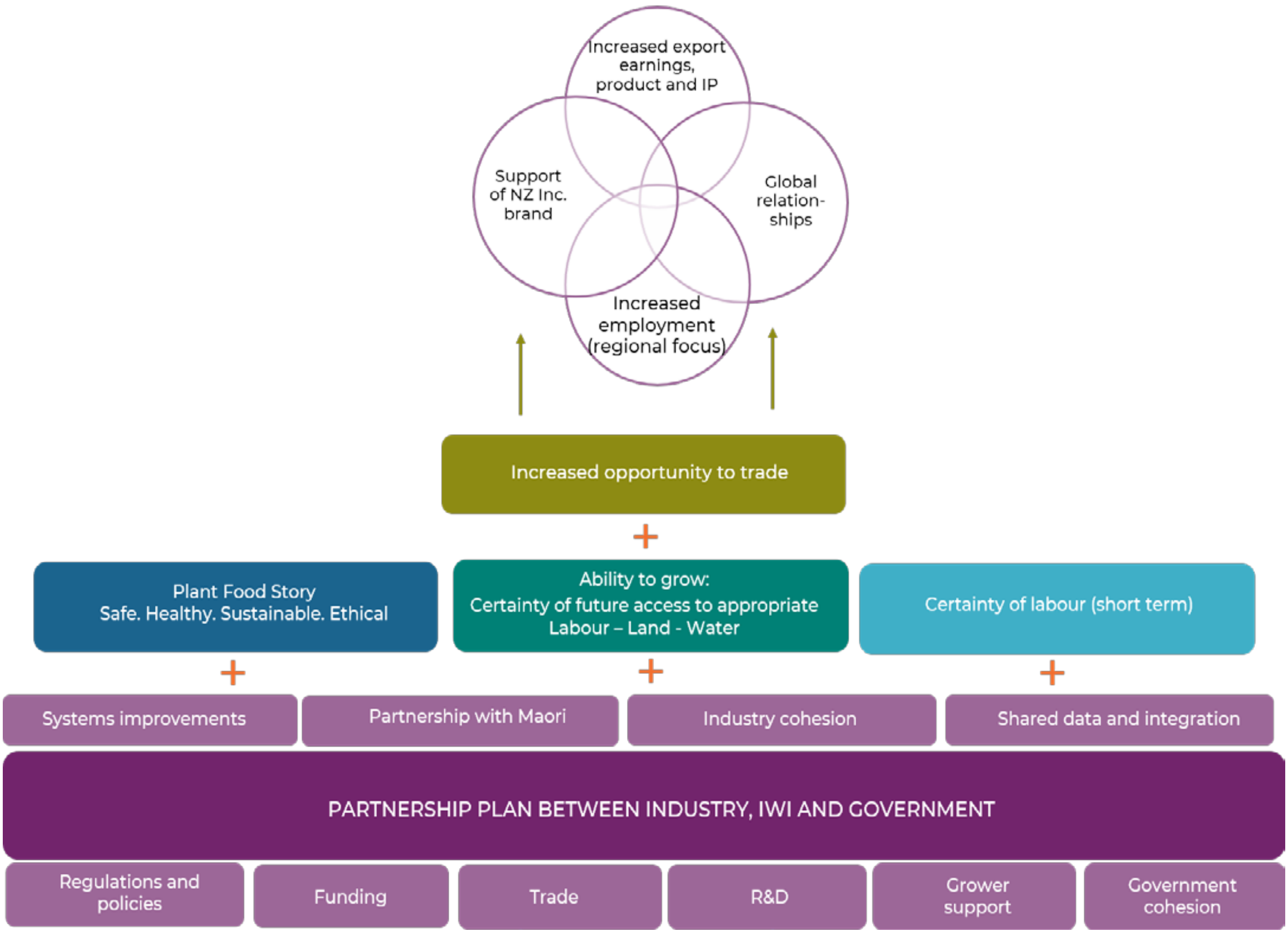
7. Principles for implementing the plan

With many parties involved between and within both industry and Government, it is critical that "how" they operate during the implementation process is agreed.

The workshop and surveys identified the following principles

> Respect
> Focus
> Openness
> Aspirational
> Cohesive
> A "greater good" mindset
> Honest and transparent

8. Recommendations summary diagram



9.Turning insights into results

The planning around the mechanisms and processes for delivering on recommendations and managing implementation, is the most critical part of generating results from this plan.

In this situation we need to ensure cohesion and alignment within industry and within Government, as well as between the two.

It is proposed that workstreams with industry/government membership are established to implement the plan.

The workstreams are intended to be further developed and refined as they are implemented and attuned to meet industry needs and aligned to Government priorities.

9.1 Workstream categories

1. Labour certainty (short term), labour capability and capacity (med/long term), and encouraging new growers/employees to enter the industry with clear career progression pathways.
2. Promote improved production systems to improve yields; labour management; climate change mitigation and water quality; energy, water and waste efficiency; and lift returns for growers so they can reinvest and grow.
3. Collecting and publishing supporting data to validate claims:
    - Provenance
    - Food safety
    - Sustainability
    - Ethical production
    - Healthy food
    - Post-Covid consumer values and preferences.
4. How can we best tell the “Plant Food story” both nationally and globally? This includes ensuring that smaller crops have a pathway to market, whether domestic or export, that maximises value.
5. Certainty of access to appropriate land and water, and inputs such as efficient energy supply and plant cultivars.
6. Trade
    - Improving overseas access and removing export barriers
    - Reducing domestic barriers with improved and transparent route to market.
7. Government support.
8. Partnership with Māori, and Pacific Islanders.
9. Data and Information plan.
10. R&D/Innovation and Automation.
11. Building on the diversity of horticulture.

9.2 Workstreams implementation

The Hort CE group will lead the Governance and Planning for the workstreams by:

- Setting goals, overseeing and supporting the progress of the workstreams and measuring progress.
- Identification of the participants essential for each workstream and ensure their full commitment to active participation, recognising that a number of smaller groups may not have the resources to directly contribute but nonetheless are an important part of this post-Covid recovery plan.
- By identifying a leader for each workstream.
- It is envisaged other groups/people can join whatever workstreams they wish to participate in as long as they also commit to other workstreams they are essential to.

- Each workstream has clearly identified priorities, processes and roles and effective project plans for each major objective. "What success looks like" has been clearly articulated, documented, and agreed upon.

1. **Labour**

- **Labour certainty (short term)**

Urgent certainty of short-term labour supply (especially RSE numbers) for immediate industry investment decisions.

The rise in unemployment of New Zealanders does not necessarily solve the skills, aptitude, attitude, and location requirements of the sector, especially in the short term. Evidence shows, for example, that redeployed people in the UK, having received investment in skill development and retraining, returned to their former industries as soon as they opened back up.

- **Labour capability and capacity (medium/long term)**

Quantify industry labour requirements, both now and in the future, and both permanent and seasonal (building off the work that apples and kiwifruit have done, and accessing government data)

Develop a medium- and long-term capability plan, consistent with the vocational training reforms, that delivers the changing capability and capacity requirements of the sector, in a way that maximises permanent and sustainable employment and qualification opportunities for New Zealanders.

Integrating the efforts of schools, research organisations, tertiary institutions, post-doctoral researchers and industry will be necessary, and horticulture's established career progression manager network will be an important delivery vehicle.

A recognition of the importance of diversity, particularly around gender and ethnicity, needs to be part of this process.

2. **Promoting Improved Production Systems**

This project addresses the core issues required for economically successful and environmentally sustainable production. It will address the need for certainty for re-investment and growth of horticulture. This will be done through the development of tools for growers and Farm Environment Plans the met not only regulatory requirements but are practical and meet growers needs.

3. **Maximising education and systems to validate the claims around provenance, food safety, sustainability, ethical production, and healthy food**

How do we best strengthen the industry and sector standards that prove that what is produced is truly:

- authentic
- safe
- sustainable
- ethical
- healthy, including investment in quality health and nutrition research

In a post Covid-19 world the safety aspect for more discerning consumers will be stronger than ever and NZ's reputation could provide global "IP" sales opportunities as well as increased demand for our food (re-examining the strength, size and relevance of this assumption is a separate workstream).*

Environmental benefits from the "breather" in global manufacturing and production will likely highlight the environmental sustainability factor.

Similarly, in a world facing a global recession and subsequent unemployment, the risk of worker exploitation and slavery becomes even higher but consumer expectations if anything, will be stronger.

4. **How can we best tell the "Plant Food story" both nationally and globally?**

> To support our story, any claims must be validated by competent research to protect our reputation
> Can we weave aspects of Māori tikanga into creating a truly unique and relevant story?
> Build a better understanding of what consumers want to know more about fresh fruit and vegetable growing, and tailor the stories we provide accordingly.
> What existing concepts and initiatives can we leverage off?
> Has the pandemic and ensuing economic crisis changed the expectations of consumers globally?
> The role of healthy food in the Covid-19 recovery and the direct contribution horticulture makes to this.
> How do we prepare industry and government leaders to ensure they are better able to tell this story offshore, and then ensure they actually tell it – lots of people delivering consistent messaging about NZ horticulture in front of audiences in NZ and offshore will resonate.
> The reduced environmental footprint vs other land uses.
> The overall food story must support individual stories which in turn support businesses selling domestically or globally.

5. **Certainty of access to appropriate natural resources such as land and water, low emissions energy, food security and environmental sustainability**

> What are the priority actions needed to be addressed in Central and Local Government to secure long term access to appropriate land and water, food security and environmental sustainability?
> How can Government assist growers with conversions towards energy efficient heat sources to reach the targets set by the Zero Carbon Act?

6. **Trade**
   - **Improving overseas access and removing export barriers**
   - **Reducing domestic barriers**

> What are the most "valuable" trade agreements that we should be pursuing?
> What are the best specific country by country strategies (integrating Industry and Government intelligence)?
> Can we look at adding "reciprocal" value adding and relationship components to traditional rule-based trade agreements?
What work has industry done/doing especially around mutual benefit that Government can already be using in trade discussions?
> How can we ensure a fair return for growers on the domestic market?
> Linking to NZTE's in market initiatives to maximise the trade opportunities

7. **Government support**

> - Identify the regulations/policies/processes/systems/decision making protocols that industry feel have created barriers that inhibit trade, food security and environmental sustainability or are no longer fit for purpose. Consider how might the situation be improved especially with more understanding of and confidence in the integrity of horticulture industry standards compared to other sectors
- Remove any bottlenecks in processes for bringing into NZ new improved chemistry, bio-controls and biopesticides to enable to wider and more environmentally friendly range of crop protection measures.
- Improve the ability of industry bodies to access government support, including the PGF and NZTE programmes where industry bodies can leverage their unique facilitation/leadership role in partnership with the private sector to create growth and value.
- Develop a joint pan-Ministry/industry approach to address industry prioritised market access opportunities, using insights provided by Industry.
- Identify the processes/entities/mechanisms that can be put in place (or existing ones enhanced) to improve co-ordination between
    - Government Ministries
    - Government and industry

8. **Partnership with Māori and Pasifika**

- How does the sector develop a strategy that delivers an authentic and genuinely inclusive relationship with Māori for investment, growth, branding, and employment opportunities that benefit all?
- How can Maori best provide leadership and share their knowledge in growing fruit and vegetables with their rangatahi?
  How can we bring Pacific Islanders and other ethnicities into our plan in areas where they can add most value and contribution?

9. **Data and information plan**

- Develop a “data plan” to look at what information is/could be gathered, where, how and by whom, and what the benefits of that would be, along with sense checking current data to ensure that it remains current
- What work can the Horticulture industry do to improve its standards around best practice (environmental, sustainable, safe, ethical) and then be able to report and validate this i.e. via a scorecard and dashboards.
- Evaluate the
    - true total economic value of the sector (considering global production and other royalties and sales commissions from this overseas production)
    - future economic potential of this New Zealand led and owned, overseas production model
- How can the Horticulture sector best communicate/consult within and between its various industry groups to be as cohesive, collaborative and aligned as possible and to avoid duplication while streamlining interaction particularly between individual industry sectors and government?
- How can we use apps and technology platforms to inform, gather and report data better with our growers?
- How can we best leverage knowledge and information with colleagues or institutions in New Zealand, trans-Tasman and overseas, for the benefit of our growers.

10. **R&D/Innovation/Automation**

- How best do we align and fast track the work of research entities with the needs and opportunities for industry? The gap between academic research and highly applied commercial research is ripe for investment with respect to horticulture. Robotics and automation initiatives, for example, are already being developed.
- Stimulating links between New Zealand and offshore research programmes to ensure New Zealand leverages off other global leaders
- What are the opportunities for innovation and technology in areas such as highly repetitive or high-risk labour, precision horticulture for orchard management (productivity, environmental sustainability and land use) and plant variety development that can be identified for immediate investment?
- How does the Horticulture Automation Plan, funded in the 2020 budget, align with this?
- How does the Agri-tech Industry Transformation Plan align with this?
- Access to world best genetics to develop world leading varieties for export/global IP deployment and for maximising domestic production opportunities ensuring that NZ consumers can continue to access the best possible fruit and vegetables, will be critical to the future of our sector
- Environmental sustainability, food security, crop protection/integrated pest management and the implementation of best practice.
- Investment in biosecurity to protect the premium nature of our horticultural crops
- If we are to increase investment in IP how do we better protect it and take action against those who infringe? What support should the Government provide?

11. **Building on the diversity of horticulture**

- Recognise that some New Zealanders want to live on the land, and that small holdings often form part of what we call “the NZ lifestyle”. We “market” that globally, but need to support it locally
- Some horticulture may be less focused on financial returns
    - Small holdings that sustain a family and a community
    - Builds interest and capability – often in rural areas
    - Provide pathway to generational ownership
    - Pathway may be from small holding to larger role
- Innovation comes from a range of growers – need to promote that diversity of size of production
- Need to support growers trialling innovative growing systems, biodiversity, experimenting in multiple crops – not always the larger growers
- Promote the diversity of culture and backgrounds within Horticulture and grow that diversity
    - Different cultures may bring new crops to NZ, or new innovation
    - Celebrate the diversity within our industry
    - Work to improve the % of gender and ethnicity representation at managerial and leadership levels
- Small holdings may focus on heritage crops – highly valued in NZ’s own food industry
    - Great for New Zealanders and tourists
- Promote and support the next horticulture sector to grow, with innovation, passion and expertise to be the next kiwifruit or apple industry
- Work alongside women in horticulture, and the groups already formed in many rural areas to increase diversity of gender, thinking & culture and bring new workforce into the industry while offering networking & community engagement

10. Conclusion

The Minister of Agriculture will shortly release MPI's "Fit for a Better World" action plan to accelerate the economic potential of the primary sectors.

This document outlines an ambitious plan for the horticulture industry to lead, with the support of our government colleagues, a post-Covid recovery that realises and accelerates the potential that horticulture, as a key player in the primary sector, offers in the post-Covid world, and that will contribute significantly to New Zealand's future economic and social well-being.

The parties to this plan are unanimous in their view that a more productive, sustainable, inclusive and resilient economy will require genuine effective cooperation between industry and government.

The parties, Government and horticulture, are committed to the principles for implementing the plan defined in section 7 above - respect, focus, openness, aspirational, cohesive, a "greater good" mindset, and honest and transparent. They are committed to investing the necessary time and resource to the implementation process. They have committed with each other to implement this plan's workstreams in joint partnership.

While recognising the broader regulatory and policy obligations of government, this plan will only succeed if all parties are prepared to think and act differently and boldly.

11. Appendices

Appendix One

Media release: May 2020

Covid-19 appears to be having a positive impact on New Zealand views of pastoral farmers

Close to three-fifths (63%) of New Zealanders hold a positive view of sheep and beef farming this is a significant increase of 9% compared to just eight months ago. Dairy farmers also enjoyed a similar increase in positive support now at 60% positive up from 51%.

Horticulture continues to receive the highest positive rating of 65%. Ratings for fisheries just clicked over into majority positive territory at 53% up from 47% in August 2019.

The main reasons New Zealanders gave for feeling more positively disposed towards these food-producing industries included:

- Efficient and high-quality producers of food for New Zealanders and the world
- Being an essential industry to New Zealand
- Good for the New Zealand Economy as they provide exports and jobs, and
- Farmers worked through and will help us through COVID-19.

Marc Elliott, Director of Rural Research at UMR said, "The research appeared to show that in a time of crisis New Zealanders are more clearly seeing the critical importance of their food-producing sectors."

"This should be a small shot in the arm for pastoral farmers who are facing droughts, along with looming regulations and long-term uncertainty in the markets".

"I keep hearing from farmers that one of their main challenges is negative public perception. While there are pockets of hostility towards our farmers, there is also a growing wave of warmth."

"When times are good critical aspects of our economy can be taken for granted, however in the current crisis our food producers appear to be receiving the extra credit they deserve".

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Appendix two

The value of Horticulture

Horticulture Industry Value Export + domestic fruit and veges (excludes wine and hops)	**$6.39 billion**
Total Horticulture Exports	**$4.23 billion** $4,208.5 million
Horticulture exports as % of NZ Merchandise exports	**7%**
Domestic consumption (NZ eats)	**$2.16bn** → $ 730m on fresh and chilled fruits → $ 150m on processed fruits → $ 890m on fresh and chilled vegetables → $ 390m on processed vegetables
Fruit (fresh and processed)	**Export: $3.53bn** % industry value: **49.51%** **Domestic: $0.88bn** %: **12.34%**
Vegetables (fresh and processed)	**Export: $0.7** %: **9.82%** **Domestic: $1.28bn** %: **17.95%**
Number of export markets	**130 Markets** New Zealand-grown fruits and vegetables were exported to 130 countries in 2019, compared with 117 countries in 2010. **→ Exports to 31 countries exceeded $10m (fob) in 2018, up from 25 countries in 2010.**

Top 5 export markets

	2010	2018	2019
Continental Europe	618	915	**$998m**
Australia	702	817	**$814m**
USA	352	721	**$779m**
China	100	502	**$752m**
Japan	483	597	**$786m**

"In 2019 New Zealand fruit and vegetable exports to five markets exceeded $500m fob value: Continental Europe ($998m), Australia ($814m), the USA ($779m), Japan ($786m) and China ($752m). These five export markets accounted for close to $4.7b and more than three quarters (76%) of New Zealand's total horticultural exports in 2019."

Land area used	**Total Area: 79,790ha**	**Fruits: 34,324ha** (excl. wine grapes) **Vegetables: 45,202ha** (outdoor crops) **Indoor crops: 264ha**

Social Media (followers)

	Total
LinkedIn	**7318**
Twitter	**5797**
Instagram	**1461**

All figures are derived from the 2019 Fresh Facts industry report, published by Plant & Food Research.

Appendix three

An example of realising the full potential of our Horticulture sector to develop and grow world class, plant-based food and associated systems (IP). **discussions with NZAPI*

New Zealand is a leader in the acquisition, development, and commercialisation of plant material intellectual property, globally. This is already being realised on a global scale in the Kiwifruit and Apple & Pear industries.

> *There are approximately 6 times as many apple and pear growers outside of New Zealand growing New Zealand owned I.P. cultivars than there are apple and pear growers in New Zealand. The New Zealand apple industry exports 400,000MT of product grown in New Zealand and distributes approximately a further 200,000MT from offshore production.*
> *Zespri's non-New Zealand kiwifruit segment generated sales revenue of $311.7 million last season (versus $263.5 million in 2017/18).*

Plant I.P. is protected in countries that are signatories of UPOV[1].

Commercialisation models for New Zealand plant I.P. involves control of production, post-harvest, and sales and marketing.

Production based royalties and commissions on supply-chain services from overseas growers provide significant returns to owners.

Global commercialisation plans also enable us to deliver the required twelve-month supply of quality branded product to retail partners. Continuity of this supply is through the managed supply from contracted growers in both northern and southern hemispheres.

National constraints including resources such as land, water, labour, or technical constraints[2] can be mitigated through distributed production. This shortens supply chains, mitigates buy local campaigns, and partners offshore capital.

In addition to cultivars, New Zealand has been a leader in developing production system I.P.

Fresh fruit must reach markets without actionable pests and disease. For example, apples from New Zealand outperform all competitor industries in achieving the phytosanitary pest import protocols of importing countries.

The ability to access markets preferentially through intangible attributes such as phytosanitary status increases value. Where cultivar I.P. branding and marketing is added to scarcity, more value can be achieved.

The commercialisation of I.P. production systems and cultivars provide a unique platform to share prosperity with grower partners and their communities globally. This New Zealand horticulture model is being actively sought out by overseas governments who seek to replicate the vibrancy of our horticultural communities often in disadvantaged economically challenged regions

These relationships with governments and grower communities provide opportunities to remove technical and tariff-based barriers. In the destabilised WTO rules environment, these closer relationships are more critical in supporting trade and protecting access.

[1] INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

[2] Technical Barriers for Trade

Appendix four

Pre-workshop industry survey feedback

Realising the full potential of Horticulture post Covid-19

1

29 MAY 2020

Key industry feedback themes: operational

1. Certainty of labour (short-term)
2. Certainty of future access to appropriate Labour, Land and Water
3. Better market access: evolving our approach from 'rules based'
4. Reduce or remove policies/ processes/ protocols/ decisions that inhibit trade
5. Improving the credentials for our "NZ Food Story"

   Safe. Sustainable. Ethical.
6. Telling the NZ Food Story nationally and globally

2

Key industry feedback themes: operational

7. Better data for
   - Improved decision-making for Government/Industry/Individual organisations
   - Standards integrity
   - Collaboration – integration – trust between organisations
   - Supporting and measuring the plan implementation and progress
8. Power of genuine partnership with Maori

ASK YOUR TEAM

Key industry feedback themes: relationship with Government

> Plans and initiatives need to be industry-led, government enabled
> Better industry/Government collaboration and coordination
> Increased access to funding support to accelerate growth
> Need for better pan-Ministry coordination
> Government needs to be industry and trade centric
> Government increase trust of industry standards
> Clear plan and vision required with clearly assigned roles, processes and measurements on progress for both parties

ASK YOUR TEAM

Realising the future for Horticulture: Questions

What are the three biggest opportunities for your sector in a post COVID-19 world?

Key Themes/Findings:

- Improved market access
- The NZ story for our food – Safe, sustainable, ethical
- Integration with Māori in terms of longer-term partnerships
- Fast track environmental practise improvements
- Government/Industry integration
- Health benefits of our food

How could we best fast track realising these opportunities?

Key Themes/Findings:

- Agreed Horticulture-Government Strategy
- Reduce/remove regulatory barriers and red tape
- Certainty on labour supply
- Invested Government coordination
- Labour capability and career pathway plans

What constraints (threats/weaknesses/risks/barriers) do you face in realising these opportunities?

Key Themes/Findings:

- Clear plan and targets on market access
- Poor pan-Government coordination
- Money to increase pace of projects
- Better industry/Government alignment
- Data measurement and alignment
- MPI too risk averse, need to trust industry standards
- Banning of insecticides that are needed
- Government does not trust industry enough

How best will those constraints be overcome and by whom?

Key Themes/Findings:

- Single plan, better coordination and integration, single vision, clarity on roles
- Regulators accept sophistication of industry for product integrity
- Collaborative and cohesive: Government support industry, industry needs to be coherent and inclusive
- Government understanding Horticulture e.g. the development of MPI was primarily from personnel with an animal's background.
- NZ food story (safe, sustainable, ethical)
- MPI cutting red tape
- Wholesales/Retailers too powerful for small growers

What investment is the industry prepared to make to capitalise on those opportunities (R&D, skills, infrastructure, global partnerships, etc)?

Key Themes/Findings:

- Businesses will reorganise investments to align to an agreed plan with Government support/commitment to a Horticulture strategy if it is industry lead
- Linking global market feedback and reach to R & D and product development
- Leveraging and coordinating R & D both through primary sector and within Horticulture industries
- Better sharing of global expertise and networks

What else does your sector need to do to best realise these opportunities as quickly as possible?

Key Themes/Findings:

- Develop NZ story for premium overseas/global customers
- Certainty for investment
- Collaboration and clear plan for Government to buy into and support, so they better understand Horticulture
- Government funding commensurate with potential of sector and NZ food story.

What investment/support do you expect from government to help capitalise on those opportunities (could be money, people, infrastructure, policies, speed of decisions, inter agency co-ordination, communications, consultation and involvement, certainty, regulatory change, trade strategy change etc)?

Key Themes/Findings:

- Agree a strategy and vision, then identify all changes needed by Government (regulatory, investment, resources) and better interagency coordination

- Use COVID-19 as reason to innovate with regulatory ‘Trust NZ Food’
- Improved inter-agency coordination
- Government agencies more industry centric
- Improved data coordination to increase quality and timelines of decisions and interagency coordination
- Funding for Government, tied to specific initiatives

What is a single action the government could take to help make the biggest impact?

Key Themes/Findings:

- Single focus by Government on improving and extending market access overseas, especially Asia
- Fundamentally change mindset and accept plans and efforts, need to be industry lead
- Support fresh fruit and vegetables supply in NZ: Land – Water – Labour certainty
- Trust industry more to manage risk
- Labour certainty
- Fund better data coordination/distribution/analysis
- Allow industry to run programmes e.g. Labour

If we invest as above and get it right, what does that mean for provincial NZ/NZ’s recovery i.e. what is the size of the prize and for whom?

Key Themes/Findings:

- Regional employment
- Regional investment
- All of NZ will benefit with a high-quality NZ food story (safe, sustainable, ethical)
- Focus on Horticulture will be self-fulfilling as well: certainty = investment = growth
- Horticulture has the potential to be a major pillar of our global recovery