



Agribusiness Agenda 2025

Turning talk into tasks

In a volatile world those who are curious will outdo the complacent »

One of the biggest surprises to me in last year's KPMG Agribusiness Agenda, was that industry leaders ranked the priority relating to the need to proactively consider managed retreat and farm system transition to more climate resilient options as 41st, putting it in last place out of all the priorities that we asked them to rank (despite being a key priority in 2023 in the aftermath of Cyclone Gabrielle).

To me, it personified a 'nothing to see here' mentality that enables leaders to deprioritise something hard when the burning platform only appears to be smouldering (even if it is widely accepted that it's only a matter of time before the flames flare again).

I recognise that initiating conversations that could lead to fundamental changes in people's lives (including moving away from where you have always lived and worked) **is really hard**. However, we don't help ourselves or our communities by avoiding these conversations and tolerating continued piecemeal reaction over a planned, strategic response.

I also find myself asking, are we really doing our best for towns like Wairoa (on New Zealand's East Coast), when there are reports of another round of flooding impacting known, exposed communities. By not having a conversation about managed retreat in parallel with providing the immediate support people need to get back on their feet (again), we aren't providing all the assistance they need.

Avoiding conversation means things don't change. This makes insurance harder to obtain, and as something



"...initiating conversations that could lead to fundamental changes in people's lives ... is really hard."

becomes uninsurable it also becomes un-investable, meaning that in continuing to ignore critical conversations we are ultimately leaving communities to socially and economically wither.

We are living in a world running away from difficult conversations

In past Agendas we have written about the VUCA (Volatile, Uncertain, Complex, Ambiguous) world, then the VUCA2 world, the even more complex world and we ended up referring to last year as the Voldemort of years, the year that could not be named. Then the first five months of 2025 has happened and what was complex has become inexplicable, verging on a new world order. Amongst the volatility it is critical for organisations to be able to discern what are shocks, events that are unexpected even startling and that have consequences but do not ultimately change the long-term direction of travel, in comparison to the deep shifts in the direction of travel for global society, that will continue regardless of the shocks that occur.

Climate change is a good example. There is nothing that has happened this year or in any recent year that has fundamentally altered the inexorable increase in temperatures and the weather consequences that come with this. Factual data from credible agencies shows the trends; the deep shift

is (unfortunately) well established. The shock is the push back that is occurring against organisations and individuals that seek to initiate and lead difficult conversations. This does not stop the climate from warming in much the same way as King Canute found in the 11th century when he tried to order the tide to stop coming in on a beach in England. It didn't; it kept doing what the planetary system determines it will do.

The shocks experienced appear to mean that the willingness to have difficult conversations has receded, with that trend accelerating in the last year. It has also become apparent that organisations are stepping back from commitments and targets they have previously set. There are many potential reasons for this. The change in the global political narrative will undoubtedly be having an effect, but it also reflects the challenging economic environment we have experienced and, potentially most significantly, the growing recognition that making change is really hard (meaning many targets were practically unachievable in the timeframes proposed).

While we don't have these difficult conversations, nature continues to send us signals that we are pushing closer to break points of multiple planetary boundaries. This suggests that the timeframe for planned, strategic, proactive transition is reducing, making it harder to shape an optimal future and leaving little choice but to react to events as they occur.

These conversations don't happen on their own. The most impacted communities are often so focused on picking up the pieces from the last time they were knocked over, they don't have the time or headspace to have a strategic discussion about the next 20 years. Political cycles (be they three, four or more years) don't lend themselves to fundamental change, as results could take a generation to become clear (which is too slow for most elected leaders) and the conversations themselves are not always ones that the electorate welcomes.

In New Zealand, we have the benefit of iwi and Māori incorporations that inherently think intergenerationally, making them more open to having strategic conversations. However, connection to whenua and established tikanga requires discussions about such fundamental change to be undertaken at a pace that rightly allows all to be heard, which may be slower than nature is giving us to shape our future.

Playing for today or positioning for a long game

That leaves business. For many, monetising the present has been and remains their core purpose - immediate focus, targeted towards delivering shareholder return, measured through only financial metrics. That has been and remains a perfectly valid strategy, but in a world facing significant disruption it is one which is inherently

"... the growing recognition that making change is really hard..."



based on placing bigger bets on the status quo being maintained, or luck not running out (as happened in Los Angeles early this year, for example, when the city experienced a series of devastating fires).

Some businesses acknowledge that long-term resilience requires them to explore strategic responses to the challenges society faces. They are actively seeking signals, even weak ones, and utilising them to develop scenarios that help to shape short-term, medium-term, and long-term strategy. They are thinking about when the sun will set on legacy assets and what their business will need to look like when that happens, while ensuring those assets are optimised to maximise return while those returns remain available.

They are looking for partners to collaborate with as they explore new business models. They are thinking about circular opportunities and the innovation needed to realise these. They seek diverse opinions because we all see the world differently, they acknowledge the perspectives of many will always deliver deeper insight and better answers than a single worldview. They are challenging the unassailable truths and asking what would happen if those truths were not as true as conventional wisdom believes them to be.

When disaster hits anywhere around the world, they take the time to assess how they would have responded and what can be learnt for the future.

Fuelled by curiosity

So, what is it about the DNA of these organisations that expose themselves to the future that is missing from those that are comfortable to double down on status quo? It is easy to say leadership, but every organisation has leaders and the vast majority are seeking to do their best for the entity they lead.

Organisations that are prepared to shape alternative futures for themselves do so because they are fuelled by curiosity. Curious boards spend more time envisaging the future than litigating the past. Curious leaders carve out time for themselves and their teams to explore, challenge and think. The default answer for an interesting idea is 'Yes and' rather than 'OK, but not now'. Collaborators are actively sought out.

Turning talk into tasks

Curiosity also drives organisations to explore the opportunities to act. They challenge themselves on which actions are going to be most impactful in enabling them to weather the immediate shocks we face, while positioning to optimise their response to deep shifts that are reshaping the society and the planet. Not every action will play out as expected, particularly in a world where shocks are coming as frequently as they have been this year, but the ability

to determine what the no regret actions are and to focus on these will enable an organisation to keep moving forward.

In the last few Agendas, we have focused heavily on the trials facing the sector. This year we challenged contributors to think more about the opportunities that disruption creates and the no regret actions that New Zealand's food and fibre sector should have on its task list for the coming year. We challenged them to be curious about what the future should look like to ensure the sector continues to travel in a direction that enables it to optimise its position against a background of shocks and shifts that have become part of everyday life.

In a world where difficult conversations are being sidelined, the curious are more important than ever. They run toward the hard conversations because they are hard, which makes them interesting, stimulating, challenging, and packed with opportunity.

In a world that is losing curiosity, being curious is something that each and every one of us can commit to every day - taking the time to think, to wonder how things could be different, explore the drivers shaping an outcome. With technology, it has never been easier to be curious, yet we are losing the art of curiosity.

It was interesting that some of our contributors noted that being asked to think about opportunities was slightly

unnerving but ultimately invigorating, having spent so much of the last five years stuck in response mode to shock after shock. I would like to think it gave them an opportunity to be curious about what the future could hold if we play the long game.

We now just need to make sure the actions they have identified are brought to life by individuals, organisations, the sector and the country because we all benefit from a more prosperous food and fibre sector.

The Wairoas of this world need us to be curious, their future prosperity likely depends on it.



Ian Proudfoot

National Industry Leader - Agri-Food

Global Head of Agribusiness

KPMG New Zealand

Contents

| | | | |
|---|-----------|---|-----------|
| In a volatile world those who are curious will outdo the complacent..... | 2 | People..... | 32 |
| Introducing the 2025 Agenda..... | 6 | The Emerging leaders cohort | 35 |
| The voices that have shaped the 2025 Agenda..... | 7 | Nature and environment..... | 38 |
| The State of the Nation..... | 8 | We are finally talking about water again..... | 41 |
| Biosecurity – we can never be too ready..... | 15 | Partnering with Māori agribusiness | 42 |
| Energy – educate on the opportunity | 16 | Sustainability professionals | 43 |
| Food security is national security | 17 | Regulation | 46 |
| Farmers and growers | 18 | Investment..... | 48 |
| International markets..... | 21 | Banking and insurance sector | 50 |
| Innovation..... | 24 | Contributors..... | 52 |
| Future food innovators | 29 | How KPMG can help..... | 53 |

Introducing the 2025 Agenda »

The world has served up unprecedented complexity over the last year. It has got to the point where anything that has previously been assumed in relation to customers, markets, and technology needs to be constantly monitored and challenged as change accelerates. We increasingly live in a ‘me first’ world where the loudest and the strongest seek to prosper at the expense of others.

Short-term thinking has become more prevalent with the rationale for longer-term thinking, whether it be in respect of the climate, nature, people, community, health, or education being contested. The economic environment has contributed to this but the challenge of meeting ambitious targets (set with limited connectivity to a solutions), and the costs that fall today to facilitate transition have also played a part. It has made focusing on short-term actions, the path of least resistance.

| New |
|--|
| Enable new entrants to New Zealand’s food retail sector |
| Lift defence investment to reflect national security risks |
| Reduce emphasis on environment in lending decisions |

| Deleted |
|---|
| Better connect rural and urban communities |
| Establish innovation centres to collaborate better with customers |
| Recruit offshore to deepen relationships in market |
| Support landowners to change land use when their environmental benefits in doing so |
| Take practical steps to reduce food waste and boost circularity |
| Critique large scale tree planting programmes to ensure their impact is balanced |
| Prioritise the negotiation and completion of a Free Trade Agreement with India |

That said, we know that every action has an equal and opposite reaction. In respect of disruption and challenge, the equal and opposite reaction is change and the opportunities that change creates.

It is around these opportunities that we have shaped this year’s KPMG Agribusiness Agenda. We heard top of mind issues from more industry leaders and influencers than ever before. However, we urged them not just to talk about the challenges but also the biggest opportunities they see in front of them and what needs to be done to realise these opportunities.

About the Leaders’ Priorities Survey

We again surveyed industry leaders and influencers to understand their assessment of the priorities for their organisations in the food and fibre sector. The survey asked contributors to give 37 priority statements a score out of 10, with 10 indicating that they consider the item to be a critical priority.

The survey had three new priority statements this year and removed seven included in last year’s survey (see table for the priority themes). Minor edits were made to the wording of 10 of the



199

Total contributors to the 2025 Agenda



127

Responses to Leaders’ Priority Survey



52

Female contributors to the survey



94

Leaders joined Roundtable sessions in March

statements to ensure they remained relevant to current industry developments.

In common with previous years, we asked contributors to provide demographic information to assist us in analysing the results, including their gender, the generation they are part of and whether they predominately hold an executive or governance role.

The voices that have shaped the 2025 Agenda »

In 2020, in the wake of the first pandemic lock downs, we complemented the perspectives of industry leaders in the Agribusiness Agenda by listening to other voices from across the food and fibre sector. Five years later, in the face of some of the most dramatic geopolitical, environmental and economic change the planet has faced since the end of World War II, we have again decided to diversify the perspectives we listen to in preparing this year's Agribusiness Agenda.

This year we complemented the five virtual roundtables held with industry leaders with a series of targeted roundtable sessions to enable us to listen to five alternative voices:

Farmers and growers

We held two, separate sessions with farmers and growers in the North Island and the South Island, to discuss their perspectives on the current state of the industry and the actions that would enable them to unleash the full potential they consider to exist in their businesses.

Emerging leaders' cohort

Having convened the emerging leaders' forum for the 2023 Agribusiness Agenda, we again invited members of the cohort to share their perspectives on how the sector has evolved over the last 12 months. We also offered them the opportunity to complete the priorities survey.

Future food innovators

Technology, be it digital, physical or biological, is transforming how food is

envisaged, produced and distributed to consumers around the world. We talked with some of the Kiwi entrepreneurs on the cutting edge of this change about New Zealand's preparedness for the changes that will reshape the food system.

Sustainability professionals

With the countries and companies stepping back from targets and commitments we have heard growing talk of a sustainability recession. We talked to a group of sustainability professionals about the sector's direction of travel and whether it is doing enough to capture the opportunities inherent in sustainable business.

Banking and insurance providers

There has been focus over the last year on the influence that financial service organisations hold over the future of the sector. We talked to representatives of some of the banks and insurance companies servicing the sector about the role they can play in shaping a prosperous future for New Zealand through supporting the food and fibre organisations.



6
Targeted roundtable sessions



52
Contributors to the targeted roundtable sessions



20
Members of the emerging leaders' cohort completed priorities survey

The State of the Nation »

We have surveyed industry leaders' priorities for 15 years. Every year 'world-class biosecurity' has been the highest ranked priority, so there is no surprise that it is again ranked first in 2025. Although, in a year with the identification of high pathogenicity avian influenza in the country and a series of fruit fly incursions, the surprise is that the score attached to the priority is below that recorded in 2024.












While there is no surprise in biosecurity being ranked first, there are plenty of other movements in the Top 10 (which has 11 priorities, given a tie for 10th position) to be explored. Given the disruption reshaping global markets and trade flows, industry leaders have placed high priority on 'sign high quality trade agreements' and 'develop resilient supply chains', scoring them higher in 2025 and ranking them as the second and third priorities in the Top 10.

Also highlighting the priority being placed on markets is the return of 'telling engaging provenance stories' to the Top 10 (ranked 8th) which had slipped down the rankings in 2024.

Other notable moves up the rankings include three people-related priorities; 'maintain immigration settings' (which has risen from 10th last year to 4th this year), 'ensure comprehensive protection of migrant workers' (from 14th last year to 7th) and 'co-ordinated promotion of sector careers' which enters the Top 10 at equal 10th (from 16th last year). The return of people related priorities is notable as it has been missing in the post-pandemic period, and likely reflects the opportunities to invest more in training people and developing leaders across the industry, as expressed in many of our conversations.

With 11 priorities in the Top 10, it means that only two priorities have dropped down the rankings this year to make way for the new entrants. The most notable was last year's second ranked priority 'act on the results of gene editing discussions' which

Top 10 priorities 2025

| | | Rank | | Priority score | |
|---|--|------|------|----------------|------|
| | | 2025 | 2024 | 2025 | 2024 |
|  | World-class biosecurity | 1 | 1 | 9.03 | 9.16 |
|  | Sign high quality trade agreements | 2 | 3 | 8.29 | 8.14 |
|  | Develop resilient supply chains | 3 | 8 | 8.06 | 7.83 |
|  | Maintain immigration settings | 4 | 10 | 7.76 | 7.67 |
|  | Build water storage to manage resources | 5 | 7 | 7.75 | 7.89 |
|  | Public/ Private mission science partnerships | 6 | 6 | 7.74 | 7.99 |
|  | Ensure comprehensive protection of migrant workers | 7 | 14 | 7.68 | 7.44 |
|  | Telling engaging provenance stories | 8 | =11 | 7.59 | 7.58 |
|  | Maximising sustainable use of oceans | 9 | 9 | 7.51 | 7.69 |
|  | Broadband equality for all | =10 | =4 | 7.45 | 8.00 |
|  | Co-ordinated promotion of sector careers | =10 | 16 | 7.45 | 7.39 |

has seen its priority score fall by 9.7% to be ranked 12 places lower at 14th this year. This may reflect a perspective amongst industry leaders that the reform of biotechnology legislation, including the ability to utilise gene-editing technologies, is now largely a done deal with the speed that the Government has moved to introduce legislation.

‘Invest in resilient rural infrastructure’ has also fallen out of the Top 10 (being ranked 12th equal) reflecting a wider decline in priority being placed on items that relate to investment in infrastructure and assets to support the future of the sector. The ongoing regulatory uncertainty and the timeframes associated with obtaining consents or securing offshore investment is colouring how leaders are prioritising plans for investment across the sector.

Low rankings for the new priority statements

The 2025 survey included three new priority statements but the industry leaders completing the survey did not consider them to be key priorities for the sector. Opening New Zealand’s food retail market to new entrants recorded the highest score (6.34) ranking 31st. The other statements related to lifting spending on defence to reflect the national security significance of our food production capabilities (5.29, 36th) and

requiring banks to reduce their focus on environmental performance in making lending decisions (4.38, 37th). There has been a lot of noise around the competitiveness of food retail and lending markets over the last year however the ranking of these issues in the survey is not a surprise, as they have never been identified during our conversations as issues that are going to unlock a step change in performance for the sector.

The low ranking given to defence investment was more of a surprise. New Zealand has a highly productive agri-food sector which has a friendly climate and plenty of water, making it a strategically interesting asset in a world where the rules of engagement are changing. We can no longer assume that our remote location and generally neutral geopolitical settings mean that we have no potential external threats. Being alert to how the world is changing and ensuring that we do what is necessary to protect our interests from physical and virtual threats is something that can no longer be overlooked.

Focus and decluttering – Average priority scores

The number of issues that leaders address on a day-to-day basis has been a focus of every Agenda over the last five years. We have written about the fatigue facing executive teams and their need to focus efforts on the most significant priorities facing their organisation. The overall priority score indicates that industry leaders have continued to declutter their agenda’s during the year with the overall priority score of 7.03 being at its lowest level since 2016, when food safety was the second ranked priority. The overall score is the third lowest level we have recorded over the last 15 years.

For the second year in a row, almost all demographic cohorts that we analyse have shown decreases in their average priority score, suggesting that focusing on the priorities where it is possible to make a difference is narrowing the agenda for leaders across the sector. It is noticeable

this year that the male and the baby boomer cohorts have both recorded average priority scores below seven, it is the first time we have had average scores this low for cohorts since 2022, when the challenges associated with the border closure were at their peak.

Our smallest cohort, the Millennial contributors continue the year-on-year trend of recording the largest movement in their average priority score, this year recording the largest decline in score (0.26), having been the only cohort to increase in 2024. They also recorded the largest movements in both 2022 and 2023, reflecting that the cohort generally places a higher priority on emerging issues as they arise.

The biggest movers

It is always interesting to look at the priorities that have seen their score move the most year-on-year. Even though these items often do not feature in the Top 10 they do provide guidance on which issues are getting more (or less) focus from industry leaders.

Average score given to a priority

| | Overall | Male | Female | Millennial | Gen-X | Boomer | Executive | Governor |
|-----------------------------|---------|--------|--------|------------|-------|--------|-----------|----------|
| Average Priority Score 2024 | 7.12 | 7.02 | 7.24 | 7.28 | 7.02 | 7.15 | 7.13 | 7.09 |
| Average Priority Score 2025 | 7.03 | 6.88 | 7.24 | 7.02 | 7.05 | 6.96 | 7.12 | 7.02 |
| Movement | (0.09) | (0.14) | 0.00 | (0.26) | 0.03 | (0.19) | (0.01) | (0.07) |

Largest changes in overall priority score

| | Priority score | Change on last year | 2025 rank |
|---|----------------|---------------------|-----------|
| Transition to climate resilient systems | 7.24 | 40.3% | 18 (+23) |
| Encourage exploration of AI | 7.30 | 10.7% | 16 (+15) |
| Build platform for local sustainable energy schemes | 7.41 | 10.0% | =12 (+15) |
| Position as a leader in circular bioproducts | 5.95 | -7.5% | 36 (+2) |
| Collaborate to accelerate net zero transition | 6.90 | -9.0% | 25 (-14) |
| Act on results of gene editing discussions | 7.40 | -9.7% | 14 (-12) |

As we noted in the editorial, the biggest shock in last year’s survey was that ‘transition to climate resilient systems’ was the lowest ranked priority statement only one year after Cyclone Gabrielle and the extensive discussions that had taken place on building back better. It is consequently pleasing to see that the score for this statement has increased by a massive 40.3% to 7.24 giving the statement a rank of 18 this year. Climate is becoming more volatile and thinking about the practical steps that can be taken to make an organisation more resilient is just good, sensible business practice. It is pleasing to see that this issue has come back onto the Agenda for more leaders across the industry.

There are also significant increases in score for ‘encourage exploration of AI’ and ‘build platform for local sustainable energy schemes’ with both moving up 15 places in the rankings. These are two issues that were discussed in many of our conversations in preparing this years report, and actions suggested to increase the uptake of both AI and other digital technologies and sustainable energy are discussed later in the report.

Despite greater focus being placed on environmental priorities in general in this year’s survey, it is surprising that two of the biggest score declines are for environmental priorities; ‘position as a leader in circular

bioproducts’ and ‘collaborate to accelerate net zero transition’. We have written in recent Agendas about the opportunity inherent in thinking about production systems in a circular manner and in looking to find ways to diversify the sector’s revenue through commercialising bioproduct opportunities. We believe these opportunities remain sizeable (and if anything, are growing). However industry leaders, focused on their current business models, do not consider this to be a high priority opportunity for their organisations and the sector to pursue.

The differences in the cohort Top 10s

We have dug into the Top 10 rankings for each of the demographic cohorts. Overall, the individual cohort Top 10s feature eight priority statements that are not in the overall Top 10. There are only two priority statements that feature in every cohort Top 10 (‘world-class biosecurity’ and ‘sign high quality trade agreements’), meaning nine of the overall Top 10 statements do not feature in at least one of the cohort Top 10s.

While ‘act on the results of gene-editing discussions’ has dropped out the overall Top 10, it remains in the Top 10s of the male, baby boomer and executive cohorts and is the most featured priority statement outside of the overall Top 10 in the cohort Top 10s. Other priorities outside of the overall Top 10 which appear in the cohort Top 10s on more than one occasion include ‘co-invest to support tech adoption’, ‘invest

in resilient rural infrastructure’ and ‘clear market signals to all in the value chain’ all of which appear in two cohort Top 10s each.

The need to simplify the adoption of new technologies at all stages in a value chain has come up in many of our conversations in preparing this year’s report so it is not surprising to see that this remains a high priority on the agenda for some of our contributors. With change comes risk so thinking about the opportunities available to support organisations, whether they are farmers and growers implementing digital transformation or an exporter using a new channel to market, requires creative thinking to come up with mechanisms that can assist in derisking change so that the industry keeps up with the pace of change in the global food system.

Nine of the eleven overall Top 10 priorities do not feature on at least one cohort Top 10 ranking. ‘Co-ordinated promotion of sector careers’ does not appear in six of the cohort rankings, with ‘broadband equality for all’ and ‘maximise sustainable use of oceans’ both missing from four of the cohort rankings. Six overall Top 10 priorities are only missing from one cohort Top 10 each. The promotion of sector careers was ranked 10th equal in the overall Top 10, so it is not surprising to see that it does not feature in all the cohort listings (although six out of seven is a little surprising, but its lowest ranking is only 13th).

Differences in cohort Top 10s

Largest changes in overall priority score

| Top 10 priorities for cohort not in overall Top 10 | Rank | Score | | Overall Top 10 priorities not in cohort Top 10 | Rank | Score |
|---|------|-------|--|--|------|-------|
| Male contributors | | | | | | |
| Act on the results of gene editing discussions | 8 | 7.47 | | Co-ordinated promotion of sector careers | 11 | 7.24 |
| Co-invest to support tech adoption | 10 | 7.31 | | Ensure comprehensive protection of migrant workers | 13 | 7.20 |
| | | | | Broadband equality for all | 20 | 6.93 |
| Female contributors | | | | | | |
| Invest in resilient rural infrastucture | 6 | 7.98 | | Co-ordinated promotion of sector careers | 11 | 7.75 |
| Recognise the strategic importance of food safety | 9 | 7.78 | | Public Private mission-based science partnerships | 15 | 7.60 |
| | | | | Maximise sustainable use of oceans | =19 | 7.40 |
| Millennial / Centennial contributors | | | | | | |
| Clear market signals to all in the value chain | 3 | 7.79 | | Develop resilient supply chains | =13 | 7.37 |
| Quickly work to reduce food insecurity in NZ | =4 | 7.74 | | Maximise sustainable use of oceans | =17 | 7.16 |
| Co-invest to support tech adoption | =4 | 7.74 | | Telling engaging provenance stories | =19 | 7.11 |
| Transition to climate resilient systems | 10 | 7.53 | | Broadband equality for all | =26 | 6.90 |
| | | | | Build water storage to manage water resources | 30 | 6.79 |
| Generation X contributors | | | | | | |
| Invest in resilient rural infrastucture | 10 | 7.51 | | Co-ordinated promotion of sector careers | 11 | 7.49 |
| | | | | Broadband equality for all | 12 | 7.42 |
| Baby Boomer contributors | | | | | | |
| Build platform for local sustainable energy schemes | =8 | 7.50 | | Maintain immigration settings | =16 | 7.15 |
| Act on the results of gene editing discussions | =8 | 7.50 | | Co-ordinated promotion of sector careers | =16 | 7.15 |
| Executive contributors | | | | | | |
| Clear market signals to all in the value chain | 9 | 7.60 | | Maximise sustainable use of oceans | 11 | 7.52 |
| Act on the results of gene editing discussions | 10 | 7.58 | | Co-ordinated promotion of sector careers | 13 | 7.49 |
| | | | | Broadband equality for all | 15 | 7.40 |
| Governor contributors | | | | | | |
| Invest in resilient rural infrastucture | 10 | 7.64 | | Maximise sustainable use of oceans | 11 | 7.62 |
| | | | | Co-ordinated promotion of sector careers | 13 | 7.49 |



The only cohort that featured the priority is the Millennial/Centennial cohort, who gave it a score of 7.59, ranking it 9th. The other cohorts ranked the priority between 11th and 13th in their rankings.

It is more interesting to see the declining score for the broadband equality priority. This has been a mainstay of the Top 5 priorities since we first included it in the survey in 2012. To see it drop to 10th equal overall and not feature in the Top 10 listings for four cohorts suggests that industry leaders are moving on from focusing on the need to deliver infrastructure, to focusing on how fast connectivity available in almost every part of the country is able to be used to create value for organisations across the industry.

The other priority missing from four of the cohort Top 10s is 'maximise the sustainable use of oceans'. This is a topic which has been raised by numerous contributors over the last few years however did not feature in any conversations this year. The opportunities in the blue economy remain significant, but before they can be realised in New Zealand there is much to be done to ensure the rights of tangata whenua are recognised as well as determining boundaries for acceptable sustainable use. It may be that for many industry leaders, the time involved in resolving these challenges means that the work required to realise this opportunity no longer justifies the effort.

We have also looked at the priorities with the biggest variances in score from overall score for each of the demographic cohorts. The standout variance is the difference between how male and female contributors have scored 'quickly work to reduce food insecurity in New Zealand'. The priority that is ranked 23rd overall has been scored 20% higher by female contributors than male contributors. The food security challenges we face in New Zealand are better understood today than they were five years ago, making it fascinating that the survey highlights such a dramatic gender difference in expectation of the effort that organisations in the sector will make towards supporting our food insecure population.

Every cohort has ranked 'reduce emphasis on environment in lending decisions' in last place. Despite this consistent ranking, there is a range in scores given to the priority, with four cohorts scoring it as the biggest variance to the overall score. For the male and executive cohorts, the priority has the biggest variance above the overall score, while the female and governor cohorts have the biggest variance below the overall score (with the governor cohort recording one of the lowest scores for any priority we have seen in the 15 years of the survey, 3.67). Every cohort has no time for regulation altering the commercial lending decisions that banks make, but it would appear that some of our contributors are slightly more concerned about the banks using a broader range of factors to influence their decision making.

Biggest variances to overall score

Largest changes in overall priority score

| Top 10 priorities for cohort not in overall Top 10 | Rank | Score | Overall Top 10 priorities not in cohort Top 10 | Rank | Score |
|--|------|--------------|---|------|--------------|
| Male contributors | | | | | |
| Reduce emphasis on environment in lending decisions | 37 | 4.58 (+0.20) | Quickly work to reduce food insecurity in NZ | 28 | 6.96 (-0.54) |
| Female contributors | | | | | |
| Quickly work to reduce food insecurity in NZ | 13 | 7.73 (+0.77) | Reduce emphasis on environment in lending decisions | 37 | 4.10 (-0.29) |
| Millennial / Centennial contributors | | | | | |
| Quickly work to reduce food insecurity in NZ | =4 | 7.74 (+0.78) | Build water storage to manage water resources | 30 | 6.79 (-0.96) |
| Generation X contributors | | | | | |
| Develop resilient supply chains | 3 | 8.32 (+0.26) | Improve water quality to swimmable | 33 | 6.22 (-0.21) |
| Baby Boomer contributors | | | | | |
| Lift defence investment to reflect national security risks | 33 | 5.88 (+0.59) | Maintain immigration settings | =16 | 7.15 (-0.61) |
| | | | Industry wide leadership development scheme | 31 | 6.04 (-0.61) |
| Executive contributors | | | | | |
| Reduce emphasis on environment in lending decisions | 37 | 4.80 (+0.41) | Recognise the strategic importance of food safety | 24 | 6.96 (-0.12) |
| Governor contributors | | | | | |
| Recognise the strategic importance of food safety | 13 | 7.48 (+0.40) | Reduce emphasis on environment in lending decisions | 37 | 3.67 (-0.71) |

| Higher priorities for Executives over Governors | Exec Rank | Govern Rank | Exec Score | Govern Score | Exec Priority |
|---|-----------|-------------|------------|--------------|-----------------|
| Reduce emphasis on environment in lending decisions | 37 | 37 | 4.80 | 3.67 | 30.79% |
| Collaborate to accelerate net zero transition | 20 | 29 | 7.22 | 6.43 | 12.29% |
| Quickly work to reduce food insecurity in NZ | 19 | 26 | 7.23 | 6.59 | 9.71% |
| Higher priorities for Governors over Executives | Exec Rank | Govern Rank | Exec Score | Govern Score | Govern Priority |
| Recognise strategic importance of food safety | 24 | 13 | 6.96 | 7.48 | 7.47% |
| Fast track restoring native ecosystems | 26 | 18 | 6.83 | 7.31 | 7.03% |
| Set FDI rules to enable sector to realise potential | 29 | 24 | 6.60 | 6.98 | 5.76% |

Another priority with a large variance from the overall score is ‘recognise the importance of food safety’ which Governors gave significantly greater priority to than the executive cohort. There was very little reference during our conversations to food safety issues, potentially due to the time since we have had a major issue in New Zealand, but it is not surprising that governors remain more focused on this risk than the other cohort groups. It is also interesting that two water related priorities (‘build water storage to manage water resources’ and ‘improve water quality to swimmable’) had the biggest variance below overall score for the Millennial/ Centennial and Generation X cohorts respectively. This suggests that there

remains a degree of uncertainty about the need to invest in water resources and the benefits that the investment will return.

Perspectives in the C-Suite vs the Boardroom

Two years ago, we started to analyse the differences between executive leaders and governors. Consistent with prior years we had an approximate 66/34% split between executives and governors.

Differences in priority could highlight areas where there are potential strategic differences between the C-Suite and the Boardroom. Not spending more time on difference in respect of lending decisions (which as we noted earlier

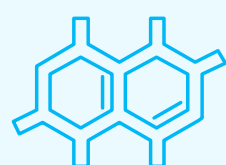
is ranked last by all cohorts) it is interesting that executives have placed greater priority on ‘collaborating to accelerate the net zero transition’. Compared to recent years, there was very little discussion this year about the sector’s decarbonisation journey however there was recognition that low or zero carbon can be a product attribute that is valuable in premium consumer markets. Consequently, it is not surprising that executives are placing greater emphasis on accelerating carbon transition as they can see the immediate commercial potential it offers (but may not be certain how long the upside will be available).

Governors scored food safety, ‘fast track restoring native ecosystems’ and ‘set FDI rules to enable sector to realise its potential’

higher than executives. The higher priorities for governors reflect matters that can be considered less operational and more connected to the long-term prosperity of the sector. The focus on native ecosystems highlights that governors are also focused on the sector’s interaction with nature but are thinking more about broader relationships with nature, which may offer less commercial potential but will deliver long term benefit to the sector. It is also interesting that governors have placed more priority on the availability of offshore investment dollars than executives, potentially reflecting a focus on where capital is going to come from to fund growth and investment.



“...executives have placed greater priority on the ‘collaborating to accelerate the net zero transition’...”



Biosecurity – we can never be too ready

Once again biosecurity has been ranked top by industry leaders in our annual priority survey. It has been a year marked with successes, including the progress that has been made in eliminating Tuberculosis (TB) and Mycoplasma Bovis (MBovis), and some challenges, including the detection of the H7N6 strain of avian influenza in Otago and fruit flies in Auckland suburbs (although the engagement and response of all the impacted communities was noted by contributors as a positive).

The incursions recorded this year have eliminated any complacency that may have crept into the sector. Progress is made on biosecurity issues when the organisations collaborate. The progress that has been made on TB and MBovis raised the question for a contributor what could be possible if the same spirit of collaboration extended into addressing other biosecurity risks

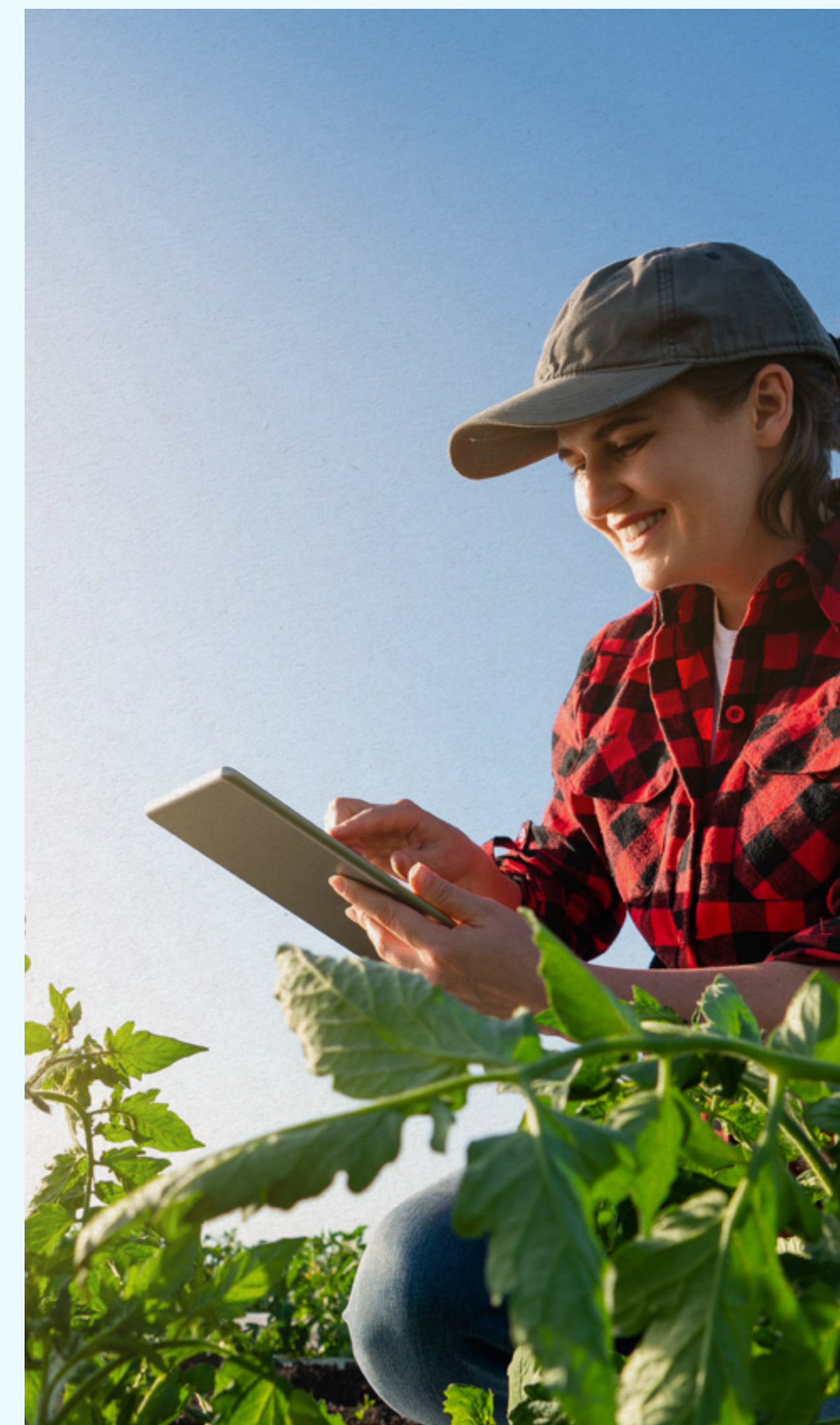
(what about American Foulbrood or Argentine Ants?) through the use of technology and proven processes and controls.

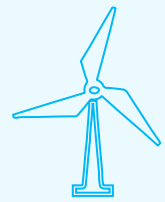
One contributor noted that the review of the Biosecurity Act that is in progress presents an opportunity to let the system evolve to create new frameworks for partnership and collaboration. These frameworks have the potential to sharpen our preparedness for an incursion (including lifting investment into identification and tracking of offshore risks) but also to create new collaborations to respond more effectively when incursions do arise. It was highlighted that biosecurity incursion and emergency response activities predominantly draw on the same people and resources, creating opportunities for collaboration beyond the sector to optimise responses and share facilities and other resources.

An interesting concern raised by a contributor was the risk that our current plant importation rules are creating through incentivising frustrated importers to look to smuggle plant matter into the country (as it has become progressively more expensive and time consuming to bring it across the border legally). The point was made that our settings need to be thought through carefully so that standards are not so tight that rules designed to protect the sector, farmers and growers do not ultimately end up strangling the ability of business to thrive and grow.

The task list

- **Own the response in peacetime** – it is almost certain that we will get better outcomes in a crisis by having rehearsed plans for a co-ordinated response. We need to put the time and effort into regularly testing that response systems work effectively before a crisis hits, to optimise the outcomes achieved.
- **Never forget communication** – we need to remember that most people (in the sector and beyond) don't have deep knowledge of biosecurity risks and response procedures, making it critical that concise, timely communication is prioritised, so people are clear on what they need to do and why.
- **Talk to MPI on importation standards** – the industry needs to take the time to sit down with MPI to explore opportunities to improve importation standards to mitigate the risk of smuggling, integrate new technologies into the management regime and improve outcomes for all.





Energy – educate on the opportunity

We asked industry leaders to rank a priority statement related to building platforms for local sustainable energy schemes that farmers and growers can participate in alongside their food and fibre production. In the second year that we surveyed this topic, the overall priority score increased from 6.73 to 7.41 (10.1% increase) and the ranking of the priority increased from 27th to 12th equal. This suggests that the nexus between the energy and food systems that is a core theme in our conversations with clients globally, is now coming into greater focus in New Zealand.

Given the opportunity on-farm energy generation presents to deliver new revenue and improved profitability to farmers and growers (through the utilisation of waste biomass), as well as offering the opportunity to benefit from lower cost infrastructure solutions to address

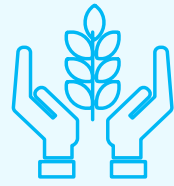
our national energy challenges, it is not surprising that the topic is coming into greater focus. Several contributors highlighted the ‘massive opportunities’ for farmers and growers in taking a role in the transition to renewable energy and the electrification of society. It was highlighted that cheaper energy reduces the cost of living, supports economic investment, can enable land use change and contributes to enhancing productivity. It can also drive actual carbon emissions down on farm, which if done widely across the food and fibre sector would make a massive difference to New Zealand’s total carbon footprint.

The reality is that the infrastructure costs associated with implementing sustainable energy and lower emissions solutions on farm is coming down all the time. As one contributor noted, the majority of pieces to the puzzle are now readily available, but too often the picture on the front of the box is missing, meaning people can’t see how the pieces fit together and it feels more difficult than it really is. To encourage this change requires the energy and agri-food sectors to collaborate more effectively than they do today. Getting the energy part of the food system right will not only enhance financial outcomes but it will embed a valuable attribute into our products and improve the story that we tell the world.

The task list

- **Deliver farmers and growers a pathway to step into renewable energy transformation** – education, implementation plans, financing, and asset sourcing need to be easily accessible. This will provide tracks that producers can follow to decarbonise their farming systems, delivering economic and environmental benefits.
- **Regulatory reset in electricity markets** – the Government must make it easier for farmers to install renewable generation on farm, and ensure that they have a guaranteed right to sell the excess electricity they generate into the grid by reforming electricity market rules.





Food security is national security

While food insecurity around the world has slowly started to recover post-pandemic, data suggests that recession and the cost-of-living crisis means we have more people experiencing food insecurity in New Zealand than at any other time in recent history. Given the social challenges that can be directly connected to food insecurity, it was surprising that the priority ‘quickly work to reduce food insecurity in New Zealand’ recorded its lowest score in the survey since we started surveying on the topic (6.96 compared to 7.36 in 2024 and 7.62 in 2023).

Many contributors raised food security as a key concern during the roundtable conversations, suggesting that in a country that produces food, reducing the number of food insecure people should be a national priority. They referred to the commentary we have included in past Agendas which focused on the need to ensure that we feed our five million first before we think about export,

given the impact that the health and social challenges arising from food insecurity can have on the premium market attributes we leverage to sell our products to the world.

Several contributors suggested that a cohesive national food strategy is critical to ensuring equitable food access for all New Zealanders as well as optimising environmental, health and economic outcomes. Other contributors noted that a strategy or plan on its own will make little to no difference to the outcomes that are achieved, given our track record of writing and launching plans that we fail to implement. They suggested time is better spent on collaborative actions where willing organisations coalesce around an issue and drive action, because doing nothing presents too great a risk to their own business interests.



Many other issues were raised during conversations. The consequences and costs of food waste were highlighted, together with a belief that opportunities to unlock value are not being captured because of a reticence amongst businesses to implement more circular business models. The recent focus on school lunches was raised together with the potential harm the publicity around the issue could do to our food sector brand. The idea was floated that it may be in the industry’s long-term interests to take the lead in ensuring every child in New Zealand has access to a nutritious school lunch, turning a problem into something that builds rather than weakens our national brand. The question was also raised as to whether we are doing enough work in the background to ensure the sector has access to the resources that are needed to grow food given the geopolitical, economic and pandemic shocks experienced over the last five years.

The task list

- **Implement a food and fibre equivalent of the Tiaki Promise** – the tourism sector has been strengthened by defining a series of values that operators and visitors can voluntarily commit to. Given the lack of political will to develop a food strategy, an equivalent scheme could lay the groundwork for a wider strategy later, while committing pledgers to ensure their own actions live up to the values now.
- **A Ministerial advisory group on food security** – if a food strategy is too difficult, a Ministerial advisory group with experience from across our food system around the table would be a step in the right direction, advising the Minister on policy consistency in relation to food across Government and strategic interventions available to enhance food security.
- **Deliver a strategic inputs initiative** – running out of (affordable) seed, agri-chemical or fertiliser could impair domestic food security. An intervention plan should be developed to ensure we have sufficient supplies of key inputs into our farming systems on hand to maintain production through further unexpected global shocks.



Farmers and growers

A criticism we have heard about the KPMG Agribusiness Agenda is that it does not do enough to connect with the farmers and growers, in respect of understanding their perspectives and translating the big picture issues it addresses into actionable insights that can be deployed within a farming system. This year, we decided that we would ensure we do get a clear understanding of what is happening at the farm level to inform the task lists we have collated throughout this report.

Working with colleagues Brent Love and Trevor Knyvett from our national On Farm Services team, we held two roundtables (one for each for the North and South Islands) to talk with a mixture of clients and contacts about the top-of-mind issues inside their farm gate. The discussions covered a wide range of topics and some of the highlights are summarised here.

Funding

For many contributors it was clear that the high interest rate environment of the last year has taken them to the edge, but with rates coming down it was noted that there will now be the opportunity to once again start investing in the business. The challenges for young people to get into farm ownership were raised by several contributors, highlighting the challenges with completing family succession because of the amount of money involved given the increases that have occurred in land values. Contributors also commented on the need to evolve sharemilker/ contract milker models so that returns better align with the investment and risk that each party is taking on. The suggestion was made that formally reviewing these arrangements could create new opportunities to get on the ladder towards farm ownership, by giving young farmers the ability to start to grow their equity.

There was a clear view expressed that the banks are not giving farmers and growers confidence that they have their support and have done little to bring innovation to

their product offerings in many years. The comment was made that it would be good to see the banks offering tailored first farm ownership packages (in the same way that they offer student banking and first home packages) as well as options around animal leasing, venture equity, sustainability linked loans and facilities that enable a farmer to separate the ownership of the farming business from the real estate ownership.

Given investment on the farm is expensive, there needs to be a high degree of confidence about the return before an investment would be made under current lending frameworks. It was noted that there are new private lenders starting to take positions in the food and fibre sector who are prepared to take long term fixed positions, unlocking more flexibility to invest in the business. The general view was that some tension in the funding system will ultimately benefit everybody.

Regulatory reform

The view was expressed that it always feels like it is harder for farmers to do business in New Zealand than it is for farmers in

"...there are new private lenders starting to take positions in the food and fibre sector..."

other countries. The sector does not get the same level of financial support that farmers in most other countries around the world receive. One contributor suggested that they would like to see the Government putting in place policy mechanisms to support food security for all New Zealanders. Such a policy would better connect New Zealand farmers and growers to the community while providing some certainty around the economics for those farmers that produce predominantly for the domestic market.

The point was made that bureaucracy can make it hard for a farmer to optimise the use of their land at the highest and best option. Consents are expensive and time consuming to secure, making not changing the easiest path, although this has adverse financial (and potentially environmental)

consequences. Slow consenting processes and uncertain compliance processes create risk for the farmer but also for their supply chain partners. The suggestion was made that it would benefit the whole sector if the Government mandated the service levels farmers should expect from central and local Government agencies in relation to speed with which a definitive response should be received.

Innovation

The farmers that joined the roundtables see a massive range of technologies available or coming towards them (precision data and AI, genetics, lighter chemicals, renewable energy and others) that will help to lift productivity and reduce operating costs. With all this opportunity the obvious question was why the technology is not yet being adopted at scale. The answer was very simple. The financial incentives align to traditional farming metrics, thus utilising the technology and deriving better outcomes does not necessarily deliver a better financial result to the farmer. It was also noted that the lack of integration across much of the technology makes adoption challenging. It can be hard to optimise the systems, and the companies supplying the solutions have often under invested in on farm extension support (making it is easier to leave the technology in the box rather than trying to implement it).

A comment was made about the quality of digital tools that are becoming available, but their use being limited because most farmers do not yet have access to the high-quality data sets that are needed to optimise the technology. It was highlighted that data quality is inconsistent across the country, with better data available in the irrigated areas of Canterbury than there is across much of the rest of the country. As one contributor noted, it remains more reliable to look back over the trends across the last six years in the notebooks, than rely on what the computer is saying. The comment highlighted that regardless of how good the science gets we should never overlook that with the farming we do in New Zealand, there is always an element of art to any decision-making process.

Biotechnology

The comment was made that much of the push back around the changes in biotech rules that is occurring is on Facebook pages. The key concern expressed is that not enough has been done to enable the benefits of gene-editing to be delivered to the pastoral sector quickly, either in New Zealand or around the world. The opportunities that could be created by having better heat tolerant and nitrogen fixing plants are massive, so as the rules change there is an expectation at the farm level that the work will be accelerated to realise benefits for farmers and growers.



Water

The message on water was simple. Water issues can't be managed within the boundaries of a single farm and regulation that attempts to do this is a waste of time. It makes much more sense to focus on water management within a catchment and that should also be the area of regulation. However for this to work we need to ensure that the co-ordinating groups are adequately funded and resourced to set them up for success.

Wool

With shearing sheep now paying for itself there is the opportunity to start to think more about what the potential future for wool is. There is an opportunity, but realising it will require lining up the right animals, with the right partners and the right innovation opportunities to enable the sector to secure new high value markets. The requirement that the Government has introduced to require agencies to consider the utilisation of wool in their projects was acknowledged and applauded as a great opportunity to demonstrate the benefits of the product to the world.

People

The key takeaway from discussions on the role of people in the sector was that there is a shortage of talent at all levels across the industry. Whether it is a lack of people being developed through the governance pipeline (as the companies that people cut their teeth on in the past no longer exist), through the ability to attract good quality people into senior farm management roles, or right down to the need to make more effort to invest in the pipeline of students coming out of school that see a career opportunity in the sector.

Questions were raised about the quality of education, particularly for university graduates, with the comment being made that they know the books but do not appear to have had enough practical experience on farm to yet be useful (meaning most are not looking to come farming, at least initially, preferring instead to take a farmgate role with a bank, supply business or processing company). Concerns were also raised about the confusion surrounding the on farm and workplace skills learning and what this may look like given the restructure of Te Pūkenga, with the comment being made that it is critical that there is high-quality hands-on training available locally (particularly if the technology that is becoming available is going to get used).

And finally

There was a really telling comment made during one of the sessions when a participant noted you can never overlook that when you buy a farm, you are also buying a lifestyle, and you are buying a job. They made it clear that farming is personal. It encompasses every aspect of a farmer or growers' life and what are perceived as small changes in settings being made by the Government in Wellington or a processing partner or a bank in Auckland, Tauranga or Dunedin can have massively amplified impacts inside the farm gate. The passion that those who grow food and fibre have for what they do is one of the sectors' superpowers, but it can also be one of its anchors, particularly when it is deployed against change for no other reason than it is unsettling a comfortable status quo.

Contributors



Brent Love
Partner, On Farm Agribusiness
Private Enterprise



Trevor Knyvett
Director, On Farm Agribusiness
Private Enterprise

The task list

-  **The key action taken from these roundtables is that the time spent listening to farmers is never wasted** – and that industry leaders would benefit from investing more time listening to their key stakeholders to enable them to ensure ambition and action is aligned at both the farm, processor and industry levels. We will do this again for future KPMG Agribusiness Agendas.

International markets

The ‘hustle’ decade has started

At the height of the pandemic, sector leaders had so many domestic challenges on their plates that commentary during our roundtable conversations suggested limited time or focus was being placed on the customers and markets that their organisations sell to around the world. This year, opportunities in international markets was the very first topic raised in the first roundtable and featured extensively in every conversation we had. It is apparent that disruption in global markets and trade routes means leaders are again focusing externally and are back out hustling around the world to develop markets and capture value for the products they supply.

The Government has launched an export double strategy in the last year, as one contributor noted it is the fourth time he can recall the Director General of MPI (or its predecessor agencies) being charged with doubling exports. The reality is that it is not the Government but business that has the potential to double exports (as the Government does not sell anything to the world), and growth will only be achieved through hard work and hustle directed toward the highest value opportunities. The point was made that the Government needs to recognise its role in this space if it is to act as an enabler, doing the work in the background to make it easier for our exporters to capture value for their products, rather than trying to be the lead salesman for the industry.

We analysed a basket of priorities in the leaders’ survey connected to international markets and found the average priority score increased only 1% to 7.16. It remained below the score recorded by the same group of priorities in 2023. Most measures saw increases in their scores, with ‘manage exposure to clusters in export markets’ recording the largest increase (5.93%).


Scores for market related priority statements

| | 2025 | 2024 | 2023 | 2022 |
|--|------|------|------|------|
| High quality trade agreements | 8.29 | 8.14 | 8.42 | 8.14 |
| Develop resilient supply chains | 8.06 | 7.83 | 7.69 | 7.95 |
| Telling engaging provenance stories | 7.59 | 7.58 | 7.74 | 7.71 |
| Clear market signals to all in the value chain | 7.37 | 7.40 | 7.47 | 7.12 |
| Manage export exposure to China | 7.14 | 6.74 | 7.14 | 6.56 |
| Implement national provenance system | 6.14 | 6.53 | 6.90 | 6.32 |
| Track alternative protein developments | 5.50 | 5.40 | 5.86 | 6.01 |
| Average market related priority score | 7.16 | 7.09 | 7.32 | 7.12 |

It is not surprising that leaders are more focused on diversifying the markets that they supply, given the disruption that tariffs have created in global markets over the last few months. The largest decline was ‘implement a national provenance system’ which declined 5.97% reflecting an ongoing lack of interest amongst industry leaders in an integrated ‘fern mark’ style system. The score this year was lower than it has been in the last five years, suggesting interest has eroded further.

Optimising the controllables in global markets

We completed our leaders roundtables prior to 2 April 2025 when reciprocal tariffs were imposed on most of the US’s trading partners. Given the build up to the tariff announcements, it was no surprise that concerns about the volatility that was expected, shaped commentary from many industry leaders. As one contributor noted, in the current environment it is important to



focus on the factors that can be controlled and ensure that they are being optimised, which requires constantly rethinking the products we are delivering, the markets we are supplying and partners in our supply chains.

A noticeable feature of the discussions this year was the greater enthusiasm for securing a trade agreement with India, when in the past the market had been viewed as difficult to gain any traction in and too much of a long-term project to be worth the time pursuing an FTA. The delegation that the Prime Minister led to India in March was well received and with Australia now having an FTA, it has become more important that New Zealand companies secure equivalent market access.

While India has 1.4 billion citizens, the point was made that the addressable market for potential consumers of New Zealand products is likely less than 50 million people. That is still an opportunity worth pursuing in the current geopolitical environment,

"...in the current environment it is important to focus on the factors that can be controlled and ensure that they are being optimised..."

although it will need a lot of effort to secure the business once access is obtained. A controversial view was expressed by one contributor, who suggested that we need to be open to signing an agreement with India that does not include all of our key sectors, as the benefits of a partial agreement will outweigh having no agreement and create a platform for extending the relationship in the future.

Market diversification

India was not the only market contributor identified as presenting an opportunity for growth. Having recently secured FTAs with the UK, the EU and the UAE, and with the USA setting itself on a course towards self sufficiency, the need to leverage all our available market access was highlighted as a priority.

We had several contributors who had joined the Prime Minister's delegation to Vietnam note the unexpected and energising experience that they had in the country, having previously not given significant thought to the opportunities available in the market. The ability to observe how chefs in the country are innovating with our products highlighted the effort we need to make to stay relevant in these markets.

The point was also made that in our rush to China, the US, and Europe we have often bypassed the opportunities in our own

backyard in Southeast Asia - in countries like Indonesia, Vietnam, Singapore and Thailand - and we should now be looking to increase our focus and investment in these markets.

The importance of the Australian market was also flagged as it remains one of our biggest markets but is often overlooked. It was suggested that our commonality with Australia (for instance the sharing of food safety standards) should see more organisations explore Aussie market opportunities to learn how to export their products.

Product innovation and diversification

Contributors highlighted that the markets we supply are not static, their expectations are constantly evolving and our competitors around the world are launching innovation continually. The global wine sector, for instance, is experiencing declines in total sales volumes however growth is coming from innovation around the traditional products (low alcohol, lighter wines and organic wines for example). It was noted that growth is coming from products that would have had a winery branded as crazy if they had focused on producing them 15 or 20 years ago. The challenge for every sector is understanding what the crazy product is today, that will in 10 years' time be able to offset declines in sales for mainstream (commodity) products.

It is not just about ensuring we have the right products in the pipeline. It is also important to be targeting the products towards the right demographics.

The dairy sector, for example, has invested heavily over the years into infant and growing up milk powder products, however as the population ages, ensuring the product range evolves to include products that support healthy ageing becomes increasingly important. The product formulation may not change significantly but the way we tell the story and explain the product attributes must be completely rethought to ensure it reflects the needs and expectations of current and potential customers.

We can never forget to listen

Our story is not as unique as we like to think. As one contributor noted, we can never get so confident in our own story that we forget the old truth, that in the end the customer is always right (as they ultimately make the buying decision). While we may not like the standards other countries impose, we have no choice but to produce food and fibre products that meet the highest standards set by the most discerning customers around the world. If we focus on doing the right things to meet the needs of these customers, it can deliver tangible financial benefits to growers (as illustrated by

the recent announcements by Fonterra of premiums for low carbon milk, tied to contracts they have signed with Nestlé and Mars). Value is created by listening to our customers and acting on their needs, rather than listening to our own rhetoric.

Learning from each other and beyond

With several contributors having recently joined international delegations, the point was made that travelling in groups with people from multiple sectors had been an incredible learning opportunity. The suggestion was made that leaders need to make more of an effort to connect and learn with people from outside of their silo more often. Whether that is breaking down barriers to connect with people in another part of the food and fibre sector or in another industry entirely, learning how they are addressing challenges like the use of technology, attraction of talent or connecting with consumers can only help to bring new ideas, opportunities and collaborations to light.

“...we can never get so confident in our own story that we forget the old truth, that in the end the customer is always right...”

The task list

- **Take the time to walk your value chain** – our work continuously highlights how important it is to take the time to walk the value chain in a market, in order to understand how value is distributed, whether there are different ways to do things, and whether there are unassailable truths that have become assailable.
- **Create an ecosystem to support New Zealand companies to prosper in ASEAN** – the ASEAN markets are not natural markets for many New Zealand exporters, meaning they will need scaffolding to support them to realise opportunities in these markets. Investing in landing pads that have the networks and knowledge to enable a company to connect with the right people and service providers will supercharge growth.
- **Ensure the stories we tell are nuanced** - to meet the needs of those who will listen. Our stories should be told in a way that reflects the needs and expectations of our customers and potential customers.
- **Stay the course for the long-term** – by not taking short-term positions just because the political pendulum has swung overseas. Taking decisions that position us best for the long-term will always be the right thing to do, as we look to maximise the value of the products we sell to the world.
- **Create leadership mentor groups** – bringing together leaders from multiple sectors to share their experiences in responding to challenges and realising opportunities within their business, with the goal of diversifying (and in some cases disrupting) siloed thinking around what is possible.
- **Start the long-term work to build trusted relationships in India** – by focusing on how we can contribute to addressing their food security challenges and lifting capability across food and fibre companies in the country. Investing our time, effort and IP now will pay dividends over time.

Innovation

Ensuring transformation delivers

There was universal acknowledgement that the food and fibre sector has entered a future-defining period of transformation. Whether the transformation is being driven by the disruptive potential of AI and biotechnology or the result of the Government’s generational reengineering of the publicly funded science system, it was recognised that we should be approaching this change with the ambition of unlocking the opportunities that it creates.

During our conversations we heard a wide range of perspectives on the establishment of the Bioeconomy Public Research Organisation (Bioeconomy PRO), the commercialisation capacity within the New Zealand economy, as well as commentary on the progress the industry is making in adopting agri-tech solutions, exploring digital and AI capabilities and a range of perspectives on the status of the

biotechnology reforms. Concerns persist that the innovation system is still dominated by a ‘must be invented here’ mindset which slows the speed at which global technology is adopted. It is hoped that a refocused science system targeted towards supporting commercial outcomes will enable us to become more comfortable with lifting the best technology from anywhere in the world and implementing it quickly in our farming systems.

While much of the discussion during roundtable conversations revolved around the various innovation tracks shaping the sector’s future, it is interesting that the basket of priorities we connected with innovation actually saw their overall priority score fall 1.4% on 2023 in the leaders' survey. The priority ‘encourage exploration of Gen AI’ recorded a 10.6% increase (albeit off a low base) reflecting the increasing recognition that AI is not a technology that an organisation can afford to ignore. There is recognition that AI is technology that all organisations need to be exploring and integrating into their business given competitors across the

Scores for innovation related priority statements

| | 2025 | 2024 | 2023 | 2022 |
|--|------|------|------|------|
| Public/ Private mission based science partnerships | 7.74 | 7.99 | 7.79 | 7.92 |
| Broadband equality for all | 7.45 | 8.00 | 8.06 | 8.13 |
| Act on the results of gene editing discussions | 7.40 | 8.19 | 8.03 | 7.14 |
| Encourage exploration of Gen AI | 7.30 | 6.60 | 0.00 | 0.00 |
| Enhance employee experience through automation | 7.13 | 7.02 | 0.00 | 0.00 |
| Direct levies towards intergenerational projects | 6.66 | 6.63 | 6.16 | 5.84 |
| Create single open access data platform | 6.28 | 6.40 | 6.71 | 6.45 |
| Track alternative protein developments | 5.50 | 5.40 | 5.86 | 6.01 |
| Average innovation related priority score | 6.93 | 7.03 | 7.10 | 6.92 |

global food system are developing valuable use cases. Offsetting the increases, we saw sizeable declines in ‘act on the results of gene-editing discussions’ (down 9.6%) and ‘broadband equity for all’ (down 6.9%) which, as we noted earlier in the report, may well reflect a perspective that these issues are largely dealt with and well on their way to becoming business as usual.

Unleashing the Bioeconomy PRO (Public Research Organisation)

While there was some suggestion that the formation of the Bioeconomy PRO (effectively merging Plant and Food Research, Scion, AgResearch and Manaaki Whenua Landcare Research into a single new public research organisation) was the Government moving the deckchairs to be seen to be doing something, the majority of leaders commenting on the changes saw them as an exciting development providing an opportunity to re-set how science is done in the sector. There was a consistent call to action that industry leaders cannot afford to be passive as the Bioeconomy PRO is

"...AI is not a technology that an organisation can afford to ignore."

established; they must engage actively with the Government and the leaders of the new organisation to ensure alignment with the needs of the food and fibre sector is engineered into its DNA.

A concern raised by numerous contributors is that the reforms are all about structure, and not enough has been done to address the short termism rife across the science system or too answer key questions around long-term funding certainty for publicly funded R&D. Concerns remain that the new organisation will be forced to spend its time and resources competing for research funding rather than having adequate baseline funding to do the research that will support long term commercial opportunities. The science necessary to ensure we pass the sector onto the next generation in a stronger place than it is today.

One contributor noted that taxpayer investment into science and innovation is around \$1.2 billion per year, which is not a lot on a global scale, but if it is targeted and leveraged carefully (with both commercial and philanthropic funding) it has the potential to make the Bioeconomy PRO a highly relevant, globally scaled research institute (maybe even our own Wageningen!).

It appears the reforms are intended to make it easier for the new Bioeconomy PRO to attract greater external investment into research programmes, including funding

from international and philanthropic funders. Establishing the Bioeconomy PRO does not solve the historic underinvestment commercial entities have made into R&D in New Zealand and as one contributor noted, it is not yet clear whether the changes proposed will do anything to address the root causes of that problem (lack of companies with sufficient scale to invest, a focus on short term cash returns to shareholders and a reliance on industry good organisations funding research when there is market failure). The hope is a commercially driven organisation will be better placed to attract commercial organisations to join collaborative innovation programmes.

It has been a regular theme of roundtable conversations over the years that New Zealand has no shortage of good ideas, but we are largely awful at commercialisation as we lack the entrepreneurs and the ecosystem to take great science and turn it into great business. Several contributors stressed the importance of the Bioeconomy PRO having a dedicated commercialisation arm that can take risk outside of mainstream research activities, and enable promising innovation to be incubated by commercialisation specialists who have the networks and experience to create the unicorns we desperately need as a country. It was also stressed that we must make it easier for researchers to have an interest in the intellectual property that their work creates

"...suppliers need to invest in providing farmers with education and information about the digital tools that are available..."

and to be able to benefit from it financially, something that is critical if we are to attract and retain the best scientific minds.

Is the sector adopting AI at pace?

Two years ago, Chat GPT was new, and we were wanting to understand what Generative AI was. Last year, the potential was becoming clear, use cases were starting to emerge and the Agenda suggested that every farmer should be looking to deploy an AI tool within their farming system in the 24/25 growing season. While AI did feature in our conversations this year it was not the dominant theme expected, particularly given the sizeable lift in the priority score in the leaders' survey.

Contributors who talked about AI and digital transformation highlighted the urgent need for action across the sector to secure efficiency benefits, and improved productivity, while ensuring the sector can maintain global relevance.

Leadership is required to guide the sector through the digitalisation journey. Potential users need to have the confidence to step into implementing technology, which means that they are looking for trusted role models who have successfully navigated the adoption journey and can explain the effort required, the results that they should expect to achieve, and the benefits that will be delivered. Industry good organisations, processors and technology suppliers need to invest in providing farmers with education and information about the digital tools that are available, along with a support for implementation.

One of the limitations on adopting AI and other digital technologies is the quality of data available. Historically, there has been limited data availability in the food and fibre sector and the quality of the information available has been very mixed. Ingesting poor quality data into the tools means the outputs are unlikely to be useful, making master data management critical. Collecting high quality data can unlock opportunities to adopt and optimise tools like satellite imaging, robotics, autonomous vehicles, gene-editing and precision fermentation. Good data unlocks the future of food and fibre for an organisation.

Several contributors suggested that the industry is still not doing enough to optimise data sharing and collaboration between organisations. It was suggested that organisations continue to look to isolate their

data as they seek ways to commercialise it, rather than actively looking for ways to break down barriers and collaboratively exchange information to provide as much information as possible to be ingested into the tools. The sector will maximise the opportunity in AI through breaking down barriers around data access and building an open data exchange which can be utilised by farmers, processors and input providers.

Embracing AI has the potential to significantly boost productivity, enhance sustainability, and lift competitiveness for organisations across the sector. Is the sector progressing as quickly as it should be? Probably not, but it could still capture benefits with strategic leadership and collaboration.

A frustrating year for agri-tech

Prior Agendas have recognised the export potential inherent in New Zealand's agri-tech sector. The previous Labour Government invested in realising this potential through the Industry Transformation Plan (ITP). Despite setting an export double goal, it is not clear to contributors whether the Government sees the Agri-Tech sector as a key contributor to delivering this goal. After the new Government abolished the ITP, contributors noted that the majority of the specialist capability in Government in the Agri-Tech space had moved on, leaving nobody with the deep knowledge of the opportunities and challenges facing the sector in policy or implementation roles.



While it is acknowledged that there is some smart innovation being developed, the point was made that there is still not enough thought being put into how an innovation fits into common farming systems and the impact adopting it will have on farm operations. The limitations of the commercialisation ecosystem mean that many innovators are overly focused on their technology, as the support is not there to guide them in articulating the business case for adoption of their solution. Without clear investment cases, the rate of technology adoption remains low as the uncertainty for both the farmer and the bank over whether it makes sense to allocate capital to the investment is not being addressed. The opportunity for organisations bringing solutions to market is to make adoption easy; have the business case ready, articulate the adoption pathway and work with the banks to be able to provide a financing solution.

Change is underway in the biotech space

Doubling export value in any of our food and fibre sectors requires access to the latest cultivars and germplasm. It also requires us to have access to modern green chemicals, fertilisers and animal health products. As discussed in previous Agendas, our legislation and regulatory processes are very

dated, slow and expensive, which is making it challenging for farmers and growers to access the products and technologies they need to remain competitive in global markets. Innovative products are a critical enabler of the industry's future, reducing costs, improving yields and making a significant contribution to delivering better environmental outcomes.

Numerous contributors talked about the Gene Technology Bill, which is intended to enable more use of gene edited technologies and is expected to be passed into law this year. The work by the Ministry of Regulation in respect of agricultural and horticulture products was also noted. Most contributors recognised that both sets of rules unlock an opportunity for the sector that competitors in many countries have had access to for some time. However, they also noted that the technologies do create new risks, meaning that adoption must be handled carefully.

There remains some concern about how the use of the technologies will be received by customers in market, so the expectation is that farmers and growers will tread carefully with their adoption. The point was made that there is no substantive evidence that farmers will be faced with a binary choice of biotechnologies or market access, as processing and regulatory systems can be designed to enable traceability in respect of the attributes of any product.



The importance of the community being educated about the technologies and the guardrails surrounding them was highlighted, given the risk they could present to the licence to operate. Society needs to have confidence that the implementation is being handled carefully, with the interests of the community and the environment at the centre of decision making. The need for education from trusted voices is even more critical, given the risk that adoption of the technologies is accompanied by a barrage of misinformation from influencers with loud voices but little concern about balance or science.

The point was also made that the current legislation means we do not have a library of technology developed and ready to be deployed. Consequently, our scientists will need to search the world for technologies that are already available as we don't have time to start our own research programmes and look to solve the problems ourselves. Very often, our challenges are different to those faced overseas and are not top priority for international companies, meaning the need to build fundamental research capabilities will still be necessary to ensure we have optimal genetics in the toolkit to enhance our competitiveness.

 **The task list**

- **Proactively engage with the Bioeconomy PRO** – on shaping the new organisations' agenda, with a particular focus on where opportunities exist to initiate co-funded projects rather than waiting to be invited into the conversation.
- **Invest in enhancing the capability to implement the best solutions worldwide** – through getting clear on the key needs of farming systems, being active globally to find technologies, and having a pool of farms that can be used to test and tailor quickly.
- **Reinvigorate efforts to establish an industry-led data exchange** – by the industry coming together to collaborate on building the platform to meet the needs of farmers, processors and input providers. Too long has been spent waiting for the Government to take the lead and the industry has run out of time to wait.
- **Create open access digital plans for our common farming systems** – to make the pathway for farmers to accelerate the digitalisation of their farming system as clear and simple as possible. We need to make it as easy as possible for farmers to adopt a tech stack that can be implemented and integrated with minimum effort and cost.
- **Leaders must lead in AI** – and the challenge to them is to commit to learning something new about AI every week, using tools in their day-to-day work and ensuring their organisation is sharing case studies internally and externally about the value being created from using digital tools.
- **Realising the domestic and export potential of agri-tech needs the right resources to be available** – to ensure that solutions are brought to market that work for farmers and are able to be commercialised in international markets. The industry needs to take the lead and those who will benefit from more efficient farming models need to step up to the plate with funding.
- **Trusted voices are needed to anchor an education programme about the pros and cons of biotechnology** – there is a key need to lift understanding of these technologies across the community, their safety and environmental impacts, and to provide confidence in the guardrails that any new legislation introduces to ensure the technologies are used in an appropriate manner.
- **We need to recognise the work of other credible regulatory agencies in our approval process** – to reduce the cost and increase the availability of new generation biotechnologies to ensure we remain competitive in international markets. Such an action would signal to global technology providers that we are an open and easy country to do business with.

Future food innovators

One of the most striking observations from the Future Food Tech Conference held in San Francisco during March 2025 was the speed at which technology, particularly digital, is being integrated into all aspects of food technology. Whether it is used in accelerating the innovation process, enabling precision targeting of molecules in a fermentation, investigating and modelling the microbiome, or contributing to the experience delivered to a consumer, AI was part of every panel that took place.

A small group of New Zealand future food pioneers self-funded themselves to attend the conference to enable them to meet and network with some of the biggest players in the global food system. With the help of Future Food Aotearoa's Executive Director, Katy Bluett, we held

a roundtable conversation with some of the entrepreneurs a few weeks after the conference to gain an understanding of where the future food system in New Zealand is at currently, and what needs to be done to ensure we have companies that are relevant to the emerging modern food system. Future Food Aotearoa is a founders' movement driving advancement in the New Zealand and Pacific Rim food tech ecosystem.

An easy mistake is to assume that food companies and food tech companies are the same thing. Food companies produce ingredients or consumer products for consumption by consumers today. Whereas a food tech company works with a wide range of technologies, including biotech and digital tech, to explore the problems that exist with the food we eat today (for instance a lack of nutrition, or unsustainable growing systems) in the hope of bringing solutions to market that can then be commercialised as an ingredient or process within food products produced by branded marketers. When we are talking food tech, in the main,



we are not talking about a new branded muesli bar or ready meal. The focus is on enhancing the resilience and improving the accessible nutrition of global food systems.

Are we recognising the opportunities in food tech in New Zealand?

There was a consistent view around the table that the use case for deploying deep technology to realise modern foods is now widely accepted internationally, given the ability it has to transform the environmental sustainability of food production, target foods towards specific medical outcomes, and optimise a person's lifestyle. The contributors however were very clear that the trend is not being recognised to nearly the same extent in New Zealand, which is disappointing as our track record in food innovation is recognised globally and would provide an amazing platform on which to establish a sizeable new industry manufacturing its products internationally but headquartered, imagined and developed here in Aotearoa. The point was made that there are many in New Zealand's food sector that are land and farmer first rather than being led by technology so they are not even open to a conversation about food tech, appearing to prefer to wait to be disrupted in a legacy business than trying to identify a pathway into the new world.

The reality for many of the entrepreneurs was that life is hard in New Zealand.

Regulatory settings, whether in respect of biotechnology, getting organisms across the border, securing IP rights from a university, or incentivising employees with share options all make life difficult. Adding to the challenge of building a business from New Zealand is that many investors focused on food tech are based in California and customers are generally offshore (and have a preference to be close to their partner to accelerate innovation cycles).

The overall conclusion around the table was that there was no vision for the future of food in New Zealand. Consequently, the resources and support that are available are not focused on the opportunities with the greatest potential to create a new Kiwi food unicorn (instead being spread across a wide range of companies, many of which have little or no deep food tech in their business plan), and there is not a substantial pipeline of food tech companies beyond the members of Future Food Aotearoa. The suggestion was made that nobody outside the group seems worried that we are sitting waiting for disruption.

So what do we need to do to ensure we claim a place in this emerging market?

Food tech is inherently a technology play, meaning it is not inherently part of the food system. It provides the opportunity to realise license fees and nutrition as a service revenues without

necessarily needing any investment in land and water. It is challenging for traditional food businesses to understand as it is not about shipping products. The participants in the roundtable where clear a food tech company is ultimately about selling and supporting intellectual property around the world to a portfolio of clients, including many of the largest food and ingredient businesses who could be using New Zealand envisioned food tech as a key ingredient in their global portfolio of food brands.

During the roundtable discussion, the entrepreneurs talked about what needs to be put in place to ensure New Zealand retains and ultimately grows a significant global food tech cluster.

There is good news. We are recognised as having a pedigree in traditional food technology and this reputation opens doors for our entrepreneurs around the world. We also have a low cost base of well-educated food technologists and data scientists in New Zealand, which is attractive to investors and provides our companies with a competitive advantage that supports retaining a research base in New Zealand, (it is however an indictment on labour costs in New Zealand, when roles that we would consider to be high paying are assessed by international investors to be a lower cost pool of labour).



There is also the opportunity for food tech to be integrated into the DNA of the new Bioeconomy PRO from day one, but it is important that these conversations are happening now as the PRO's areas of focus and financial priorities are determined. It was highlighted that getting food tech on the PRO agenda is critically important with the loss of Callaghan Innovation, which was the one organisation in the science system that had a good understanding of how to support entrepreneurs in the tech sector.

The view was expressed that now may be the last opportunity to build a food tech sector in New Zealand. It will be challenging to hang on to all our current start-ups. Some will need to move offshore to secure funding or partner with customers.

However, the entrepreneurs pointed to Rocket Lab, which has shown that shifting offshore for funding reasons does not mean that the company must be lost to New Zealand, it can still become the unicorn that inspires others to enter the industry and grow a business from here. A contributor also noted that Rocket Lab would never have achieved the success it has without the early sponsorship it received from Minister Stephen Joyce during its formative years - it helps if somebody sees the vision and buys into working with an organisation to realise it.

Retaining some unicorns provides role models and creates the possibility that other companies may locate here to develop their food technology, utilising our skilled labour pool and contributing

to the development of the ecosystem. It was stressed however, that the overall experience we offer (tax incentives, healthcare, education, universities, employee share ownership arrangements etc) will all need to be improved to make New Zealand an attractive destination in the global battle to attract talent. The natural environment, a fibre system and the All Blacks is no longer enough, we need to be out fighting to attract companies and investors to New Zealand.

Another area of focus for the entrepreneurs related to access to intellectual property and other programmes, such as the Sustainable Food and Fibre Futures fund run by MPI. It was highlighted that the universities are not set up to support the commercialisation of food tech and even protecting the IP in a way that works for a commercial enterprise is hard. In start up mode, Government support is attractive as it is non-dilutive but if the application process takes months (and rounds of questions) and the co-funding requirements are onerous, it becomes easier to go and look for other funding sources, so offering tailored support to high potential start-ups would be very useful, as the Government did in the past for Rocket Lab.

It was clear from the discussion that there is much to be done if we aspire to grow and retain a footprint in food tech. What was most eye opening however was

The task list

- **We need to recognise future food tech as a distinct segment within our wider food and fibre sector** – and ensure that start-ups and entrepreneurs in this segment can access support in the same way consumer focused companies can. Just because they are producing a clean protein product or a precision fermented lactoferrin molecule without the need for land, pasture and animals, does not mean that the business is less valuable than that of the latest branded potato chip producer or a new fruit cultivar (in fact the opposite will likely be true).

"...the use case for deploying deep technology to realise modern foods is now widely accepted internationally, given the ability it has to transform the environmental sustainability of food production, target foods towards specific medical outcomes, and optimise a person's lifestyle."

that these exciting growth businesses are not food businesses but pure, deep technology businesses. If we can get our minds around that and recognise that they are not about products but intellectual property, there is the potential to leverage our strong reputation in food innovation to build a position in a sector which could transform the future of the country.

People

Creating futures for talented people

There was a much greater focus during the conversations this year on the need to implement, not just talk about, comprehensive solutions to some of the key challenges the food and fibre sector is facing in attracting, developing, and (ultimately) retaining people - to lift competitiveness in the war for talent raging across the economy. The right plan for attracting school leavers into the sector, the uncertainty surrounding the future of skills and on the job training, the need to equip people across the industry to optimise the use of AI, and the demand for leadership and governance capability were identified as key priorities for contributors.

The importance being placed on people related matters is clearly illustrated by the average priority score for the basket of people related priorities, which increased to 7.26 in this year’s survey. This is the highest average score for any of the priority baskets that we have analysed in this year's Agenda. The largest increase was for ‘ensure comprehensive protection of migrant workers’ which saw its ranking increase 3.2% to 7.68. In fact, all the priorities bar ‘seek diversity of thought and knowledge’ recorded increases in their scores. The decline in the diversity priority is interesting, potentially reflecting the noise that has surrounded diversity, equity and inclusion initiatives in recent months. It is possible some leaders could have considered these a lower priority this year as concerns about being too direct around these initiatives makes them harder for organisations and its people to create benefits from.

Previous Agendas have addressed perceptions that food and fibre is not a attractive industry to join because of the hard manual work, remote working locations and a perception that the jobs are largely the same today as they were decades ago.

Scores for people-related priority statements

| | 2025 | 2024 | 2023 | 2022 |
|--|------|------|------|------|
| Maintain immigration settings | 7.76 | 7.67 | 8.13 | 7.67 |
| Ensure comprehensive protection of migrant workers | 7.68 | 7.44 | 7.59 | 6.77 |
| Co-ordinated promotion of sector careers | 7.45 | 7.39 | 7.74 | 7.96 |
| Enhance employee experience through automation | 7.13 | 7.02 | 0.00 | 0.00 |
| Seek diversity of thought and knowledge | 6.86 | 7.02 | 7.06 | 7.49 |
| Industry wide leadership development | 6.65 | 6.57 | 7.09 | 7.33 |
| Average people related priority score | 7.26 | 7.19 | 7.52 | 7.44 |

Those reading this report will realise this is not the case today; the sector is evolving and changing faster than it has ever done, technology is being deployed extensively, and it is the best sector in New Zealand to build a truly global career. The challenge is only those who already have an interest in food and fibre are likely to be reading this report. As one contributor noted, there is an urgent need to broadcast the excitement that is growing across the sector. The suggestion was made that part of this is articulating a compelling vision of our ambition for food and fibre, not just in terms of export double, but articulating the innovation the sector seeks to deploy, the products and markets it is pursuing and the impact it aims to create for the country. Communicating such a vision must start in the classroom.

Recruitment starts with experiences at school

An evaluation of the Agribusiness in Schools programme conducted for the Food and Fibre CoVE found that school students exposed to the programme were three times more likely to take a role in the food and fibre sector than those who had not been exposed to the programme (however, only around 3,000 students a year are being exposed to the programme)¹. The data indicates that the programme, which provides students with broad exposure to the sector and the ability to have immersive

experiences, works in attracting young people into the industry but it currently lacks the teaching capacity and learning facilities to deliver to many more young people than are currently part of the programme.

Contributors stressed that businesses need to amplify their commitment to collaborating with schools and teachers to build on the foundations that have already been laid. The challenge for schools is bringing the theoretical lessons in the classroom to life. Business has the capability to deliver immersive experiences (whether on farm, in a processing facility, or even in market) and sow the seeds of interest and ambition. This is not just about hosting a site tour. It is about ensuring the hosts are people the students can relate to, people that enable them to see themselves in a similar role. It is also about ensuring existing programmes are adequately funded to retain the teachers (who often can get paid more taking a role in the industry) potentially through facility sponsorship programmes. This is a no-regret investment for business as it is an investment in the sector's future. But if an organisation gets it right, it is also an investment in their own future.

How will we deliver skills training on a timely basis?

Uncertainty about the delivery of skills training was raised during many roundtable conversations, given a series of changes the


Government is making to the organisations that deliver and support the provision of these services to the industry. Over the next year Muka Tangata, the Food and Fibre CoVE and Te Pūkenga will be restructured and there is uncertainty about what capability will be left to deliver services. Several contributors highlighted the importance of having a work-based learning system that is built to meet the needs of learners and their employers, rather than the needs of an academic institution with classrooms to fill and a funding model that is driven by the number of enrolments that they collect. There is a concern that reform is putting a model that has worked at risk. The uncertainty about what the future looks like means some employers are holding back on committing to training in the way they have done in the past.

The skills needed to work across the industry, whether that is on farm or in the orchard, on a trawler, in a processing facility, a logistics centre or an office, are changing rapidly. The sector is undergoing digital transformation and automation and robotics are replacing repetitive manual tasks, and recording and verifying activities accurately is critical to provide proof to the ultimate consumers of our products. The training delivered in the past will not meet the future needs of the sector. Contributors recognised that the void the reforms have created has enabled a common ground to emerge for organisations to collaboratively build a fit for future workplace training

platform. A system that incorporates digital, robotics, bio-technology and other emerging trends, not only equipping people to use the tools but also helping them to understand why using them correctly is so important to the sector's future.

We still need to ensure we are looking after each other

Part of retaining talented people in the sector, particularly in rural areas, is taking the time to check in on friends, colleagues and neighbours as it can often be a tough sector to work in and it is not easy to go home and forget about work for the evening. It was highlighted during the roundtables that it is critically important that as many people as possible in the industry are openly



"The skills needed to work across the industry, whether that is on farm or in the orchard, on a trawler, in a processing facility, a logistics centre or an office, are changing rapidly."

and proudly sharing their stories to balance the vocal minority that seek to drag the industry and the people that work in it down. Sharing these stories can give others in the industry the confidence to believe that the sector has (and is strengthening) its license to operate and can have pride in what they get out of bed to do every day.

One of the most important programmes the industry is part of is the RSE (Recognised Seasonal Employer) programme, yet contributors noted that it feels like it is continuously getting harder to work within the rules. The contractual requirements are progressively making it more expensive to use RSEs, overlooking the significant investment good employers are making to ensure the right facilities and support are available to the employees and the impact it has on the communities that the workers come from across the Pacific. It was suggested that the rules are very low-trust and bring all employers down to the lowest common denominator. The view was expressed that the scheme would work better and create less overhead if there was more regard given to how an employer performs. We also need to be alert to evolving geopolitical dynamics and their influence across the Pacific and should be ensuring the RSE programme is optimised for both our Pacific neighbours and for our own commercial and national security.

 **The task list**

- **Invest now in teachers, resources and experiences** – to create positive impressions of the sector for students during their school years, to ultimately create a pool of motivated people who understand the sector, the opportunities it offers and who are excited about the potential of commencing their career in food and fibre.
- **Get clear quickly on what the pathway post Muka Tangata, CoVE and Te Pūkenga is for skills and on the job learning** – with the ideal solution being a system that is identifying future skill needs and collaborating across industry sectors to deliver programmes as demand emerges, rather than leave the industry short of skill capability and playing catch up.
- **Invest time and effort to tell the stories about your food and fibre business** – as it helps the wider community to understand the critical role the industry plays for the country and the efforts being put into improving practices, and it gives people in the sector pride in their chosen career.





The Emerging leaders cohort

As we have done for the past two years, we once again sought the latest perspectives from members of the emerging leaders cohort we first convened in preparing the 2023 Agribusiness Agenda. Working with Brig Ravera and Ella Beatty from the KPMG Propagate team, we invited members of the cohort to a virtual roundtable and invited them to complete an emerging leaders’ version of the priorities survey to gain their views on the food and fibre sector's current direction of travel.

The Top 10 priorities identified by the emerging leaders cohort in the survey featured five priorities not in the industry leaders’ overall Top 10. The most notable difference is the high priority that has been placed on ‘quickly work to reduce food insecurity in New Zealand’ which was ranked

second, compared to 23rd by industry leaders. The cohort were very clear that the sector needs to work hard to not only retain but bolster its license to operate. They suggested that the food and fibre sector can’t claim to be the best at anything in relation to food if we can’t feed ourselves. To earn the right to operate the sector must be clear that a key part of its purpose is ensuring every New Zealander is fed.

There were also higher rankings given to the priorities related to climate change, rural communities and people development, delivering an overall Top 10 with a much greater focus on ensuring that the sector works for the local community and the people working in it than the current sector leaders.

Priorities that the emerging leaders have given a lower rank to in comparison to current sector leaders include those relating to digital connectivity, investment in mission-based science partnerships, and building water storage infrastructure. It is interesting that these priorities are ranked lower as they are activities that current leaders would

| Differing priorities | Emerging leader | | Overall leaders | |
|--|-----------------|-------|-----------------|-------|
| | Rank | Score | Rank | Score |
| In the Top 10 of the Emerging leaders’ cohort | | | | |
| Quickly work to reduce food insecurity in NZ | 2 | 8.25 | 23 | 6.96 |
| Transition to climate resilient systems | 4= | 8.00 | 18 | 7.24 |
| Invest in resilient rural infrastucture | 6 | 7.90 | 12= | 7.41 |
| Industry wide leadership development | 7 | 7.70 | 29 | 6.65 |
| Manage export exposure to clusters in export markets | 8 | 7.65 | 19 | 7.14 |
| In the overall Top 10 but not the Emerging leaders’ Top 10 | | | | |
| Broadband equality for all | 11= | 7.45 | 10= | 7.45 |
| Maximising sustainable use of oceans | 15 | 7.20 | 9 | 7.51 |
| Public/ Private mission science partnerships | 17= | 7.05 | 6 | 7.74 |
| Maintain immigration settings | 17= | 7.05 | 4 | 7.76 |
| Build water storage to manage resources | 21 | 7.00 | 5 | 7.75 |
| Telling engaging provenance stories | 28= | 6.55 | 8 | 7.59 |

view as being important building blocks in ensuring the sector is future proofed for the next generation. It was not surprising that ‘maintain immigration settings’ was given a lower priority, it is consistent with prior years and a strong desire amongst the cohort for the sector to be investing more in identifying and developing its own talent rather than importing people from overseas on an as-needed basis.

The most surprising difference between the Top 10s was the low ranking that the cohort gave to ‘telling engaging provenance stories’. This is an item we would have expected a group of inherently connected people to have seen as at least as important as current leaders, given the role that digital storytelling now plays in the lives of most of the consumers the sector seeks to sell to around the world.

People

In common with previous discussions with the cohort, they had a strong focus on the sector’s performance in the people area. The message this year was largely consistent, while it is important to focus on attracting talented people into the sector it is even more important that investment is made into retaining them through a strong focus on learning and development. With the increasing use of digital technologies, upskilling in areas such as AI was flagged

as a key priority given it will be widely adopted on farm and throughout the value chain over the next few years. It was also highlighted that technology has the potential to substantially change the nature of work for many people, and may provide the opportunity to establish gig economy style mechanisms in the sector, to enable farmers to access specific technical skills when they need them rather than having to employ a person with a wider range of skills, which can often be hard to find.

It was noted that there are definite signs that people are more interested in opportunities in the sector, with application numbers for jobs at all levels having increased in recent months. As technology reshapes roles, the pool of potential people to fill a role is increasing, creating opportunities to bring a wider diversity of people into the sector. There are also positive signs that the work done seeking to embed agribusiness into school curriculums is starting to pay dividends, with more school leavers coming into the sector because they choose to, rather than it being the only career option open to them. It was highlighted that with an increasingly diverse group of young people working in the sector it is important that employers are putting the necessary scaffolding around these recruits to support their mental health, and enable them to grow into their roles and thrive in the sector.

International markets

The key point the cohort stressed is that there needs to be far clearer communication on the role an organisation is looking to play in international markets. Rather than trying to be all things to anybody who wants to buy something, getting clear on whether an exporter is focused on premium or commodity opportunities for a particular product will enable clearer market signals to be provided to producers, informing investment and production strategies. The example shared during the discussion related to whether a meat processor is looking for the best animal or as many animals as possible. Clearer connection to the market will make it easier to deliver to their needs and expectations, maximising returns for all.

Innovation

Members of the cohort talked about the creation of the Bioeconomy PRO and as one contributor put it, the new structure offers the potential to unlock opportunities from the "chaos" that has befallen the Government-funded science system over the last two years. The point was made that it will only be impactful if it is able to enter collaborations with commercial partners across value chains to ensure the science the PRO performs is clearly connected to the ability of the sector to realise value in market. Concerns were expressed

about whether a Government-controlled entity will be able to truly become a commercialisation partner for the sector given there will always be political concerns if the PRO starts to take on risk (which is inherent in any commercial transaction).

It was suggested that the PRO could be the platform to facilitate promotion of New Zealand as a test bed for innovative food and fibre sector companies with sustainable innovation from around the world to come and do the initial commercialisation of their solutions. This would provide our farmers the opportunity to secure first mover advantage in the adoption of world leading technologies. A contributor noted that as we step up the amount of innovation being adopted across the sector, there is a need to equip people to ensure they are more comfortable with change and risk. That said, there was strong support for now being the time to step into the adoption of innovation to engineer greater resilience into the food and fibre sector before the next commodity down cycle arrives.

Regulation

The key takeaway from the roundtable conversation was that our emerging leaders are more focused on making their own businesses better within the existing regulatory framework than committing their time and effort to trying to change



the rules. As one contributor succinctly put it, we need to get over the ‘woe is me’ mentality and just get focused on doing things better. Support was expressed for the Common Ground concept (that AGMARDT and KPMG have partnered together to initiate a discussion around) as a basis for collaborating with speed and scale to find better ways to do things.

Members of the cohort working on farm highlighted the impact that regulatory uncertainty has on investment decisions. The policy pivots as Governments change, limiting the ability of organisations across the sector to grow, making it more important in the cohort's view that the sector takes its own future into its hands, by setting its own direction, ensuring that it is doing the right things and making it easy for any Government, regardless of party, to be able to partner the industry to greater success. There was an expectation that current sector leaders will step up to the plate and a clear message that there is a cohort of emerging leaders behind them that believe there is a better way to move the sector forward.

Funding

There was a concern amongst the cohort about land owning farmers continuing to age on their farms, given that the long-expected succession wave is still to wash across the rural sector. Experiences were shared of the challenges this is creating for new farm

entrepreneurs, who are not only having to raise the debt to cover the purchase of the farm but to also fund significant investment to make up for deferred maintenance and to upgrade farm operating systems to modern digital standards. In some cases, it was noted that it has meant the economics just don't work for a new business owner, meaning the opportunity that land offers to a younger person to get onto the ownership ladder has been lost (potentially forever). Consistent with other groups, there was a clear view expressed that the banks have work to do in bringing more innovative financing products to market, and recognising that a one size fits all offering is no longer sufficient in a world where their customers have dramatically different goals and aspirations.

Contributors



Brigette Ravera
Senior Manager
KPMG Propagate™



Ella Beatty
Assistant Manager
KPMG Propagate™

The task list

- **Supporting the increasingly diverse workforce in the sector to realise their full potential** – through ensuring that employers have access to the tools to support them to adapt to working in the sector, that they are able to be connected into community organisations and that they know where they can go for help if things get tough.
- **Create a landing pad for international innovation companies to use New Zealand as a test bed for sustainable farming systems** – through the new Bioeconomy PRO structure or an industry led vehicle, but the key is ensuring that farmers and growers across the sector have the ability to get early access to the best global innovation as it comes to the market.
- **Embed the obligation to ensure that New Zealand has a resilient food system into the purpose of every organisation in the sector** – on the basis that the food system cannot claim success if it leaves close to a million people under-nourished every day of the year.

Nature and environment

Tentative steps towards commercialising sustainability

It is telling that of the 25,849 words of notes that we took on the 11 roundtable sessions held to prepare this year’s Agenda, the word climate was only recorded 20 times. Given that the World Meteorological Association has confirmed that 2024 was the hottest year on record and that it was the first year where the average global temperature has exceeded the pre-industrial level by 1.5°C (the critical threshold the Paris Climate Accord sought to prevent us from crossing) it seems strange that climate is not top of mind for more of the sector’s leaders.

As one contributor put it, the position that has been taken by the new US Administration gives everybody a free pass to walk back from the commitments they were making on climate, sustainability and diversity, equity and inclusion (DEI) only a year ago. They added that it would be a fundamental mistake

for the New Zealand food and fibre sector to walk away from the commitments we have made as they are critically important to our most discerning, highest value consumers and their views have not changed. The biggest opportunity for the sector today is stacking attributes, particularly environmental attributes, into our products to enhance their value proposition. We then need to tell this story in market in a compelling way to enable us to capture more of the value our products create. The sector must move from environmental obligations being seen as a cost anchor to consistently realising value from commercialising sustainability.

Last year, the basket of sustainability related priorities had the lowest average score of any of the baskets we analysed. The good news is the average score of the basket has increased by just over 2%, however six of the eight underlying priorities have seen their score decline this year. Offsetting these declines is a dramatic turnaround in the score for last year’s lowest ranked priority ‘transition to climate resilient systems’ which has recorded an increase in its score of 40.3% reflecting growing recognition that greater climate volatility

Scores for nature/ environment priority statements

| | 2025 | 2024 | 2023 | 2022 |
|---|------|------|------|------|
| Build water storage to manage water resources | 7.75 | 7.89 | 7.61 | 7.61 |
| Maximise sustainable use of oceans | 7.51 | 7.69 | 7.75 | 7.31 |
| Build platform for local sustainable energy schemes | 7.41 | 6.73 | 0.00 | 0.00 |
| Transition to climate resilient systems | 7.24 | 5.16 | 7.61 | 0.00 |
| Fast track restoring native ecosystems | 6.94 | 7.01 | 7.29 | 7.05 |
| Collaborate to accelerate net zero transition | 6.90 | 7.58 | 7.67 | 7.90 |
| Improve water quality to swimmable | 6.43 | 6.54 | 6.82 | 7.57 |
| Position as a global leader in circular bioproducts | 5.95 | 6.43 | 6.29 | 6.18 |
| Average nature/ environment related priority score | 7.02 | 6.88 | 8.51 | 7.27 |



"...we should be able to provide a steady stream of innovation that supports the quiet majority of farmers to adopt technologies that improve their productivity, reduce their operating costs and deliver a reduced footprint."

is starting to raise questions around how investable and insurable some of our traditional farming and growing operations are. As we have discussed earlier in the report, there is also more priority being placed on how energy opportunities are realised within farming systems, driven from both an environmental and economic perspective. This was noted as a perfect example of the win/win opportunities that well planned and executed commercialisation of sustainability can deliver.

Numerous contributors highlighted that there is a large group of farmers and growers (probably more than half) who still don't understand why sustainability is important and what the impacts will be in high value markets if we don't make changes to our farming systems and get better at measuring and reporting what we

do. The point was made that the historic fixation on carbon emissions has lost many people, it just got too complicated and too esoteric, and leadership is now required to connect sustainably to aspects of farming systems that are obvious and important to farmers, such as animal welfare, effluent management, energy costs, and water quality. Leaders need to depoliticise sustainability, so honest and vulnerable conversations can take place around how we sustainably optimise the use of everything we have in the natural environment from seaweed to native bush, water to soil.

A return to dairy conversions, with limits this time

One of the most surprising aspects of this year's roundtables was the number of times dairy conversions were raised. For the last decade, conventional wisdom has been that we had reached peak cows in the dairy sector and if anything, the sector would start to lose land as higher value alternatives become available. The idea that we could see another round of dairy farm conversions was unthinkable given the perceived environmental impacts of a dairy farm and the regulatory settings that were in place or believed to be coming.

However, there is again an opportunity for the dairy sector to grow, but this time to grow sustainably using technology (both biological and digital), and evolved

operating systems to enable farms to be developed that can produce milk with a lesser footprint on the environment than we could have envisaged a decade ago. The point was made that a thriving dairy industry benefits all New Zealanders, but leaders need to be prepared to stand up to and ensure that the conversions that progress do appropriately balance productivity with substantive improvements in environmental sustainability. The industry needs to police itself to ensure that the right land use occurs in the right places.

The successes of a few do not enable the rest to be complacent

Every landowner, every farmer has a role to play in regenerating and restoring our natural environment and native ecosystems. Contributors stressed that this does not mean every farmer needs to go organic or be mandated to farm under a set of regenerative principles. What it does mean is that every operator needs to be prepared to take action to restore the native ecosystems that underpin their farming system. There is plenty of evidence that good work is being done in this area and that the actions being taken are generating commercial returns but currently, it was suggested, these successes are largely down to the actions of the few. The actions of these early adopters do not mean we have done enough, and leaders must not allow the many to be complacent.

As one contributor noted, our innate over confidence in the belief we are the best means we spend far too much time being comfortable and protecting the status quo, rather than seeking to take the lead in evolving systems in ways that will unlock long term economic and environmental benefit. Whether it is adopting low methane genetics, riparian planting, or utilising the latest AI technologies optimising the potential of each hectare of land that the sector has the license to farm is critical for the sector to remain viable. This may mean in the future we no longer have dairy farms or kiwifruit orchards, but we have land holdings that produce multiple food and fibre products with the exact mix of production reflecting the geography and climate of the land so that its economic and sustainability outcomes are optimised.

The climate is changing, and we can't stop it by doing nothing

The simple reality is that climate change is happening, and it is getting worse no matter what gets posted on social media. The long-term trends are showing an inexorable, but not yet irreversible change in the climate globally. At the same time commitments to change are becoming wobblier around the world, justified through criticism of science, selected disinformation and political pressure connected to the costs of change. Many contributors stressed their view that it is critically important that we stay the course

and position ourselves to be a leader in tangible and measurable innovation and technology, particularly in relation to the reduction of biogenic methane emissions.

With the AgriZeroNZ joint venture between Government and industry, a vehicle has been established which is focused on delivering practical solutions to the farmgate for pastoral farmers. If this investment can be complimented by the new Bioeconomy PRO putting the real challenges facing all our producers at the centre of its agenda, we should be able to provide a steady stream of innovation that supports the quiet majority of farmers to adopt technologies that improve their productivity, reduce their operating costs and deliver a reduced footprint. Who would not welcome that outcome?!

Why are we so afraid of the circular bioeconomy?

New Zealand is, and will remain, a great place to grow biomass. We are known for our long white clouds, our pastures, our forests, and one of our top tourist attractions (Milford Sound) is the wettest place in the country (with over 7,000mm of rain a year). However, the Government reduced funding for research into circular bioeconomy opportunities in the 2024 budget, leaving uncertainty as to whether it understood the scale of the opportunity available (an opportunity which was suggested by a contributor to the 2021 Agribusiness

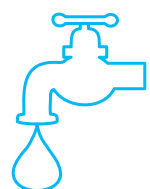
Agenda to have the potential to add in the region of \$30 billion a year to GDP).

There is undoubtedly an opportunity created by circular bioeconomy thinking that the food and fibre sector can leverage to accelerate our ability to enhance environmental outcomes and to commercialise sustainability. Organisations across the sector are inherently comfortable working with biological systems, but there is a need for investment of time and money into building partnerships that ultimately enable 100% of the biomass produced in a food or food fibre production system to be fully utilised as a high value product, be that conversion of waste streams from meat processing into compost for the horticulture sector or converting byproducts from wood processing into pellets for use in powering dairy dryers around the country.

Understanding how production and protection can be fully integrated into a set of integrated processes requires investment in science, and collaboration between organisations that are willing to work together to solve problems that can ultimately be connected. The point was made that becoming truly sustainable requires us to step into the bioeconomy through organisations making conscious efforts to break down silos and commit to working collaboratively.

The task list

- **We can't afford to follow the global trend and step back from our sustainability commitments** – if we don't keep up with our customers' expectations and ambitions, our shortcomings will become trade barriers – our focus should be on stacking attributes into our products.
- **We need to be prepared to invest in the first mile as much as we do the last mile** – ensuring that more farmers are benefiting from the 1% gains that can be generated from optimising how their farming systems interact with nature and then actively looking to commercialise the attributes created in market.
- **Support those who are leading in nature-based farming systems to tell their stories** – through sharing knowledge, and showing there are alternative ways. Farmers that invest their time to share create pathways for others to follow and help to strengthen the sector's license to operate. Leaders need to ensure that they are respected as the role models and protected from those less open to change.
- **We need to connect financial incentives to decarbonisation** – we need to send a clear signal to farmers that low carbon agriculture pays, to give them the confidence to invest in the system changes that will deliver substantive reductions in their production emissions.
- **We need to think about the challenges faced with waste streams in a different way** – through creating an annual waste stream forum, where companies can come together and present their waste streams and the problems they are facing, to find one or more partners that they can collaborate with to create circular economy models benefiting multiple organisations.



We are finally talking about water again

In last year's Agenda we commented on our surprise about the lack of focus on water during the roundtable discussions, despite a new Government that had indicated its willingness to talk about opportunities to accelerate investment into water storage and irrigation infrastructure. The good news is that industry leaders are now talking about water and the priority 'build water storage to manage water resources' has been ranked 5th in this year's leaders' survey. The year has also seen the official opening of the \$211 million Waimea Community Dam in the Tasman region, a project that not only illustrates the long timeframes associated with building critical water infrastructure, but also the need for any project to be backed by a broad coalition of not only business, but the local community and Government.

With more of the world experiencing levels of water stress (including parts of New Zealand) there is an increasingly urgent need to ensure we are seen to be managing water responsibly to protect our license to play in high value markets around the world. We have taken water for granted in this country and have spent little time thinking about whether we use it in the most effective way. The point was made during a roundtable that we need to work harder to connect farmers and growers to how global perceptions are changing around the availability and use of water before we can ask for changes in water use within our farming systems.


How water is used will shape the requirements that the country has for storage and distribution capacity, however it is no longer just food and fibre use that is relevant to build a compelling business case. The infrastructure also needs to ensure year-round water resilience for the wider community and it may also be a necessary to support the development of emerging critical infrastructure needs, like data centres, in some regions of the country.

The need for conversation around water security is urgent. The last year has seen the weather flip in some regions (with those that often have little or no rain experiencing flooding and vice versa) and it is reasonable to expect that volatility will continue to grow. It was acknowledged during our conversations that with dairy conversions back on the agenda a community-level

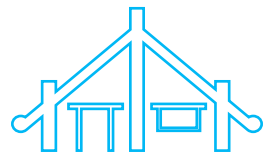
discussion around water is likely to become politically charged. However, the view was expressed that industry leaders must step into the debate, as failing to start these conversations means we are doing a massive disservice to the next generation of food and fibre producers.

While the focus of conversation around water was on kick-starting infrastructure discussions, it was also highlighted that the water quality remains a key issue for the wider community. Achieving pristine, swimmable water will undoubtedly have material impacts on the productivity of agricultural land. While the industry recognises that society expects that substantive efforts will be made to continuously improve water quality, it was noted that we have arrived at the time when honest conversation should take place around what needs to be given up in terms of production (and consequently GDP) to achieve pristine water. With the technology we have today and the lack of alternative options for the country to generate wealth, there is a need to ensure that we have realistic (with stretch) targets in respect of water quality.

The task list

-  **Water storage and necessary infrastructure must be a priority conversation for industry leaders to step into** – if the sector is to be passed on to the next generation with any future, we have a window now to develop plans to deliver community and industry water security for the next 100 years. It is time to start designing assets and writing business cases while the opportunity exists to have these conversations.

"...we need to work harder to connect farmers and growers to how global perceptions are changing around the availability and use of water..."



Partnering with Māori agribusiness

The effectiveness of the interfaces between Māori agribusiness and the rest of the sector were raised in several conversations. The point was made that Māori owned and controlled operations have a massive footprint across the sector from dairy to forestry, horticulture to fishing. The recent Te Ōhanga Māori report on the Māori economy (prepared for MBIE) estimated the value of Māori investment in the food and fibre sector at \$39.7 billion.

Our indigenous culture is something that stands out as distinctly New Zealand in global markets. One contributor suggested that many are comfortable leveraging cultural imagery in market and connecting with Māori at a superficial level but are uncomfortable going beyond this due to fear of what the growing influence of the Māori economy means to them and their organisation. The point was made that Māori businesses, like most other organisations, are just looking to be efficient, innovative, successful

businesses. The significant (and sometimes only) differences being that they are guided by an intergenerational purpose and an unbreakable connection to their whenua.

Recognising that aspirations and goals are no different across the sector is necessary to enable Māori to be acknowledged as stable, strategic partners in moving forward outcomes for all across the sector.

The reality is that Māori have the most to gain from being a trusted partner in sectorial collaborations. Too much Māori land is underutilised. Too many organisations have some knowledge but not all the knowledge they need to fully unlock the value that is inherent in their land holdings. Too many young Māori are unable to access the education and career opportunities available to others.

Collaboration and partnership, however, is not a one-way street. There are opportunities for all partners to realise benefits. An example raised in one conversation revolved around the rearing of dairy beef, a practical solution to the bobby calf challenges the whole industry faces, and one which offers a more valuable use for underutilised land. However, it also creates opportunities for Māori to partner along a new value chain, moving organisations away from the first mile and commodity returns to a place where indigenous values can capture more of the value earned in the final mile of a value chain.

As one contributor noted, making progress requires funding and very often organisations are asset rich but cash poor. Solving the financing challenge is critical if Māori agribusiness, and consequently the sector as a whole and the country, is going to deliver on its potential. It needs banks to be able to work creatively with security for organisations that have intergenerational focus. It also needs the leaders of Māori organisations to adapt their thinking. As a contributor put it, today's leaders need to recognise that the enemy is who we were yesterday, particularly if we give that thinking too much influence in shaping who we want to be tomorrow.

"...Too many organisations have some knowledge but not all the knowledge they need to fully unlock the value that is inherent in their land holdings."

The task list

- **Double down on doing more of the right things** - form collaborations to utilise latent Māori land and talent to enhance the wider sector's sustainability credentials. Through these actions we have the potential to better feed our communities and achieve our export ambitions.
- **Get really clear on what will unlock the full potential of Māori land** – through ensuring a Māori lens is included in sector-level strategy work, exploring and innovating with banking models and investing in optimising the skills and capabilities young Māori have for working in modern agribusinesses.



Sustainability professionals

There is a big difference between uncertainty and volatility. For food and fibre businesses, dealing with uncertainty is part of everyday life as the unpredictable interactions between climate and nature make it inherent within every production system. The challenge which comes from volatility is that it is impossible to plan for by its nature, but it is often connected with short term shocks as opposed to the fundamental shifts that are shaping the long-term outcomes for society.

Alec Tang, a partner in our Sustainable Value team, collaborated with the Agenda team to convene a roundtable that brought together sustainability professionals working within the food and fibre sector and connected organisations. Given the shifts that have occurred in the global narrative around climate

change, sustainability, diversity, equity and inclusion (DEI) and a range of other topics this year, we were interested to get a take on where the group saw opportunity for New Zealand's food and fibre sector in a world that seems to be uncertain about what it should do next.

Despite the attacks that have been directed at their profession and its ambitions, the good news was that belief was high amongst the group that we are making progress. The overriding observation from the session was that sustainability is about more than ESG or climate change, it is about focusing on the long-term trends and the opportunities that these create that do not go away with one or one million social media posts regardless of who they are from. The contributors framed sustainability in today's world as being about engineering resilience into an organisation, so that whatever happens in respect of shocks or shifts, the business and its team are clear on their direction of travel, their values and why they exist, making it easier to reach an appropriate response.



Celebrate success, connect it clearly to business outcomes

One of the challenges in getting stakeholders to engage with a sustainability agenda is that there is a never a single silver bullet solution that is going to solve a problem. Solutions will come from many small actions being taken by many different groups and individuals over a sustained period.

During the session many examples were discussed of wins that had been secured, and it was highlighted that it is delivering on these projects, which on their own do not change the game, that energises teams across an organisation and inspires people throughout a value chain to push on towards the next goal. The importance of holding up and celebrating the successes that are achieved is critical, but it is also important to ensure that the story alongside the success connects not only with the sustainability outcome but also with what it indicates in respect of the outcomes it has the potential to deliver to the business's bottom line.

The view was clearly expressed around the table that progress will be faster if an action taken by a farmer is connected to a financial return for taking that outcome. The onus to find these financial outcomes falls on organisations which need to find practical ways to price the cost of nature into the cost of the products they offer to the market. It was highlighted that the only way this is practically possible is to be able to show up in the market with the hard data to support the claims being made in a credible, trusted manner. This relies on ensuring that all the necessary data is in one place, connected and able to be interrogated by customers so they have the confidence to pay the premiums we seek for the attributes being delivered. Selling sustainability is not about the good feels and the passion, it is about the hard data that supports you enabling your customers to deliver on their commitments, and meet the demands of the consumers they sell food to, (a view supported by the recent announcements Fonterra have made about the price premiums they are able to pass through from Nestlé and Mars to their farmers with the lowest carbon footprints).

Better solutions will come from deeper collaboration

Nature-based systems cut across the food and fibre sector, meaning that solutions to challenges likewise require cross industry collaboration, something that was flagged as

"...while a sustainability professional may dream of utopia, they must work with reality which means the focus needs to be practical..."

a challenge as many organisations are more comfortable working with organisations that work in their silo. It was highlighted that broad (even radical) collaborations are being convened in countries around the world to drive transformational shifts in outcomes for society and the environment.

In New Zealand, the best example we have of a bold coalition to date is AgriZeroNZ. The point was made that the model used for this collaboration, focused on cutting biogenic methane emissions inside the farm gate, needs to be replicated to enable the sector to make progress on a range of other fundamental challenges. An example that



was suggested as an opportunity for a grand collaboration was the establishment and endowment of an Aotearoa Regenerative Agriculture Foundation, that exists to fund farmer led initiatives around the adoption of regen agriculture, provide educational support and provide pathways (and potentially financing) for farmers to transition into mixed land use farming models. The idea of the example was to demonstrate that pooling of resources enables impact to be scaled and progress to be made faster.

Some other thoughts on accelerating change

There was a clear view that progress relies on pragmatism. While a sustainability professional may dream of utopia, they must work with reality which means the focus needs to be practical actions that deliver benefits within a growing season to keep people engaged. It was highlighted that there is a risk that sustainability professionals spend too much time violently agreeing with each other while the farmers think they are being sold out (as was the case with He Waka Eka Noa).

There is a massive people component to moving a sustainability agenda forward and this should be a priority focus to keep people connected to an initiative. Communication is critical, explaining initiatives fully is important - but listening to the responses and honestly

answering the questions raised is even more important to build momentum. It is also critical to connect any initiative to the why; the concept of working in partnership with nature can connect with consumers and can provide even deeper connection for farming families.

Ultimately, traction will occur when all voices are heard. Being able to connect an initiative to key drivers for stakeholders while responding to the deep shifts that are happening in our world is the art at the heart of the role of a sustainability professional.

As a contributor noted, our relationship with nature has the potential to be New Zealand’s competitive advantage and a key creator of wealth for the country. This is not a short-term goal but a long-term ambition. Achieving it will benefit the sector and country, making it critical we ride the current turbulence as the size of the prize for the environment, and for the industry, dwarfs any short-term savings we make by changing course today.

Contributor



Alec Tang
Partner
Sustainable Value

The task list

- **Celebrate loudly and widely the successes that sustainability projects create throughout the value chain** – ensuring that any messages cover not only the step forward that has been made in a sustainability sense but also what the project means to an organisation in respect of its financial outcomes.
- **Set a goal of establishing one grand collaboration annually, targeted at addressing a key issue on the food and fibre sector’s sustainability agenda** – using AgriZeroNZ as a model, explore ways to pool resources and leverage investment to enable action to be taken faster and at a greater scale than any organisation could achieve acting alone.
- **Verification of sustainability is a key use case to accelerate the establishment of a national food and fibre data exchange** – we have already raised this as an action under technology, but a national data exchange is critically important if we are going to deliver against sustainability ambitions.
- **Move beyond the 'not invented here' constraint to benefit the environment** – capitalise on what is good in New Zealand but also use what is good from other countries. We should seek to find the most relevant, sophisticated tools available and bring them here to deploy them in a way that creates globally recognised value.

Regulation

Regulating to enable trust

The lack of confidence across the sector has been a key theme in the last few Agenda reports. There have been many factors driving low confidence in recent years; continuous noise criticising the sector, the pandemic and border closures, volatile commodity prices, high interest rates, and impractical and bureaucratic regulation imposed on the sector. There is however tangible evidence that confidence is again building as commodity prices have recovered, interest rates fallen, and some regulations simplified.

The most recent Rabobank Rural Confidence survey² reported the third consecutive quarter of improved confidence amongst farmers, with net confidence at +44% (the second highest quarterly reading in the last decade)³.

Contributors still spent significant time talking about challenges with the sector’s regulatory system during roundtables, however the tone of the discussions was notably different this year. There was greater focus on ensuring settings are balanced in the regulatory system rather than a desire to see every rule revoked. There was a recognition that a fit for purpose system will enable the sector to optimise the returns that can be derived from global markets.

Our conclusion from the conversations is that there is a general view across the sector that some of regulatory burden perceived to be on the sector has been lifted over the last year. This is reflected in the lower priority ratings being given to many of the regulatory related priority scores. In 2024 the regulatory priority basket had the highest average score (7.48). This has now fallen by 8.4% to 6.85. The lower score also reflects the low score given to the new priority ‘lift defence investment to reflect national security risks’, which we included to gauge whether sector leaders are recognising the importance of the nexus between food security and national security in a world where the likelihood of armed conflict is greater than it has been for years.

Scores for regulation related priority statements

| | 2025 | 2024 | 2023 | 2022 |
|--|------|------|------|------|
| World class biosecurity | 9.03 | 9.16 | 9.06 | 8.76 |
| Tougher penalties for animal welfare breaches | 7.14 | 7.29 | 7.48 | 7.40 |
| Recognise the strategic importance of food safety | 7.08 | 7.04 | 6.88 | 7.26 |
| Quickly work to reduce food insecurity in NZ | 6.96 | 7.36 | 7.62 | 7.18 |
| Enable new entrants to NZ's food retail sector | 6.34 | 0.00 | 0.00 | 0.00 |
| Implement a national provenance system | 6.14 | 6.53 | 6.90 | 6.32 |
| Lift defence investment to reflect national security risks | 5.29 | 0.00 | 0.00 | 0.00 |
| Average regulation related priority score | 6.85 | 7.48 | 7.59 | 6.15 |

It is also interesting to note the decline in priority attached to ‘quickly work to reduce food insecurity in New Zealand’ and ‘implement a national provenance system’, both of which can influence the trust that potential customers around the world attach to New Zealand products. At the core of the discussions around regulation is a focus on what is the necessary regulation that enables us to deliver trusted products to the world, and what is the regulation that reduces agility, slows our ability to respond and adds costs. One set of rules unlocks the future, one runs the risk of destroying it.

Unlocking opportunities for growth

During our conversations, we heard about industry sectors where regulatory settings are slowing growth or putting future opportunities at risk. The starkest was the aquaculture sector where exports are currently around \$800 million but there is confidence that the sector could grow towards \$3 billion with the right regulatory settings. The biggest constraint on growth was noted as being the cost and time involved in getting consents for new water space for both inshore and deep-water

farming, and then the uncertainty associated with reconsenting in the future. While the fast-track legislation was noted as helpful, it was viewed as a sticking plaster. The bigger need is a transparent, fast consenting process that comes with long term certainty of operation if the operator meets clearly defined performance metrics in relation to its interactions with the environment and the community. It is this intergenerational certainty that is necessary for investors to commit to the capital expenditure necessary to grow the industry, particularly as the industry starts to look towards significant investment in deep-water infrastructure.

One of the memorable quotes from last year's Agenda was "Regulators Bark, Retailers Bite". This highlighted the operational and financial risks growers face if they are not able to access modern, lighter chemicals and biological pest control products that meet the changing needs of customers in respect of residues on fruit exports (a more than \$6 billion export sector for the country today). The challenge of getting new products across the border was raised numerous times again this year, with a clear message that things are not getting better anywhere near fast enough. time that approvals take and the cost involved in getting an approval. Contributors noted that it is now very clear that many product owners are bypassing New Zealand registrations for their products, as the market size and cost are not aligned.

Solutions to these challenges are available and provide a good lens through which we should think about all our regulatory processes. At the core of reform should be a willingness to focus on the similarities between our circumstances and those in other jurisdictions (whether they be countries, regions or districts). Our mindset should be to look for equivalency whenever possible and ensure that unique, specific requirements only relate to attributes that are uniquely different in this country. Highlighting our similarities, utilising work performed by regulators with equivalent standing, and holding ourselves to timeframes to provide a substantive response (not more questions) should be inherent in the DNA of every regulatory process.




Regulation works better when both sides invest in the relationship

A recurring theme in the conversations was the noticeable increase in willingness on the part of the regulators to make the effort to see the challenges that businesses are facing through a business lens, not just a regulatory lens. The point was made that the Government's settings are undoubtedly more permissive. The Prime Minister has said many times he wants to lead a Government that says yes rather than no, and consequently regulators are more confident in exploring changes from the status quo.

Realising benefit from this change requires the industry to also move from entrenched positions and look to meet at a point where value can be unlocked, while ensuring risks are managed in a way that meets the reasonable expectations of the wider community. There is currently a window where the payback from investing in building relationships with officials from across Government could be significant for an organisation, for the sector and ultimately for New Zealand.

The point was also made that it is important effort is put into build relationships across the political spectrum, as one of the biggest drains on confidence is a fear of policy U-turns when the Government changes. In one contributor's opinion, the current Government has spent its first 18 months undoing hastily created policy and replacing it with a new set of hastily created policy, just to be seen to be doing something. Giving all parties confidence that the sustainable development and use of the environment is key to the sector's future prosperity, is critical to creating an enduring regulatory framework that can survive a change in Government - and evolve as circumstances change.

The task list

-  **Design regulatory processes that make it easy to do business in New Zealand** – we should be focusing on our similarities to other countries and recognising the work companies do to meet their standards. Specific regulation should be targeted at areas where we are uniquely different. We should hold ourselves to meeting timeframes that work for the cadence of business not bureaucracy.
-  **A strong emphasis should be placed on collaboration between industry and regulators** – it is important for the sector to actively propose solutions and work collaboratively with Government entities, to ensure regulations support economic and social outcomes and are sufficiently resilient to endure a change in Government.
-  **MPI's role in the food system needs to be clarified** – it needs to be determined if MPI is the regulator or the promoter of food and fibre in New Zealand. If their role is to predominantly fulfil the statutory regulation function, then there is a need for a separate agency within Government that exists to promote and partner with the industry to create benefit for the country.

2 - <https://www.rabobank.co.nz/knowledge/rural-confidence-survey>
3 - Rabobank New Zealand, Improved sentiment among sheep and beef farmers drives third consecutive quarterly lift in rural confidence, March 2025, <https://www.rabobank.co.nz/media-releases/2025/180325-Improved-sentiment-among-sheep-and-beef-farmers-drives-third-consecutive-quarterly-lift-in-rural-confidence>

Investment

Funding the future

While contributors see many positive opportunities available to the food and fibre sector, they are concerned about the ability of organisations to secure the funding they need to realise these opportunities.

There was very little discussion about the Government’s rural banking enquiry, with most contributors believing that it is an enquiry looking for a problem. It was suggested that it is taking up time that could be directed towards the bigger challenges restricting the supply of long-term, values-aligned capital to organisations with growth ambitions. Challenges contributors alluded to include the difficulties attracting foreign direct investment (FDI) into the sector, the trials young people face getting onto the farm ownership ladder, the succession wave that has been expected for more than a decade and farming systems that are designed to earn capital gains rather than cash profits.

On the face of it, the basket of investment related priorities in the leaders’ survey has fallen significantly compared to 2025, however this year’s result is distorted by the very low priority score attached to ‘reduce emphasis on environment in lending decisions’ (4.38). If this priority is adjusted out of the basket, the portfolio score in 2025 is consistent at 7.30, although there are some large changes in the scores of the underlying priorities.

The priority ‘build platform for local sustainable energy schemes’ reported the biggest increase (10.1%) while ‘investment in resilient rural infrastructure’ had the largest decrease (-7.4%). Given the frustrations that were expressed about challenges of current FDI settings, it was surprising that the priority score only increased by 3.7%.

Make it easier to get aligned money across the border

During the period we hosted our leaders’ roundtables the Government held their Investment Summit in Auckland and confirmed their plans for Invest New Zealand, an agency that is intended to attract potential

Scores for investment related priority statements

| | 2025 | 2024 | 2023 | 2022 |
|---|------|------|------|------|
| Build water storage to manage water resources | 7.75 | 7.89 | 7.61 | 7.61 |
| Investment in resilient rural infrastructure | 7.41 | 8.00 | 8.00 | 7.09 |
| Build platform for local sustainable energy schemes | 7.41 | 6.73 | 0.00 | 0.00 |
| Co-invest to support tech adoption | 7.27 | 7.45 | 7.63 | 6.87 |
| Set FDI rules to enable sector to realise potential | 6.68 | 6.44 | 6.02 | 5.53 |
| Reduce emphasis on environment in lending decisions | 4.38 | 0.00 | 0.00 | 0.00 |
| Improve water quality to swimmable | 6.43 | 6.54 | 6.82 | 7.57 |
| Position as a global leader in circular bioproducts | 5.95 | 6.43 | 6.29 | 6.18 |
| Average investment related priority score | 6.82 | 7.30 | 7.32 | 6.78 |

investors and make it easier for them to complete investments. The new entity was not mentioned by contributors during our discussions, although the Government’s efforts to start to unwind the perception that New Zealand is closed for business were very much welcomed.

Concerns remain that there is still too much uncertainty surrounding the Overseas Investment Office approval process that makes it difficult for investors to justify the costs of the application process. It was

highlighted that some countries we compete with for investment dollars provide the confidence of an indicative approval within a seven-day period. This makes the decision to continue discussions easy as there is a high degree of certainty that a transaction could be completed.

In a highly competitive global market, growth companies looking to attract capital need an agile and responsive regulatory environment. It is unlikely additional bureaucracy, Invest New Zealand, will deliver what entrepreneurs

are looking for. A contributor suggested that rather than investing in a new agency, it would be preferable for a small group (drawn from Government and industry) to have a sprint focused on resolving pain points that create regulatory uncertainty for investors (like the OIO process but also issues like the lack of evergreen consents for compliant organisations).

We need our farming businesses to be making profits

Like the rest of the world, many of our food and fibre businesses are struggling to report a cash profit. Relentless increases in land values have delivered returns to farmers in recent decades, but without cash profits to fund business costs, a reasonable lifestyle and to enable investment to be made, businesses will slowly stagnate and fail. Contributors noted that improving productivity requires investment, which requires access to capital to fund projects (like sustainable energy investments, which the leaders' survey indicates is becoming a higher priority). Without a focus on business profitability, it is not clear how investment will be funded.

Several contributors noted that land use change will likely be necessary to ensure farming businesses are financially resilient. An interesting trend detected during the roundtables was that dairy conversions are, for the first time in many years, again

being explored and initiated by farmers, particularly in the Canterbury region. The suggestion was being made that the growth should be welcomed, as it is very unlikely the dairy industry will shrink itself to a more prosperous future. Contributors noted that funders have a key role to play in assessing business cases for these investments, to ensure funding only goes to credible operators developing cash generating businesses that also enhance environmental outcomes.

Unlocking the transfer of wealth

In the past, the transfer of wealth from one generation to the next has largely been silent and smooth, but numerous contributors suggested that this is no longer the case. The growth in land values mean that there is a lot more money involved, increasing the focus of the whole family. Very often there is not a member of the family waiting to take the farm on. Current owners have consequently stayed on the farm regardless of their ambitions and the job has become a chore rather than a passion, impacting productivity. It is recognised that a new owner, particularly a younger person, will likely bring new energy to a farm, make different decisions and drive improved productivity and profitability.

The challenge the sector faces is finding ways to get these young entrepreneurs into farm ownership, given the cost of the land is such that they can't just go to the bank and borrow the funds. One contributor

The task list

■ **Implement an indicative approval mechanism for Overseas Investment Office requests** – as this would provide investors with the confidence to continue discussions around investing in New Zealand assets and incur the professional costs to work through the regulatory process. This will give growth businesses greater likelihood of being able to secure international funding.

■ **Work with technology suppliers in the farming sector to help them deliver integrated turnkey solutions** – so that operating models can be financed and adopted by farmers that enhance their ability to consistently generate cash returns, improving their economic resilience.

■ **Funders have an obligation to ensure investment into land use enables enhanced outcomes** – in respect of financial profitability but also environmental outcomes to protect the sector's license to operate. Poor quality investment will undermine the food and fibre sector.

■ **Create more financing vehicles that recognise that farming businesses are fundamentally two distinctly different businesses** – enabling different ownership and financing structures to be implemented for real estate and production elements of the business, also clearing pathways for ambitious young entrepreneurs into the sector.

suggested that now is potentially the time to start to thinking about a farming business as two businesses – a land investment play for capital return and an operating business for cash return. Splitting the business into its constituent parts (as is done across the rest of the economy) potentially offers a pathway to enable young people to start to build equity by investing in the farm operating

business, which may over time provide the ability to also take an interest in the land. Unlocking such options again leaves the sector needing the OIO to deliver, as it is likely that the long-term patient capital to take ownership positions in land (potentially in partnership with the retiring operator) is most likely to come from offshore pension and wealth funds.



Banking and insurance sector

Lost amongst the noise surrounding the Government's banking enquiry, is the critical role that banks and insurance companies play in enabling farmers, growers, processors, and exporters to undertake their business, creating wealth that benefits the country.

We surveyed industry leaders about the priority they place on regulating the banks' lending practices in relation to the environment. The item was ranked last in the survey by every one of the cohorts, suggesting they recognise the benefits that well-capitalised financial institutions acting in a rational manner bring to the sector.

It is against this background that, together with Nicola Raynes-Pene our National Industry Leader for Financial Services, we hosted a roundtable with executives from major banks and insurance companies servicing the food and fibre sector, to talk about how they can assist the industry in capturing the opportunities in front of it.

Time and time again, the conversation came back to the key role financial institutions working in the sector believe they can play in connecting organisations across the food and fibre sector to their future. The global connectivity many of the banks have means they believe they can assist the sector in identifying and responding to the structural shifts that the world is responding to.

Reflecting risk in commercial decisions

It is these shifts and the risks they create that lie at the centre of much of the tension that has led to the banking enquiry. It was highlighted that financial institutions, whether they are lending to or insuring a customer, will base the commercial decisions they make on the risks facing the customer and how they manage those risks. The inherent risks facing an organisation and the mitigations they have in place will ultimately determine the access they are granted to capital and its cost.

In more stable times, this risk assessment was focused on issues like who is running the farm and how experienced they are, what is their animal welfare record, and how

productive the business is. The participants acknowledged that in these more volatile times, there are more risks that potential customers need to manage and these have been incorporated into credit and underwriting approval processes. While it was noted that this is partly to meet regulatory requirements (which require a short-term focus), it is also a rational action for any business to take to manage risk and remain resilient to shocks.

One of the noisiest claims made against the banks is that they have gone 'woke' in respect of climate change, setting higher decarbonisation standards for New Zealand farmers and increasing the cost of funds to farmers. It was highlighted that the banks are looking at the big picture and they are not seeing our key food and fibre customers around the world backing away from their decarbonisation strategies.

While it was acknowledged that sustainability claims have become more politicised in the last year, the reality is those farmers who are progressing with decarbonising their businesses are making themselves eligible for price

"It is likely that hybrid packages will be needed - packages that look at the different assets within a farming system and match funding to each asset category, integrating alternative funding partners..."

premiums, finding opportunities to increase productivity, sometimes taking cost out and, ultimately, derisking their businesses. They are presenting a better business case to the bank and should see financial benefits for the work they are doing.

That said, the consensus view from the roundtable was that there are greater opportunities for the sector to unlock value if we consistently view climate as an opportunity given the way we farm in New Zealand. It was acknowledged that the banks and insurance companies have work to do to launch innovative products in market that support their clients in taking

on the risk associated with changing their production systems. A range of suggestions were made, including preferential lending packages for actions that mitigate climate risk in a business, or AI based parametric insurance products that give farmers confidence to take contracts and produce, as they have limited the risk associated with adverse climate events.

The succession wave is still rolling towards us

The banking sector has been talking about the impending wave of generational farm succession as being about to hit for over a decade. However, with kids that have found other things to do, the pandemic, and volatile commodity returns, many farmers have been unable to get off their land and, as a contributor noted, have become increasingly fearful of losing the family farm.

A generation of owners has collected two generations' worth of capital growth, given how land prices and the cash flows that can be generated from the land have moved over the last two decades. Current owners have been comfortable accruing the capital gains, with the best returning businesses not necessarily being those generating the sustainable cash profits. Profitable, cash generating businesses are critical for succession to occur. It is challenging for an incoming owner to service debt with capital gains.

Consequently, it is not surprising that the Emerging Leaders cohort highlighted the reach for the first step of the farm ownership ladder continues to become larger. Roundtable participants agreed that financial services institutions have a role to play in helping address this issue. It was noted that traditional banking models and metrics do not enable banks to finance a young person into a farm.

Introducing innovative financing solutions to market to enable transition is now urgent (particularly as foreign investment rules are relaxed, bringing well-resourced overseas buyers back into the market). It is likely that hybrid packages will be needed - packages that look at the different assets within a farming system and match funding to each asset category, integrating alternative funding partners like private equity or sovereign wealth funds, as well as providing incumbent owners the opportunity to leave some funds in the business.

Can the insurance sector deliver for the industry?

Participants also talked about the future of insurance for the food and fibre sector. With increasing climate volatility, it was noted that many farms will find it challenging to get affordable insurance in the future. Insurance is often seen as a cost of doing business, rather than a risk management tool that can be actively managed to provide confidence

to underpin investment and growth. It was highlighted that the insurance sector is working with their customers to implement mitigation strategies, however farmers are expecting premium reductions immediately on introduction of these measures.

The sector needs to work harder to help the farmers see the bigger picture in relation to the ongoing inflation in claims and reinsurance cost, so they can understand premiums reflect a reasonable sharing of cost and risk. It was also suggested that there is an opportunity to bring innovation to the market, using mechanisms such as catchment pricing (reflecting how farmers through a catchment are collectively managing the risks that they face) and technology based insurance products (such as climate insurance based on parametric data). The point was made however that the lack of scale in the New Zealand market may mean our farmers will not get access to all the risk management products their competitors use internationally. Could this suggest the insurance sector is in need of partners to enable it to bring innovative digital products to market.

Contributor



Nicola Raynes-Pene
Partner, National Industry Leader
Financial Services

The task list

- **Accelerate innovation in product design to reward farmers who are actively decarbonising and derisking** – using data and AI, preferential pricing and other incentives to provide a clear message that there are tangible returns on investing in sustainability within a farming system.
- **Kick-start the succession wave** – through putting together new partnerships that provide a mix of finance solutions (equity, debt, vendor financing, private equity etc) aligned with the underlying assets and working capital needs of a farming business, to ensure we are optimising the food grown and the value delivered from each farming property.
- **Seek international partners to digitally disrupt the insurance products available to farmers** – given the small size of our market we need to be actively combing the world to find solutions available worldwide and find pathways for the innovation to be introduced to the New Zealand market.

Contributors

| | | | | | | |
|-------------------|--------------------|---------------------|-------------------|------------------------|---------------------|--------------------|
| Aidan Gent | Bruce Weir | Fergus Lee | John Murphy | Louis Batley | Nicky Hyslop | Shane Kingston |
| Alex Devereaux | Cameron Walker | Fiona Carrick | Josh McAtamney | Lucie Douma | Olivia Ogilvie | Simon Limmer |
| Alex Worker | Campbell Tait | Frances Beeston | Jules Benton | Lynda Coppersmith | Paul Burns | Simon Tucker |
| Amanda Raisbeck | Carla Muller | Gabrielle Thompson | Julia Jones | Maegen Bloom | Peter Hendry | Stacey Stewart |
| Amos Palfreyman | Celese Smit | Gary Hooper | Julian Daly | Marc Brakenrig | Peter Landon-Lane | Stanley Fraser |
| Amy Hoogenboom | Charles Taituha | Gavin Kerr | Julian Elder | Maria Shanks | Peter Wren Hilton | Stephen Guerin |
| Amy Tocker | Charlotte Connoley | Gavin McEwen | Julie Collins | Mark Dewdney | Phil Cumming | Susan Goodfellow |
| Andrea Leslie | Chris Morrison | Genevieve Northcote | Julie McDade | Mark Heer | Phil Weir | Susan Huria |
| Andrew Hill | Clare Bradley | George Adams | Juliet Maclean | Mark Leslie | Prem Maan | Tanya Houghton |
| Andy warren | Colin Dawson | Gillon Carruthers | Justine Gilliland | Mark Ross | Rachel Depree | Teresa Steele-Rika |
| Angela Clifford | Colin Glass | Graham Stuart | Kaitlin Dawson | Marshall Bell | Rebecca James | Teri Styles |
| Angus Brown | Corrigan Sowman | Grant Verry | Karen Morrish | Matt Flowerday | Richard McIntyre | Tiaki Hunia |
| Angus Dowson | Craig Armstrong | Greg Gent | Karen Williams | Matthew Dolan | Rob Hewitt | Tim Cutfield |
| Angus Mckenzie | Crispin Dye | Hamish Best | Karin Kos | Megan Fitzgerald | Rob Macnab | Tim Gibson |
| Anna Nelson | Dacey Balle | Helen Moore | Kate Acland | Melissa Clark-Reynolds | Robyn Meehan | Toby Williams |
| Arjune Dahya | Dan Boulton | Hilton Collier | Kate Beddoe | Michael Brooks | Roger Dungan | Todd Charteris |
| Auriga Martin | David Jensen | Imogen Brankin | Kate Scott | Michael Falconer | Ross Buckley | Tom Hyland |
| Bart Zame | Dean Fraser | Irina Miller | Katy Bluett | Michelle Ruddell | Ruth Leary | Tony Aitken |
| Ben Hayes | Doug Micheal | Jack Hervey | Kelvin Wickham | Michelle Sands | Sam Bray | Tony Egan |
| Ben Tosswill | Doug Paulin | Jackie Macalister | Keri Johnston | Mike Casey | Sam Bridgman | Tony Wilson |
| Blair Shortall | Elizabeth Heeg | Jacqueline Rowarth | Kerry Allen | Mike Petersen | Sam Mclvor | Tracey Sheehy |
| Brendan O'Connell | Emma Crutchley | James Smallwood | Kim Ballinger | miranda burdon | Sandhya Sriram | Tracy Brown |
| Brendhan Greaney | Emma Wheeler | Jane Montgomery | Kimberly Crewther | Murray King | Sarah Clark | Vanessa Winning |
| Bridget Coates | Fabian Yukich | Jarred Mair | Kylie Marriott | Murray Taggart | Sarah von Dadelszen | Victoria Hatton |
| | | Jason Te Brake | Lain Jager | Nadine Tunley | Saya Wahrlich | Vincent Arbuckle |
| | | Jasper Van Halder | Leanne Stewart | Naomi Parker | Scott Armer | Volker Kuntzsch |
| | | Jenny Cameron | Lee-Ann Marsh | Nick Giera | Scott Brown | Wayne McNee |
| | | Jess Moore | Lincoln Roper | Nick Hammond | Scott Champion | Wendy Bayliss |
| | | Jo Finer | Lisa Futschek | Nick Maxwell | Scott Townshend | Wim de Koning |
| | | John Morgan | Lisa Rogers | Nick Pyke | Scottie Chapman | Zahra Champion |
| | | | Lisbeth Jacobs | | | |

How KPMG can help

KPMG is uniquely positioned to support organisations in navigating and transforming the future of food. From farm to finance, policy to packaging, our global network of multidisciplinary professionals brings deep sector expertise, cutting-edge technology, and strategic foresight to help clients unlock resilience, create value, and lead systemic change.

| | | | | | | |
|---|---|---|---|---|---|---|
| <div>01.</div> <div>Strategy and foresight</div> <div>Our local and global teams help clients anticipate disruption and prepare for emerging risks and opportunities across the food system. Through scenario modelling, geopolitical analysis, and ESG benchmarking, we support leadership teams in designing adaptive strategies aligned with long-term value and resilience.</div> | <div>02.</div> <div>Sustainable supply chain transformation</div> <div>We help businesses redesign supply chains to improve transparency, reduce emissions, manage climate risks, and enhance traceability. Our supply chain optimisation, decarbonisation roadmaps, and circular economy solutions help ensure systems that are both commercially agile and environmentally aligned.</div> | <div>03.</div> <div>Capital and finance innovation</div> <div>KPMG works with investors, banks, and agribusinesses to structure innovative financing models-including green bonds, sustainability-linked loans, carbon market participation, and blended finance platforms. We help clients unlock capital flows for regenerative transitions and nature-based solutions.</div> | <div>04.</div> <div>Regulatory navigation and policy influence</div> <div>We advise public and private sector leaders on evolving regulatory frameworks affecting food, climate, and sustainability. From compliance to strategy, we enable organisations to engage constructively with local and global regulations and actively shape the policy environments critical to their future.</div> | <div>05.</div> <div>Technology integration and digital transformation</div> <div>Our Digital & Innovation practices work at the intersection of food and technology-delivering AI-enabled forecasting, blockchain traceability, and smart farming solutions. We also help scale agrifoodtech platforms and digital twin capabilities to improve productivity, resilience, and consumer trust.</div> | <div>06.</div> <div>Collaboration and ecosystem building</div> <div>We facilitate multi-stakeholder coalitions across sectors-energy, health, infrastructure, and food-to build integrated solutions to systemic challenges. Our convening power and cross-sector networks help align incentives, share risks, and deliver collaborative impact</div> | <div>07.</div> <div>People, culture, and capability development</div> <div>Through leadership development, workforce upskilling, and ESG culture transformation, we help organisations build internal capacity to lead in an era of rising stakeholder scrutiny and evolving consumer values.</div> |
|---|---|---|---|---|---|---|

Whether you’re a farmer cooperative, food manufacturer, technology innovator, financier, or policymaker, KPMG can help you move from insight to action. Together, we can reimagine and help build a food system that delivers for people, planet, and profit — resiliently and equitably.



Ian Proudfoot

National Industry Leader - Agri-Food
Global Head of Agribusiness
E: iproudfoot@kpmg.co.nz
LinkedIn



Andrew Watene

Director, Head of KPMG Propagate™
E: awatene@kpmg.co.nz
LinkedIn



Brent Love

Partner, On Farm Agribusiness – Private Enterprise
E: blove@kpmg.co.nz
LinkedIn



©2025 KPMG, a New Zealand Partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The views and opinions expressed herein are those of the author and do not necessarily represent the views and opinions of KPMG, a New Zealand partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

KPMG is a global organisation of independent professional services firms providing Audit, Tax and Advisory services. KPMG is the brand under which the member firms of KPMG International Limited (“KPMG International”) operate and provide professional services. “KPMG” is used to refer to individual member firms within the KPMG organisation or to one or more member firms collectively.