



MINISTRY FOR PRIMARY INDUSTRIES **STATEMENT OF INTENT** 2014–2019

PRESENTED TO THE HOUSE OF REPRESENTATIVES PURSUANT
TO SECTION 39 OF THE PUBLIC FINANCE ACT 1989



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MINISTER'S FOREWORD

Hon Nathan Guy
Minister for Primary Industries

The primary industries are the engine room of New Zealand's economy, thanks to our natural advantages and the hard work of exporters.

My goal is to continue to drive the performance and efficiency of these industries for our nation's prosperity.

Crucial to this is biosecurity, which is why it is my number one priority as Minister. It is why the Ministry for Primary Industries is placing strong focus on boosting biosecurity at the front line, and into the core of its systems and networks. As part of this we are building closer partnerships with industry through Government Industry Agreements on biosecurity.

The Government has set a goal to double our exports by 2025 to \$64 billion. To reach this target the Ministry needs to work with industry to ensure that:

- our products meet New Zealand's high standards and are consistent with our story;
- industries are strategically connected;
- we have good access to overseas markets.

The Primary Growth Partnership will be a key mechanism for how the Government and industry will work together achieve our ambitious goals.

The Ministry will also continue to support technology transfer through such programmes as the Sustainable Farming Fund and the Irrigation Acceleration Fund. Better access to modern technologies and more consistent access to water will benefit both our economy and our environment.

Our sector is only as resilient as the people in it, which is why skills and capability building is a key issue. The Ministry's initiatives will help to develop tomorrow's innovative and adaptive primary industry leaders.

I am satisfied that the information on strategic intentions prepared by the Ministry for Primary Industries is consistent with the policies and performance expectations of the Government.

I look forward to working with the Ministry across the diverse, exciting and important primary sector.

A handwritten signature in blue ink that reads "Nathan Guy". The signature is fluid and cursive, with a long horizontal stroke at the end.

Hon Nathan Guy
Minister for Primary Industries



MINISTER'S FOREWORD

Hon Nikki Kaye
Minister for Food Safety

Food safety is fundamental to New Zealand. As consumers, the food safety regime enables us to buy food with confidence from shops, cafés and restaurants. And, as a nation that relies heavily on food exports, the credibility of our food safety system helps our exporters to access overseas markets and sell our products at the premium end of the market.

The Government is committed to continually improving New Zealand's food safety regime. Last year I commissioned, with the Minister for Primary Industries, the Government inquiry into the whey protein concentrate incident to consider best practice for the dairy sector and the implications for the wider food regulatory system.

We have much to be proud of – the inquiry concluded that our regulatory system is considered among the best in the world. However, to maintain our privileged position through the coming years we need to build on this solid foundation. The Government is committed to strengthening and future proofing our food system by implementing all of the inquiry's recommendations. This work includes a Food Safety Assurance and Advisory Council to provide high-level independent advice and risk analysis on the food system, a Food Safety Science Centre to ensure we are leaders in food safety science, an industry-led working group to enhance dairy traceability, and a Food Safety Law Reform Bill to strengthen and align the food regulatory regime.

The recent passage of the Food Bill by Parliament is a landmark achievement. The Food Act 2014 will implement a modern, flexible regulatory regime where consumers are protected through the effective management of food safety risks by food producers, independent verifiers and the Ministry. The enactment of the Food Bill is not the end of the law reform process – implementation has only just begun.

My priorities for the food safety portfolio remain the same: ensuring safe food and food products for consumers here and overseas, and facilitating smooth operating environments for food businesses. I am also focused on encouraging broad recognition of our food system by our many trading partners, and engaging with the trans-Tasman Legislative and Governance Forum on Food Regulation to improve and simplify the joint food standards system.

I look forward to working with the Ministry to protect consumer health, enhance New Zealand's reputation for food safety and support businesses to grow New Zealand's exports. The greatest opportunities for our country lie ahead.

A handwritten signature in blue ink, appearing to read 'Nikki Kaye'.

Hon Nikki Kaye
Minister for Food Safety



DIRECTOR-GENERAL'S INTRODUCTION

Martyn Dunne
Director-General
Ministry for Primary Industries

The Ministry for Primary Industries (MPI) has the vision of *Growing and Protecting New Zealand*. We look to achieve this in a dynamic international trading environment, with rapidly moving scientific frontiers, strong industries and a growing economy. To do well, we need to be a pre-eminent organisation. We need to keep building a unity of purpose and leadership, and achieve clarity of task across our national and international team of over 2200 people. We need to create an environment where our staff thrive, where we innovate, collaborate and deliver beyond expectations.

To achieve our vision, MPI has to be:

- an exceptional regulator;
- a highly effective and innovative operational agency;
- an influential organisation in the national interest;
- a respected and responsive connector across government and industry;
- a disciplined funder.

With recent changes, I am confident we now have a strong and clearer organisational structure that supports our vision. These changes help us improve internal connections across our work areas, and will allow us to work more closely with stakeholders. To achieve this, it is imperative that MPI maintains and enhances its credibility with all its stakeholders – both within New Zealand and overseas.

Success is not just about how we organise ourselves within the Ministry, but how we work together to deliver services and outcomes for the biosecurity, food safety and primary production systems. MPI must take a leadership role in what we do and that means aligning ourselves internally and externally with our key stakeholders.

MPI and the primary industries operate in an increasingly complex environment that requires information, leadership and delivery of sustainable

outcomes to achieve the Government's priorities for exports, while maintaining our international reputation for biosecurity and food safety.

People are central to MPI's success. We are working to be an organisation where:

- each person knows what MPI does, where their role fits, and values others' contributions;
- each person is focused on their job, and connects across the organisation;
- everyone sees clear training opportunities and career development paths;
- MPI's values and behaviours are demonstrated by everyone.

MPI is conducting a review of its strategic intentions and priorities at present. The overarching vision of *Growing and Protecting New Zealand* and the four outcomes which support this will not change, but a more specific set of organisational priorities is being developed and will be included in the next Four-year Plan and the *2015-20 Statement of Intent*.

Statement of responsibility

I am responsible for the information contained in this Statement of Intent for the Ministry for Primary Industries. This information has been prepared in accordance with the Public Finance Act 1989. It is also consistent with the proposed appropriations set out in the Appropriations (2014/15 Estimates) Bill, as presented to the House of Representatives in accordance with section 13 of the Public Finance Act 1989, and with existing appropriations and financial authorities.

Martyn Dunne CNZM
Director-General

OUR ENVIRONMENT

The complex and dynamic environment in which MPI operates provides both challenges and opportunities.

International and domestic environment

A strong demand for primary products for the foreseeable future is expected, especially for food, fibre and beverages. By 2025, global food demand is expected to increase by up to 45 percent, boosted by emerging middle classes in Asia.

For those with the fastest growing populations and economies, there is likely to be a race to secure reliable food sources amid the disruptions of climate change. Among those supplying food, there is likely to be intense competition for the market access and consumer insights that will capture premium prices. Underpinning it all will be a drive for the resources, skills and technologies to increase productivity from available land and resources, and to identify and protect from pests, diseases and contamination.

That's our opportunity – New Zealand's primary industries must go global to embrace a complex, changeable but fertile trading environment, and we must lead locally to increase sustainable resource use, improve productivity and protect from biological risk.

New Zealand's reputation for integrity and the underlying quality of its production systems, food and environmental standards is becoming more valuable – it is part of New Zealand's competitive advantage. Continuing to enhance that reputation is vital to maintaining that advantage. As trade and travel increase, New Zealand needs continued vigilance to mitigate the risk of importing pests and diseases that would compromise our status.

To capitalise on this competitive advantage New Zealand must:

- identify the most responsive market segments;
- produce what is most valued by consumers;
- provide trustworthy assurances for these products;

- capture a greater share of value;
- improve the productive capacity of the primary industries;
- maintain or improve our natural resources;
- not impose unnecessary costs on industry.

The Business Growth Agenda (BGA) sets out a goal of increasing the ratio of exports to gross domestic product to 40 percent by 2025. Achieving this goal involves both adding more volume and, more importantly, capturing greater value.

Domestically, there are concerns for the environment, where limits on resource use are being increasingly imposed. There is a continued focus on food quality, concern about the impacts of adverse climatic events on natural resources, and contention over who benefits from resource allocation.

Outlook for the primary sector – key points

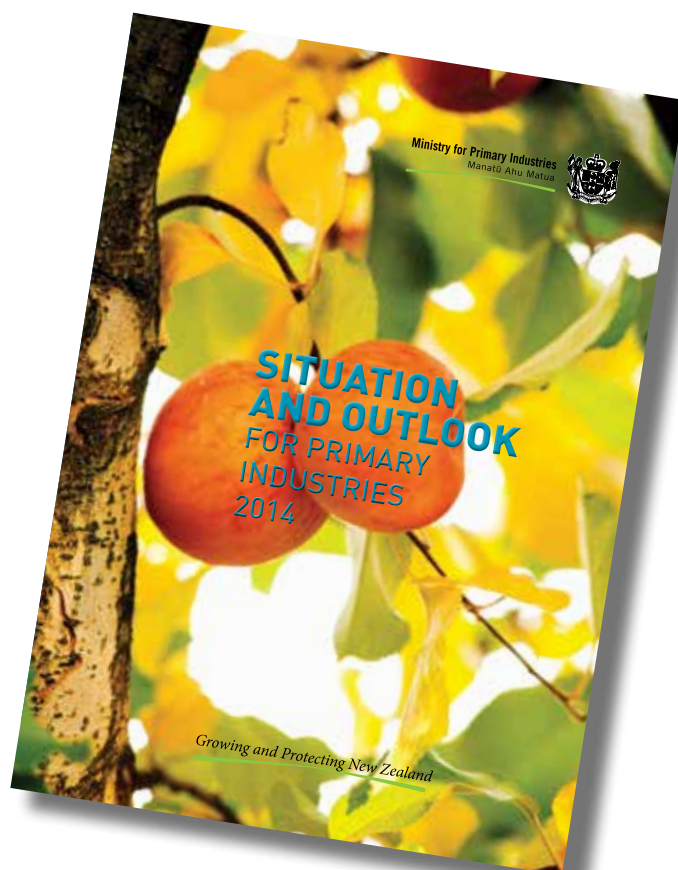
Longer-term prospects for the primary sector remain promising, due to ongoing demand growth and a gradual improvement in global economic conditions. Making the most of these opportunities will require addressing some challenges including:

- continuing to enhance New Zealand's reputation as a reliable, safe and sustainable food exporting country;
- managing environmental impacts within New Zealand, particularly associated with a shift to more intensive uses of land and water and changes in production/farming systems;
- dealing with high levels of on-farm debt, particularly in the dairy industry;
- improving productivity and adding value in the face of increased international competition and volatile global prices;
- maintaining and improving market access for New Zealand's primary sector exports;
- ensuring primary industries can access the capital and skills required to meet future opportunities;
- reducing unnecessary regulatory costs and barriers to innovation;

- getting the right competition settings in our legislation;
- understanding technology uptake and drivers of behavioural change.

MPI's publication *Situation and Outlook for Primary Industries 2014* – identified the following key sector trends:

- global growth in dairy supply is expected to increase in 2014/15 due to high dairy prices and low animal feed costs;
- international dairy prices are expected to ease in 2014/15 as supply catches up with demand;
- export lamb prices are expected to rise, as demand for higher priced cuts in developed countries is supported by strong Asian demand for cheaper cuts;
- the short-term outlook for New Zealand beef export prices is to remain reasonably high due to shortage of supply in the US market. Longer term, prices are expected to rise slowly with increasing demand for protein in Asia;
- New Zealand log export volumes and prices in early 2014 reached the highest levels since the mid 1990s, due to strong demand from China along with reduced supply from major competitors;
- log prices are expected to ease in late 2014 as building activity cools in China, but it is still well above the historic average;
- seafood export volumes and values are expected to increase modestly in the short- to medium-term.



GOVERNMENT PRIORITIES

MPI has a key role in delivering two of the Government's priorities: building a more productive and competitive economy and delivering better public services within tight financial constraints.

Building a more productive and competitive economy

MPI's work is integral to delivering on three of the Government's BGA goals:

- building export markets;
- building innovation;
- building natural resources.

Success in these areas links to the other BGA goals of building capital markets, building skilled and safe workplaces, and building infrastructure.

Building export markets

The Government has committed to the goal of increasing the ratio of exports to gross domestic product to 40 percent by 2025. This equates to a doubling of the value of primary industry exports between 2012 and 2025. As the primary industries make up over 75 percent of our merchandise exports, their continued growth will be critical to achieving the BGA goal.

To achieve a doubling of primary industry exports by 2025, the real value of exports must grow at a rate of 5.5 percent per annum. Following the record export returns of 2014, primary industry revenues are expected to stay elevated, albeit closer to the historical average. Forecasts across the primary sector to 2018 show steady growth based on current industry price and production trends.

The *Situation and Outlook for Primary Industries 2014* projects a 2.1 percent annual growth rate for export value between 2014-18, with total agriculture, fishing, and forestry export revenue to reach \$40.8 billion in 2018. In the context of doubling exports, this figure represents expected growth under current normal conditions.

The additional growth required to reach the 2025 goal of doubling exports will be delivered through a number of investment programmes. These programmes specifically target movement of

products up the value chain, and implementing productivity gains within natural resource constraints. Examples of these programmes include the Primary Growth Partnership, skill development initiatives, and water storage improvement programmes.

The latest trade data indicates that in the year ended March 2014, we exceeded the required growth rate by \$0.9 billion. The dominant contribution to the increase in export values from June 2012 was driven by whole milk powder at \$2.4 billion, due to a 19 percent rise in volume and a 24 percent rise in price. There was also significant growth from logs and wood chips, which increased by \$965 million due to a 29 percent increase in volume and a 25 percent increase in price. The common denominator in both instances was increasing demand from China.

However, the results for the year ended March 2014 might be an outlier as economic growth in China, which has been a significant driver of recent demand for our primary products, is expected to ease back in the coming years.

The long-term growth prospects of New Zealand's primary industries will depend on how well we are able to fine tune our response to trends, such as rapidly increasing demand for higher value consumer products from Asia's growing economies, with improvements in the productivity and sustainability of our primary industries.

MPI makes significant contributions to the BGA export markets work stream through:

- market access (developing new access, maintaining current access, and promotion of current Free Trade Agreement uptake);
- boosting representation in China and South East Asia;
- the Trade Single Window component of the Joint Border Management System;
- work programme on better co-ordination of border services;
- identifying regulatory regimes critical to New Zealand.

Apart from the direct contribution to the export markets goal, MPI also contributes to the following areas:

- delivering a compelling New Zealand story;
- improving access to international markets;
- making it easier to trade from New Zealand;
- helping businesses internationalise;
- strengthening high-value manufacturing and services.

Building innovation

The Building Innovation work stream of the BGA aims to grow New Zealand's economy by encouraging and enabling investment in research and development, and lifting the value of public investments in science and research. MPI makes substantial investments in innovation through the Primary Growth Partnership and the Sustainable Farming Fund. Other initiatives that contribute to this work stream include:

- establishing the Food Safety Science Centre;
- building more expertise in the dairy processing industry;
- working with the Primary Industries Capability Alliance to support skills development;
- partnering with industry to improve on-farm technology transfer.

Building natural resources

The Building Natural Resources work stream of the BGA aims to make better use of New Zealand's limited natural resources, so we can continue to grow our economy and look after our environment. MPI's investments contribute to improving productivity and increasing sustainable resource use. Other initiatives that contribute to this work stream include:

- partnering with Māori to improve agribusiness productivity;
- collaborating on the management of freshwater resources;
- encouraging best-practice farming;
- supporting the transition to a low-emissions economy;
- ensuring the regulatory regimes for fisheries, aquaculture and forestry support sustainable resource use.

Key indicators for measuring progress

- Value of primary sector exports grows in real terms at 5.5 percent per annum.
- Growth in primary industry exports relative to comparable growth in other OECD countries.
- Primary sector market access is maintained and any future opportunities enhanced as a result of trading partners having confidence that New Zealand is effectively managing its biosecurity and food safety systems.

Delivering better public services

The Government has set a strategic priority to deliver better public services within tight financial constraints. A key area of engagement for MPI under the Better Public Services programme centres on Result 9 – Better Public Services for Business. This aims to reduce the cost to business of interacting with Government by 25 percent by 2017.

This means developing faster online services, achieving better integration of services, and creating services that are designed specifically for business. MPI is currently involved in the following Result 9 projects:

- New Zealand Business Number;
- Rating and Feedback tool for Customer Satisfaction;
- Target and Measures project.

In addition to the focus on Result 9, MPI is participating in improvements to core corporate services, including the cross-government ICT Strategy and Action Plan and the Optimise Finance programme.

Key indicators for measuring progress

- MPI will actively support the delivery of the Better Public Services initiative by increasing access to services online.
- There will be an improved rating of MPI business facing services by surveyed key business users.

Our Strategy 2030

Our Vision

Growing
and
Protecting
New Zealand

Our Focus

Maximise
export
opportunities

Improve sector
productivity

Increase
sustainable
resource use

Protect from
biological risk

Our Approach

Enabling

Partnering

Our Organisation

Situationally aware
Better connections
Shared information
Better context

Aligned
Clear accountabilities
Joined up
Systems oriented

People-focused
Leadership
Development
Career pathways

Innovative
Future-focused
Knowledge-driven
Creative

OUR CORE BUSINESS

MPI's core business is directed through three major systems.

- **Biosecurity system** – MPI works to prevent harmful pests and diseases from entering New Zealand, manages systems to detect and respond to incursions and established pests, facilitates trade and encourages co-operation and participation in the system.
- **Food safety system** – MPI sets minimum regulatory requirements, and undertakes verification to support assurances to export markets that food products produced in New Zealand are safe and suitable, so that consumers in New Zealand and overseas can be confident that their food is safe.
- **Primary production system** – MPI contributes in the areas of: natural resource use, animal welfare, forestry, trade, market access, innovation, improving productivity of Māori-owned resources, sector structure, fisheries management and aquaculture. The operation of this system is critical to realising the productivity gains and sustainable resource use that will underpin the export success of the primary industries.

MPI employs over 2200 people at over 70 locations in New Zealand, along with a small off-shore presence. MPI provides policy and regulatory advice to the government, market access and trade services and operates large-scale biosecurity, food safety, forestry, fisheries management and animal welfare programmes.

To succeed, MPI needs to achieve and maintain operational excellence. MPI is a diverse organisation and its staff work in a range of environments – from airports and beaches to laboratories, abattoirs and

fishing vessels. MPI also manages the Crown's forestry assets. Our goal is to significantly lift prevention, preparedness and performance across all aspects of our operational activities, and build a committed workforce that is here for the long haul.

MPI is one of the biggest regulators in government. Regulatory systems have a significant impact on our sector, our resources, our market access and New Zealand's reputation as a producer of primary products. These systems are world class, and must constantly evolve to keep pace with the rapidly shifting demands of the market and the expanding frontiers of science. MPI must be innovative in implementing new legislative frameworks, and persistent in our efforts to enhance our regulatory systems.

To double the value of exports, MPI must maintain and enhance market access for New Zealand's primary products within a complex trade dynamic. Enduring market access requires strong relationships and mutual understanding. It is more than an agreement; it is constant engagement and negotiation.

MPI works where the economy meets the environment, industry meets with government, the national impacts the international, consumers act on producers, and communities sit down with government. To bridge these intersections, MPI must maintain and build enduring relationships in which honest conversations can occur, whether it is with industry, other regulators, iwi, or the wider community. MPI has strong engagement with other government agencies, primarily within the economic, border and natural resources sectors. Much of this



engagement is centred on the Government's BGA and the drive to deliver better public services.

As technology advances, consumers are increasingly tracing the origin of products and their provenance, enabling them to apply individual value judgements to what they buy. MPI has begun investing in how we can support the primary industries to enhance the traceability and verification of products. We are also developing new assurances that create value propositions on which companies can market their products, and working to build understanding of the stories of our primary producers.

Emerging technologies are rapidly bringing precision to how we farm, how we fish, and how we conduct our forestry. This is crucial to our productive capacity, our environment, our brand and to the social licence the New Zealand public extends to the primary industries. As more limits on resource use come into place, there is a unique opportunity to accelerate the development and uptake of technology and innovation in production, and drive precision. MPI has already made significant

investment in a number of these technologies through the Primary Growth Partnership. MPI is also aligning the way we invest in, and support, innovation uptake and sustainable resource use.

Underpinning much of MPI's work is information. MPI needs to continue to improve the way we manage our information, how we analyse it, and how we act upon it to target our activities and interventions. We also need to align our information with the technical and scientific expertise that resides in MPI to provide knowledge our primary industries can build on, and the public can rely on.

A new organisational structure has recently been introduced to improve the alignment of MPI. This has six branches:

- Sector Partnerships and Programmes;
- Operations;
- Regulation and Assurance;
- Policy and Trade;
- Office of the Director-General;
- Corporate Services.



MEDIUM-TERM INVESTMENTS

MPI will deliver on the Government's priorities by focusing in the following areas through its Four-year Plan.

Strengthening our core systems

MPI will strengthen its core systems that support and enable the bulk of primary industry exports. MPI will achieve this through a number of initiatives, for example, implementing a China Strategy, boosting our overseas presence, increasing the size of the market-access team, free-trade agreements and in-market activities. There are also programmes of work to enhance the delivery of core services and to improve MPI's customer focus.

Boosting biosecurity

MPI is committed to continually strengthening the biosecurity system and has, among other things, recently invested in new x-ray technology and additional frontline staff to boost biosecurity defences at the border. Further initiatives will include investment in improved biocontainment laboratory facilities, enhancing our overall preparedness, improving intelligence, planning and co-ordination capabilities, and continuing implementation of Government Industry Agreements for managing readiness and response.

Identifying and exploiting opportunities to increase sector productivity

MPI will focus on getting the most out of existing and emerging opportunities such as current Primary Growth Partnership, irrigation and water storage projects. Support for Māori agribusiness initiatives will be crucial for regional economic development. At the same time, MPI will continue to develop new and innovative ways of increasing exports.

Strengthening our capabilities and internal support systems

MPI will continue to strengthen its capability and build internal support systems, as well as support all-of-government initiatives. MPI recognises the importance of continuing to develop people leadership and management skills. Senior leadership is taking the lead in developing capability through career pathways, talent management, succession planning and sponsoring on-the-job learning. Strengthened governance structures are being implemented to support systems management. MPI will also focus on enhancing business systems to ensure these are fit for current purpose and meet the future needs of MPI and its stakeholders. MPI's Information Services Strategic Plan aligns with the cross-government ICT Strategy and Action Plan.



WORK PROGRAMME

AND INTENDED RESULTS

This section provides a summary of MPI's planned work programmes (key deliverables) and intended results for the next five years and how these contribute to our medium- and long-term outcomes. Further details on our work programmes are provided in the *Information Supporting the Estimates of Appropriations* for each of our two votes.

LONG-TERM OUTCOME: MAXIMISE EXPORT OPPORTUNITIES

Medium-term outcome 1: Export success is enhanced by the integrity of primary sector products and increasing the use of New Zealand's unique culture and brand.

Why are we going to do this?

Our export sectors derive significant benefits (including lower market access costs) and competitive advantage from New Zealand's reputation for safe and suitable food, favourable animal and plant health status and market assurances. To leverage these advantages, MPI needs new ways of assisting New Zealand exporters to access and succeed in international markets and gain additional export value from the New Zealand brand, including its Māori dimension.

This outcome supports the Government's BGA goal to increase the ratio of exports to gross domestic product from the current 30 percent to 40 percent by 2025.

What impacts support this outcome?

Over 2014–19 MPI seeks to achieve the following impacts:

- reputation of New Zealand products, and the systems they rely on, is enhanced;
- exporters have increased access to knowledge, systems, and technology, to produce and supply products that more exactly meet market specifications and participate in integrated value chains;
- exporters are realising benefits from the use of the New Zealand story, including Māori values and culture.

Work programme key deliverables

MPI's work programme focuses on leveraging the traditional regulatory and non-regulatory interventions and exploring additional ways to increase the value of exports. Key deliverables over the next five years include:

- partner with industry to identify and capture opportunities to develop new kinds of assurances that support economic growth and open up new markets;
- support the Animal Welfare Amendment Bill through the parliamentary process and implement the new Animal Welfare Strategy;
- implement management measures for foreign charter vessels in New Zealand waters;
- partner with industry and government agencies to best leverage off the New Zealand story;
- explore the potential of Māori capital¹ in gaining competitive advantage and realising some of the benefits that capital may hold;
- implement the China Strategy;
- implement the Whey Protein Concentrate Inquiry recommendations:
 - Food Safety Science Centre;

¹ Māori capital refers to natural, human, financial and cultural capital.

- Food Safety and Assurance Advisory Council;
- dairy processing expertise;
- simplify tertiary legislation for the dairy industry;
- improve the Animal Products Act;
- Support the fishing industry to meet recognised Marine Stewardship Council standards for sustainable fishing and seafood traceability.

Key indicators for measuring progress

- our export assurances are trusted by markets;
- adoption and retention of new assurances by markets;
- primary sector businesses use attributes of the New Zealand story to enhance their own stories;
- annual growth of international revenue for MPI's top 50 primary industry exporters.



LONG-TERM OUTCOME: MAXIMISE EXPORT OPPORTUNITIES

Medium-term outcome 2: Exporters have improved access to fast growing and high value markets, and benefit from new export opportunities

Why are we going to do this?

Our trading partners are a mix of affluent, well-developed and often static markets, and developing markets where growth has traditionally been strongest. There is potential to generate further value and better returns from New Zealand's exports of primary sector products and services by:

- reducing barriers and maintaining access to trade;
- using the full suite of bilateral and multilateral tools;
- Free Trade Agreements or bilateral agreements;
- the World Trade Organization Agreement and multilateral standards;
- technical submissions.

This outcome supports the Government's BGA goal to increase the ratio of exports to gross domestic product from the current 30 percent to 40 percent by 2025.

What impacts support this outcome?

Over 2014–19 MPI seeks to achieve the following impacts:

- market access for New Zealand's primary sector products, including food, is improved;
- bilateral and multilateral frameworks and standards ensure more markets are available and costs imposed by overseas authorities are reduced;
- improve and simplify the environment for trans-Tasman trade for food products.

Work programme key deliverables

MPI has a key role to play in improving market access conditions for New Zealand products. Key deliverables over the next five years include:

- support improved trade access for New Zealand through continued involvement in Free Trade Agreement negotiations and support efforts to get the Doha Round back on track;
- work in partnership with primary sector stakeholders to implement market access strategies and market access priorities for the next one to five years;
- explore further the provision of in-market activities² that maintain existing and develop new networks and opportunities that create a positive market access environment;
- leverage of opportunities under Free Trade Agreements to enhance primary sector stakeholders' opportunities;
- improve the conditions for products imported and exported across the Tasman under bilateral arrangements;
- prioritise, establish and implement an integrated and aligned approach to the review of standards;
- develop standards in a consistent way that are easy to understand and access.

Key indicators for measuring progress

- increased primary industries export activity with each country that New Zealand has signed a Free Trade Agreement with in the past five years;
- value of trade retained through resolution of market access threats³;
- the proportion of agriculture, forestry and fishing, and associated manufacturing businesses reporting that they are entering new (to them) export markets remains constant or improves⁴;
- a reduction in the percentage of primary industry businesses that report overseas government regulation or tariffs as a barrier to generating overseas income⁵;
- reduction in the certification and inspection of food products exported across the Tasman.

² In-market activities cover the broad scope of potential collaborations between exporters and government (including Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise).

³ Examples include restrictive trade regulations and goods held up at the border.

⁴ Measure to be taken from the Statistics New Zealand Business Operations Survey, *Businesses entering new export markets*. Based on agriculture, forestry and fishing businesses, and manufacturing businesses in the food, beverage and tobacco and wood and paper products sectors.

⁵ Measure to be taken from the Statistics New Zealand Business Operations Survey, *Businesses reporting that overseas government regulations and tariffs are a barrier to generating overseas income*. Based on agriculture, forestry and fishing businesses, and manufacturing businesses in the food, beverage and tobacco and wood and paper products sectors.

LONG-TERM OUTCOME: IMPROVE SECTOR PRODUCTIVITY

Medium-term outcome 3: Improved generation of new ideas and their adoption and adaptation by the primary industries, including Māori, is supported by government actions.

Why are we going to do this?

It is critical to the New Zealand economy that the primary industries are innovative and internationally competitive. This requires an enabling regulatory regime, sustained public and private sector research and development, and the timely adoption of new technologies, tools and management practices in the primary sector.

This outcome supports the Government's BGA initiatives to build innovation.

What impacts support this outcome?

Over 2014–19 MPI seeks to achieve the following impacts:

- increased investment in innovation and uptake of new practices and technologies by the primary industries, including Māori;
- New Zealand regulatory environment supports primary industries to be more competitive and innovative.

Work programme key deliverables

MPI administers a range of legislation designed to assist the primary industries. Additionally, MPI directly funds industry innovation through the Primary Growth Partnership, the Sustainable Farming Fund and other initiatives. Key deliverables over the next five years include:

- partner with industry groups to progress opportunities, regulatory and non-regulatory, that target cost-effectiveness and help unlock greater value;
- co-invest in, and encourage industry innovation and adoption through, the Primary Growth Partnership and Sustainable Farming Fund;
- partner with industry to improve technology transfer at an on-farm level;
- support the growth and innovation of higher value processed foods and food derived products, particularly exports, through new science and an enabling regulatory environment;
- drive a strategic focus and portfolio perspective for MPI investment areas;
- invest in collaborative innovation and research initiatives that support the primary industries to grow sustainably;
- implement the engineered timber initiative;
- develop an integrated approach to technology transfer;
- work with the Primary Industry Capability Alliance to support skills development;
- work with other agencies to increase productivity for Māori agribusiness.

Key indicators for measuring progress

- an increase in primary industry businesses that develop or introduce new or significantly improved goods, services, processes, or methods⁶;
- the benefits for productivity improvement from programmes supported by MPI funds are realised;
- an improvement in how government regulations are viewed by primary industry businesses that are developing or introducing new or significantly improved goods, services, processes or methods⁷.

⁶ Measure to be taken from the Statistics New Zealand Business Operations Survey, *Businesses introduced onto the market new or significantly improved goods or services*. Based on agriculture, forestry and fishing businesses, and manufacturing businesses in the food, beverage and tobacco and wood and paper products sectors.

⁷ Measure to be taken from the Statistics New Zealand Business Operations Survey, *Businesses introduced onto the market new or significantly improved goods or services*. Based on agriculture, forestry and fishing businesses, and manufacturing businesses in the food, beverage and tobacco and wood and paper products sectors.

LONG-TERM OUTCOME: IMPROVE SECTOR PRODUCTIVITY

Medium-term outcome 4: The primary industries, including Māori, have greater access to capital and have the skills needed to grow and innovate.

Why are we going to do this?

MPI will do this so that the primary industries have an increased ability to deploy capital effectively and have the skills needed to grow and innovate.

This outcome supports the Government's BGA initiatives to build innovation.

What impacts support this outcome?

Over 2014–19 MPI seeks to achieve the following impacts:

- improved access to the right people with appropriate skills in the primary industry labour market;
- effective deployment of capital leading to an increase in innovative primary industry activities;
- improved awareness of capability development opportunities that are tailored to Māori agribusiness needs;
- improved regional economic development.

Work programme key deliverables

Key deliverables over the next five years include:

- explore issues and opportunities involved in overseas investment;
- investigate what skills are needed across the primary industries to support continued growth, and whether these are available, and create opportunities to improve skills and capability;
- partner with industry to realise the investment and economic growth potential in the aquaculture sector;
- partner with Māori and other agencies to facilitate the development of, and deliver skill development opportunities tailored to, Māori agribusiness, potentially including governance, business management, innovation and on-farm skills;
- improve regional prioritisation of projects that improve regional economic development;
- progress regional economic growth projects;
- work with Crown Irrigation Investments on irrigation projects.

Key indicators for measuring progress:

- primary industry businesses are able to access appropriate personnel to enable them to develop or introduce new or significantly improved goods services or processes⁸;
- primary industry businesses do not consider costs to be a barrier to developing or introducing new or significantly improved goods, services or processes⁹;
- an increase in the number of Māori agribusinesses using MPI skills, training and capability building.

⁸ Measure to be taken from the Statistics New Zealand Business Operations Survey, *Barriers that hampered innovation to a high degree*. Based on agriculture, forestry and fishing businesses, and manufacturing businesses in the food, beverage and tobacco and wood and paper products sectors.

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LONG-TERM OUTCOMES: IMPROVE SECTOR PRODUCTIVITY AND INCREASE SUSTAINABLE RESOURCE USE

Medium-term outcome 5: The primary sector, including Māori, maximises the use and productivity of natural resources within environmentally sustainable limits and is resilient to adverse climatic and biosecurity events.

Why are we going to do this?

The primary industries are reliant on natural resources to provide significant economic benefits to New Zealand. How we all use and manage these resources affects the future prosperity and natural capital that underpins New Zealand's production systems. Increases in economic performance need to be consistent with sustaining natural capital over the long term, to achieve lasting economic prosperity. To maintain productivity over time, the primary industries must also be resilient to change, including to a changing climate and biosecurity events.

This outcome supports the Government's BGA initiatives to build innovation and promote sustainable resource use.

What impacts support this outcome?

Over 2014–19 MPI seeks to achieve the following impacts:

- freshwater available to the primary sector is utilised efficiently and effectively;
- discharges from the primary sector that affect water quality and soils are either stable or decreasing;
- all fish stocks are managed to provide for utilisation, while ensuring sustainability;
- investment certainty for plantation forestry from Resource Management Act settings;
- the performance of Māori agribusiness and land resources improves;
- primary industry businesses and communities recover more quickly from the next adverse event, with less impact on production;
- fewer greenhouse gas emissions per unit of production.

Work programme key deliverables

MPI works closely with other government agencies and in partnership with stakeholders in addressing complex resource management issues. Key deliverables over the next five years include:

- develop more effective tools for managing freshwater (programme co-lead with the Ministry for the Environment);
- support irrigation initiatives through the Irrigation Acceleration Fund;
- develop and implement policy settings for the ongoing evolution of the Emissions Trading Scheme, particularly for forestry, that are appropriate domestically and internationally;
- work with sectors on greenhouse gas mitigation;
- implement the Lifting Māori Agribusiness Productivity Programme (Framework Design, Implementation and Evaluation) with Māori;
- deliver national planning consistency for plantation forestry;
- continue to deliver on the Crown's Treaty of Waitangi obligations;
- develop and implement policy settings and regulatory regimes for fisheries, aquaculture and forestry to support increased sustainable resource use.

Key indicators for measuring progress:

- maintained or improved water quality;
- reduced greenhouse gas emissions per unit of production;
- an increase in the number of farms using nutrient management plans over the next three years;
- an increase in the number of hectares under irrigation;
- an ongoing increase in the number of fish stocks that are managed within acceptable limits, in particular, an ongoing decrease of any stocks that fall below the hard limit¹⁰ (with resulting fisheries closures);
- improved voluntary compliance of recreational fishers;
- increased number of hectares in aquaculture production over the next four years;
- increased value of fresh on-board tonnage of aquaculture produce exported relative to the aquaculture hectares in production;
- increased productivity and exports from Māori agribusiness;
- MPI's obligations to Māori are delivered.

¹⁰ The *hard limit* is a biomass level below which a stock is deemed to be “collapsed” where fishery closures should be considered in order to rebuild a stock at the fastest possible rate.



LONG-TERM OUTCOME: PROTECT FROM BIOLOGICAL RISK

Medium-term outcome 6: The primary sector is protected from biological risks through the effective operation of the biosecurity and food safety systems

Why are we going to do this?

New Zealand enjoys freedom from many pests and diseases that could impose significant costs if these were to become established here. New Zealand is also a leading exporter of safe and trusted food, fibre and other biological products to markets all over the world. New Zealand's export sectors derive significant benefits and competitive advantage from our reputation for safety and trustworthiness; one that is supported by New Zealand's favourable animal and plant health status and market assurances provided by MPI's biosecurity and food safety systems (including foods imported into New Zealand for domestic consumption).

This outcome supports the Government's BGA initiatives to promote sustainable resource use.

What impacts support this outcome?

Over 2014–19 MPI seeks to achieve the following impacts:

- the competitive advantage of a pest-free environment is protected;
- New Zealand is better prepared to respond to pest and disease incursions;
- increased voluntary and assisted compliance;
- improved safety and suitability of food, including imported food.

Work programme key deliverables

MPI leads the biosecurity and food safety systems. Key deliverables over the next five years include:

- work with industry and other stakeholders to clarify roles for biosecurity readiness and response, including joint decision making about harmful pests, diseases and organisms of concern;
- strengthen MPI's biosecurity response capability through further integration with all-of-government frameworks and industry;
- use scientific research, information and new technology to ensure MPI's systems continue to improve for management of risk within the biosecurity and food safety systems;
- provide effective responses to new foodborne threats to human health through targeted interventions and consumer awareness;
- implement an intelligence-informed MPI that directs activity to areas of risk and ensures that MPI is better prepared and placed for future requirements;
- continuous improvement of the biosecurity and food management systems through implementing process improvements and technology;
- implement the Food Act 2014.

Key indicators for measuring progress:

- primary sector market access is maintained and any future opportunities are enhanced as a result of trading partners having confidence that New Zealand is effectively managing its biosecurity system;
- health of the biosecurity system is improving;
- an increased number of response plans completed or reviewed (against Management Action Plan for Biosecurity Response Preparedness) with Standard Operating Procedures in place and skilled support identified;
- successful completion of exercises testing the preparedness and readiness for an incursion;
- demonstrated adoption of previous recommendations leading to faster, more effective responses, with errors previously identified not repeated;
- an increase in the number of groups actively engaged with MPI on preparedness and responsiveness to deal with disease and pest incursions;
- overall compliance rates with biosecurity requirements are increasing;
- rates of foodborne disease are managed within agreed levels, through the effective risk management of priority pathogens.

ORGANISATIONAL CAPABILITY

Over the past two years MPI has made progress towards transforming itself into the pre-eminent organisation it needs to be to deliver on its strategy and meet stakeholder and public expectations. To achieve our vision of Growing and Protecting New Zealand, MPI needs unity of purpose, strong leadership, and ongoing clarity of task across our national and international teams of over 2000 people.

Alignment

MPI has begun a process of alignment, which will be much broader than structure, encompassing other important work such as culture, governance and stakeholder relationships.

The alignment work programme is building a unity of purpose around MPI's core functions. It also clarifies and supports leadership and planning across the systems MPI manages. The alignment work programme will improve the timely flow of information up, down and across the organisation, and improve overall situational awareness.

Structural alignment has been undertaken, and clarifies responsibility for leadership of MPI's core systems through improved consolidation of key activities. The Regulation and Assurance Branch is MPI's regulatory hub and leads the food safety system. A single Operations Branch, with a Chief Operations Officer leading the biosecurity system, strengthens unity of purpose. The Operations Branch includes a new Intelligence, Planning and Co-ordination Directorate to strengthen capabilities in these areas.

The formation of a Policy and Trade Branch consolidates MPI's trade activities with policy, while a Sector Partnerships and Programmes Branch consolidates all of MPI's major funds and growth initiatives. These core branches are supported by the essential foundations and direction-setting services provided by Corporate Services and the Office of the Director-General.

New governance arrangements are being implemented to align with the functional structure. These governance arrangements balance delegation of consideration and decision-making while retaining the overall authority of the Director-General.

Three systems boards (Biosecurity, Food Safety, and Sustainable Economic Development and Trade) drive effective prioritisation and decision-making within MPI. They are supported by two further boards with responsibility for the effectiveness of critical enabling functions: Information, Security and Infrastructure, and Science Advisory. These boards are a further expression of the alignment's intent to clarify responsibility and ensure a connected organisation.

People

The alignment activities as they relate to staff will enhance people capability by:

- consolidating all training functions within Human Resources and developing a robust career development programme. We want our people to be able to see clear training and development opportunities and pathways for progression;
- clarifying accountabilities – we are working to be an organisation where each person knows where their role fits and values what others do;
- building teams with a unity of purpose, made up of individuals focused on their job and joined up with others across the Ministry;
- driving the right behaviours, aligned with MPI's values.

Senior leadership is taking the lead in developing people capability through managing for performance, talent management and succession planning (particularly for critical roles and potential single person failure points). Mechanisms such as clearer career pathways, assessment centres and career boards will be used to lift the capability and engagement of MPI people. Our Directors' Forum and leadership development programmes are key

elements in strengthening MPI's leadership at all levels of the organisation, which in turn aligns well with our efforts around staff engagement and increased connection across the organisation.

Our consolidated training and human resources capability will provide better support for identifying competency and training requirements, more targeted recruitment and improved workforce planning. MPI outlined the scope for an MPI-wide Learning Management System (LMS) in 2013. When fully implemented, the LMS will provide an e-learning platform and records of learning and attainment. In addition, MPI piloted a Graduate Programme in 2013/14. This is now a full programme being rolled out for a further intake of graduates who will start work in early 2015.

MPI is increasing its overseas footprint to better manage overseas relationships. MPI is working closely with the Ministry of Foreign Affairs and Trade on this initiative. MPI can also be better prepared to respond by enhancing its ability to provide veterinary and other resources in the event of a response to an incursion. This is being addressed in two ways: Firstly by the further development of the National Biosecurity Capability Network to identify and tap into the resources of industry, local authorities and external providers. Secondly by recognising and taking steps to address MPI's own skills and capability shortages in some of these specialist skills areas. Addressing these capability gaps will also help MPI be better prepared for responding to contingencies.

Equal employment opportunities

Equal employment opportunities and diversity strategies are sound human resources practices that enable MPI to recruit the best people from New Zealand's diverse population, strengthen employee engagement and improve productivity. MPI's human resource policies and procedures are reviewed regularly to ensure these preclude any gender bias in their operation. Our work-life

initiatives play a role in enabling our people to perform to their best while recognising their commitments outside of work.

Information management

The following describes the actions MPI is undertaking to give effect to the focus areas of the Government's ICT Strategy and Action Plan.

Services are digital by default

MPI will continue to improve its online digital services and enable easy access to customers using the all-of-government Common Web platform. In partnership with the New Zealand Customs Service, MPI will continue to improve the Trade Single Window, which boosts our biosecurity service by providing business customers with direct access to the Joint Border Management System.

Information is managed as an asset

MPI has made good progress towards unlocking the value of information to help make better decisions across the agency, government and the sector in the future. There is a detailed plan to invest in warehouse, geospatial and business intelligence capability over the next four years. The warehouse development and geospatial platform have been prioritised and this programme is under way.

MPI continues to support the Declaration on Open and Transparent Government with specific resources allocated to the programme and a detailed plan in place to further this work.

Investment and capability are shared

MPI will continue to work with partner agencies to realise the efficiencies expected from aligning ICT investment. This includes working with the Government Chief Information Officer to provide feedback on appropriate tools that will be adopted for the cross-government strategic and investment planning model alongside its ICT architecture framework.



MPI will utilise and conform to the security assurance standards and has a work programme over the next four years to ensure ICT risk is mitigated and cyber assurance is managed.

Asset management and capital intentions

An annual capital expenditure planning process is conducted to ensure that the Ministry:

- invests in capital items that are of the highest priority;
- replaces assets at the optimum time;
- meets the needs of the organisation.

MPI's three core systems – biosecurity, food safety, and primary production – will drive the focus of MPI's capital programme over the next four years, namely:

- rationalising ICT infrastructure, including investment into security infrastructure;
- developing systems that meet the future needs of the organisation, including aligning with the all-of-government ICT Strategy and Action Plan;
- constructing the biocontainment laboratory facilities at Wallaceville;
- ongoing review and rationalising leasehold and property upgrade requirements.

MPI has an information services strategic plan, a national property strategy, and a comprehensive motor vehicle replacement programme. This has enabled the organisation to have better integrated and effective services.



MINISTRY FOR PRIMARY INDUSTRIES
MANATŪ AHU MATUA
PASTORAL HOUSE, 25 THE TERRACE
PO BOX 2526, WELLINGTON, 6140, NEW ZEALAND
www.mpi.govt.nz

New Zealand Government