

**AGMARDT**

**KPMG**

# Are industry good organisations good for industry?

**A reimagined future: finding the Common Ground**





# Foreword

This report is a culmination of over twelve years thinking about industry good and nine months of collaboration between KPMG and AGMARDT. Our intent is to stimulate debate and discussion, and understand what conditions are needed to enable different thinking on collaboration and the actions that may occur as a result. Our desire to initiate this conversation is not intended in any way to be a slight on the past and continued achievements of industry good organisations.

We encourage all in the sector to be curious, rather than defensive, as they work their way through this report. What could this mean for not only your organisation, but for the industry, the country, and our land and oceans we are all tied to.

Both AGMARDT and KPMG recognise our food and fibre sector would not be where it is today without the significant contribution from industry good organisations. We undertook this piece of work because our organisations sit in a unique position spanning across all of food and fibre, and have heard and observed the shared challenges and opportunities across industries. Both organisations approached this topic from a neutral position within the sector and the industry good ecosystem. With the motivation to share the observations, perspectives and findings to support improvements in the resilience and efficient growth of the sector, which is often resource constrained.

During the course of the work we identified in excess of 150 different industry good organisations in the food and fibre sector. This work and its findings are not limited to just the levy body organisations. Research for this piece of work emphasised the willingness of farmers, fishers and growers to invest collectively in industry good innovation and technology, which has advanced individual businesses and the food and fibre sector as a whole. However, this research also highlighted some of the flaws in our industry good ecosystem - a lack of trust that erodes confidence, a strong siloed focus for investment, duplication of effort, defence of the status quo, disconnection between activity and market need, and an insufficient ambition for the future.



**Our aspiration for the sector is for industry good organisations to prioritise decisions and investment for the future, and deliver tools that support resilient outcomes for their stakeholders. They would put the REAL needs of the sector first, even if they are HARD**



The easier part of this work is to assess the current state of the industry good ecosystem, but the challenge is to offer an alternative that would result in better outcomes. Initially, we sought to understand the future in which food and fibre will exist by applying foresight techniques from the Institute for the Future, to create plausible scenarios for New Zealand's food and fibre sector in 15-20 years. We then thought about how to design an industry good ecosystem that would be fit for purpose for these futures. One possible construct for the future of industry good is one we have called the Common Ground.

At the core of our thinking is not a significant change in organisational structures or the commodity levy act itself, but the harder aspect of behavioural change. It would see organisations commit to addressing topics of mutual interest collaboratively through the Common Ground. By utilising a concept of a Common Ground, resources, capabilities and investment can be pooled, clear partners for government can be identified, and a greater sector-wide impact can be realised. The focus of industry good is therefore collectively addressing the most critical problems and capturing the greatest opportunities in the sector. This model recognises that delivering on the big issues facing the sector requires deeper collaboration than we currently have across food and fibre, but to achieve this level of collaboration the most critical aspect is fostering and (re)building greater trust between organisations and people.

During the course of this work we considered alternative industry good structures and models both in New Zealand and internationally<sup>1,2,3</sup>. The conclusion we reached was that all existing industry good models have their own strengths and weaknesses, with none able to resolve the collective issues in our current industry good ecosystem. Additionally, drastic change to the industry good structure could mean risking a key existing strength, the highly effective mechanism in place to enable producers to invest collectively.

We recognise and acknowledge through the early feedback we have received on our Common Ground construct, that

some feel we 'have not gone far enough' and had hoped for significant recommendations calling for sweeping structural and legislative change to industry good. We are not the first to look at this issue or to offer alternatives, indeed the proposed reimagining we landed on could have been for structural change.

The sector and our industry good organisations are at a point in time of significant change. Change that is complex in nature, meaning that needs in the years ahead are likely to be different to what we have now, while many of our industry good organisations are also experiencing personnel changes in their executive and governance teams. This is the perfect opportunity for those stepping into these roles to do something different with their industry good organisations to what has occurred over the last 35 years.

Our alternative industry good model addresses behavioural issues before structural ones, because while the work identified both as challenges, the underlying issues with the current industry good ecosystem are primarily behavioural. A cultural transformation across the sector is required before attempting structural change, if we want to achieve the step-change required to maintain and accelerate our success.

It is possible, and quite likely, that once the sector and industry good ecosystem gets underway with the transformation we believe is needed, structural change will follow, and will be easier to implement with greater likelihood of success. But for the moment, we have landed with the Common Ground. The Common Ground would be a mechanism that could create the environment for the right behaviours to flourish and become an innate component of our culture as a sector.

Our reimagining of industry good with the Common Ground is just one possible alternative for the future of the industry good ecosystem. We are not stating it as the only answer, more so as a starting point that generates further discussion, springboards debate and ultimately encourages action for change within the sector.

1. International models included Agriculture and Horticulture Development Board in the United Kingdom, Rural Research and Development Corporations in Australia, Bord Bia and Teagasc in Ireland, BC Food and Beverage in Canada

2. Other New Zealand food and fibre models evaluated because of their structures, member bases, legal and funding mechanisms included Deer Industry New Zealand, New Zealand Winegrowers, Onions New Zealand, Moananui and Federation of Māori Authorities.

3. Alternative New Zealand sector models evaluated included Construction, Energy, Road Transport and Tourism.



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# Our approach to a reimagined future

KPMG and AGMARDT have collaboratively developed this think piece exploring the question, 'Are industry good organisations good for industry?' In considering this provocation, alongside research, we interviewed twenty-six industry subject matter experts across the sector, representing a range of primary industries, operating in a range of positions throughout the value chain and across a variety of levels, roles and responsibilities. Their valuable insight provided us with differing perspectives on the current industry good ecosystem and led us to consider 'how could we do this differently?'

In order to propose an alternative approach we considered the future of the food and fibre sector in which industry good will need to operate. We envisioned what the sector may look like in 15-30 years using foresight techniques to assess today's signals and macro trends.

In addition to interviews, many others across the sector have contributed through conversation, sharing their observations and perspectives. We carried out extensive research of existing literature on our industry good ecosystem, the legislation scaffolding it, and many other global models of industry good both in food and fibre, and other sectors. In order to propose an alternative approach we considered the future of the food and fibre sector in which industry good will need to operate. We envisioned what the sector may look like in 15-30 years using foresight techniques to assess today's signals and macro trends. The high level findings of the think piece were released in a soft launch to the sector at the E Tipu Agri Summit. We sought further feedback from attendees, which was incorporated into the final version.

We reimagined the future of industry good and its role and responsibility within this future. Our alternative approach (the Common Ground) is based on creating the infrastructure to enable organisations to efficiently and effectively co-operate on issues they face in common with other entities, regardless of whether they compete in the market or not. We believe this not only addresses many of the current challenges but aligns with where the food and fibre sector is heading.



This reimagined future of industry good presents an opportunity to reorganise the way in which we do things today to achieve better outcomes for New Zealand's food and fibre sector and the wider community.

With this report, our hope is to generate provocative discourse within our sector, and challenge those who have the power to initiate change to consider how they might proceed in a way that is more fit for purpose for the future in which our sector will exist.

Throughout this think piece, quotes from interviewees have been used as narrative to support the basis of our findings. In fairness to those individuals who spoke with candour, all quotes within this report are anonymised and not attributed.

Our desire to have this conversation is not intended in any way to be a slight on the work that industry good organisations have, and continue to achieve. Both AGMARDT and KPMG recognise our food and fibre sector would not be where it is today without the significant contribution from industry good organisations.



**We envisioned what the sector may look like in 15-30 years using foresight techniques to assess today's signals and macro trends**



## What do we mean by 'Industry Good'?

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Industry good is a term used freely in New Zealand's food and fibre sector. In the context of this report, we have defined industry good as any activity conducted for the collective benefit of an industry or the food and fibre sector as a whole.

Industry good organisations ('organisations') therefore, are those entities within the sector who perform activities meeting this definition of industry good. Where we discuss or refer to the 'ecosystem' or 'industry good ecosystem' we are referring to the many different, interdependent industry good organisations, and how they operate together within the wider network of organisations in the sector.

'Industry' refers to the sub-sectors of the wider food and fibre sector that particular organisations may represent.

This differs depending on the specifics of the organisation, for example a commodity levy organisation represents a specific commodity's industry, while issue-specific or membership-based organisations are typically cross 'sector'.

Where we refer to the 'sector' we are referring to New Zealand's food and fibre sector which is all-encompassing describing all those in primary production industries (e.g. agriculture, horticulture, aquaculture and forestry).

There are many different terms used to describe those within the sector - producers, farmers, fishers, growers, and landowners - who both contribute to and benefit from industry good organisations, these individuals are referred to within this report as 'producers'.

Raw primary products grown by the producers typically move along the sector's supply chain, are then processed and at times value-added by 'processors', and then are marketed and exported to their international markets by 'exporters'. In many instances 'processors' are also the 'exporter'.

We refer to those who are funders of organisations, and to whom the organisations are ultimately accountable to as, 'levy payers', 'members', or in reference to their 'membership' or 'stakeholders'.

At present most of the industry good organisations target their work in areas that primarily impact the sector at the producer level, however, there are also a number of organisations that have a membership base that includes processors and exporters. In addition, some of the work conducted by specific processors and exporters meets our definition of industry good.



# Understanding our current industry good ecosystem



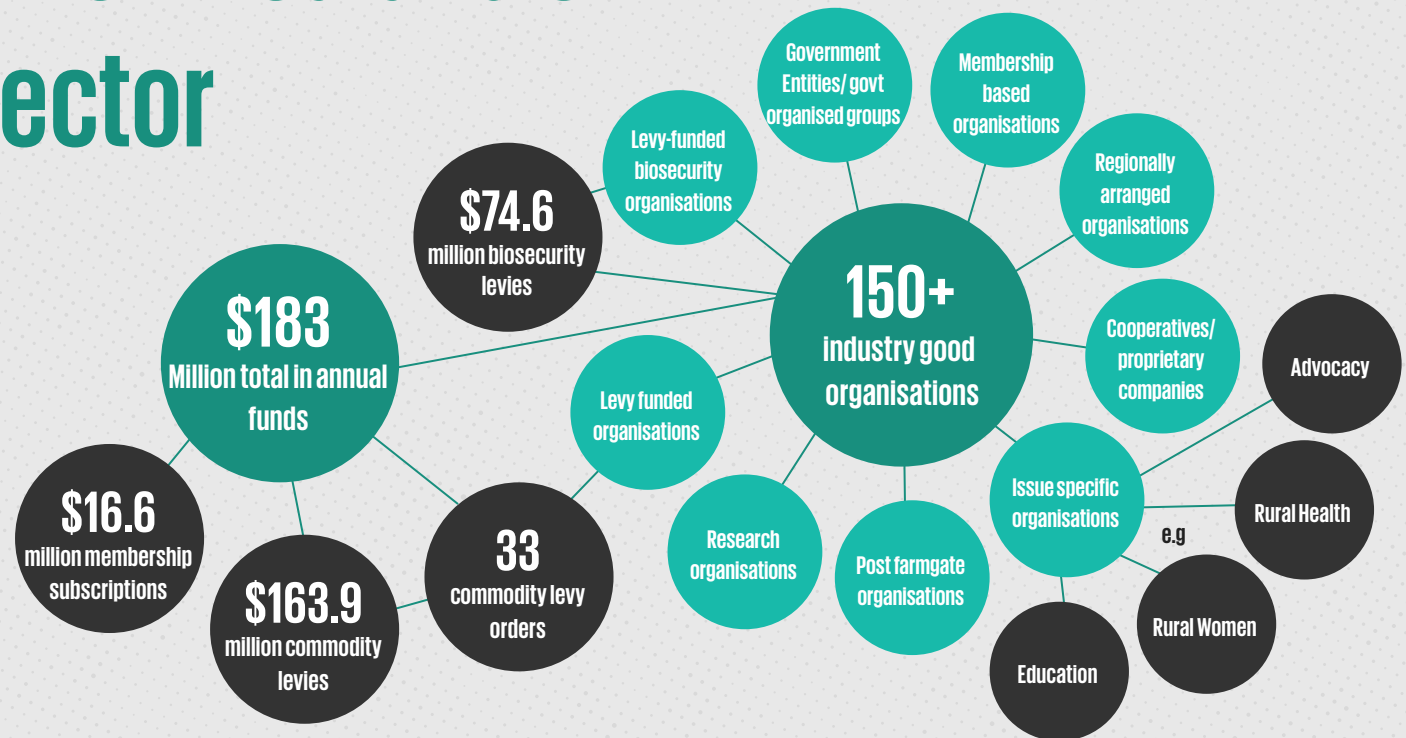
# Industry Good in New Zealand's Food and Fibre Sector

New Zealand's food and fibre sector is supported by many different industry good organisations, which have played a vital role in supporting the sector's growth to date. Most of the funding of these entities comes from producers, who, throughout the sector's history have been willing to pool their money for the betterment of the wider sector, today and into the future.

Many organisations operate within the food and fibre sector, performing activities that meet our definition of industry good - activities conducted for the collective benefit of the industry. These industry good organisations ('organisations') exist in a large interdependent web, which we are referring to as the industry good ecosystem. These organisations play a vital role in New Zealand's food and fibre sector, and are credited with many successes over the sector's history.

Their activities are mainly guided by feedback from their members, and each organisation concentrates on different areas of work. This often results in overlapping activity across the sector. These activities have included; providing the science and research that enabled producers to optimise their farming operations and compete in global markets; addressing market access issues; collecting producer and consumer insights; building workforce capability; and integrating food safety standards into production systems.

What is inherent to New Zealand is the collectivist culture of the producers in the food and fibre sector



**Figure 1: An overview of the food and fibre industry good landscape**

– and their willingness to pool their resources for the collective good of their industry. It is important to recognise that what is good for the sector, may not always be of immediate benefit to an individual.

Organisations are primarily funded by producers through various mechanisms within the sector. The main source of funds for many organisations is commodity levies paid by producers, as provided for through the Commodity Levies Act 1990 (CLA). Others are predominantly funded through membership subscriptions, fundraising, and sponsorship from other partners or the government.

In 2023, funds from producers in the food and fibre sector

who support these organisations were in excess of \$180.5 million (of those whose financial statements were publicly available). To avoid double counting, we have excluded funds paid to one organisation from another. For example, the Forest Owner's Association primary income came directly from the Forest Growers Levy Trust so this was not included in the total figure calculated. This is in stark contrast to international models of industry good organisations explored in this research, who are majority funded by their respective governments.

The collectivist culture of the sector has long been its strength, with the desire for good outcomes for the sector driving the work of these organisations.



# The 'good' delivered by industry good

Organisations are attributed with numerous successes in their efforts for the food and fibre sector. The activities they engage in are diverse, with good intentions for their respective industries at their core.

Thanks to the industry good ecosystem, the food and fibre sector is well-served across a wide range of activities. Organisations either perform this work themselves or they fund others for execution. The diagram (Figure 2: Industry Good 'good') illustrates the varied work (non-exhaustive) that organisations engage in across the industry good ecosystem.

The sector has achieved historical and current successes thanks to the work of organisations, made possible by past investments from industry members into industry good.

These successes, credited to industry good organisations include significant productivity gains, particularly in the pastoral industries through research, development and knowledge extension in animal and plant genetics, and farm system management optimisation. As contributors shared, it is possible to run a food and fibre operation with no prior knowledge, just through the extensive tools and resources available from industry good.

The sector has been served by organisations that anticipate consumer demands in the development and promotion of sustainable production systems. An example is the sustainable wine growing initiative, developed decades ago with the foresight needed to understand that the consumers of today would demand and expect such a scheme.

Organisations have also responded to the freshwater regulations and environmental challenges pastoral producers face, to research for solutions and support the development of farm environment plans.

Organisations actively contribute to providing on-the-ground support for producers, particularly in the aftermath of adverse events. For instance, in 2023, following Cyclone Gabrielle, organisations promptly reached affected areas to assess the damage, co-ordinate immediate support and response, and advocate for appropriate government assistance.

Organisations are also acknowledged for supporting their respective industries by addressing market access issues as they emerge. Contributors have shared examples, such as organisations effectively supporting exporters to combat non-tariff barriers in export markets, whilst competing countries affected by the same barriers had to accept the requirements due to a lack of representation for their specific interests.

These organisations have also been highly successful as the voice of their respective industries. We discuss advocacy in greater detail and the challenges it creates for the industry good ecosystem later (p.11), however, this does not diminish the fact that organisations have accomplished a high degree of access to government. Our contributors shared that no other sector enjoys the same level of contact and regular connection with government ministers, and chief executives of ministries, as the food and fibre sector.

One could argue that due to the importance of the food and fibre sector to New Zealand, our economy is dependent on the critical activities described in Figure 2.



**I am a staunch believer that industry good organisations have played a significant part of the success that is unique to New Zealand**

In other countries, many of their industry good organisations are majority funded or co-funded by government. For instance, Australia's government provides over AU\$300 million per annum in matched funding to the Rural Research and Development Corporations<sup>1,2</sup>; whilst Ireland's Teagasc (Agriculture and Food Development Authority) receives around 75% of its budget from the Irish exchequer and EU funding<sup>3</sup>, Bord Bia, the Irish Food and Drink Board promoting Irish produce to the world is only 7% funded through statutory levies from producers<sup>4</sup>.

Industry good organisations are in a difficult position – facing constant criticism that can lead to a "damned if you do, damned if you don't" situation. No one wants industry good to disappear – indeed, the sector's producers need industry good to succeed now more than ever before.

<sup>1</sup>2022, Australian Government: Department of Agriculture, Fisheries and Forestry, National Agricultural Agenda. <sup>2</sup>2019, Australian Government: Department of Agriculture, Modernising the Research and Development Corporation system. <sup>3</sup>2022 Teagasc, Annual Report & Financial Statements. <sup>4</sup>2022, Bord Bia, Annual Report and Accounts

# Industry Good Activities

Figure 2: Industry Good 'good'





# Demonstrating value is a necessary evil?

The current industry good ecosystem exhibits a level of disorder, with duplication of effort and resource being a commonly identified issue. Due to the structure of organisations, particularly their funding models, the need to demonstrate value to the members funding them is widespread, sometimes inefficient, and leads to certain negative behaviours.

**Demonstrating value is a necessary evil – it is both important and appropriate.** It can make the sector, industry, and organisations stronger through being held accountable to their stakeholders. The issue is that increasingly, populism has taken over in industry good value demonstration, rather than organisational accountability. Addressing the immediate wants of producers today has become the focus, rather than addressing the most critical needs facing our industries and the sector, which at times are opposite to the conventional wisdom on wants, and can be unpopular.

Regardless of their type, all industry good organisations are constantly required to demonstrate they are delivering value to their members. For organisations collecting and administering levy funds under the CLA, levy orders (legislation making payment of commodity levies mandatory for producers) are only in place for a maximum of six years and require a levy payer referendum to seek a new levy order. Therefore, every six years, producers are invited to vote on continuation of a levy or its cessation. The vote to terminate the wool levy in 2009 is an example where an insufficient number of levy payers supported the continuation

of the levy, leaving the wool industry largely without 'industry good' investment.

The need to demonstrate value is more immediate for voluntary membership organisations, requiring a constant display of value to ensure members renew their annual subscription. In market conditions where profitability is uncertain, membership bodies face a disadvantage compared to CLA levy-funded bodies, as they are often viewed as a discretionary expense by members.

**The requirement to demonstrate value has led to duplication of work and resources, inefficiency in spending, and inconsistent approaches across the sector -"if organisations do not talk, or look sideways at what others are doing.**

Due to the abundance of organisations in the ecosystem and the lack of clarity regarding roles and responsibilities, the advance of populism has changed how value is demonstrated, to a point that it has started to become dysfunctional. It has organisations choosing not to address complex needs in order to prioritise remaining relevant, and surviving.

It has created levels of distrust, which act as a barrier to collaboration between organisations (and against the spirit of collectivism that the system was originally built on). Distrust has also led to the proliferation of even more organisations doing similar or the same roles in the sector (see p.16).

In addition to the duplication (even triplication) of activities and resources there is also significant duplication of operational business costs within the sector.



**There is a need to demonstrate value. This is necessary, but it does drive dysfunction [across the sector]**

This is due to the number of organisations, all incurring some level of overhead cost, drawing from the same pool of original funding. It is also drawing on the same capability pool within the sector which can result in gaps in leadership or leadership fatigue.

Our analysis of the publicly available financial statements of 40 of these organisations found that 5.1% of funding was spent on administrative services such as finance functions, legal fees, and property leases. This indicates that a significant percentage of funds (estimated at over \$9 million in 2023) are not spent on creating outcomes for the members of these organisations or the sector, rather just on duplication of operating costs.

Because organisations report expenses differently, we did not include costs where their nature could not clearly be determined. 'Marketing and communications' costs were excluded as elements of this could fall under 'industry good' activity. As a result, the true value of these business costs could be significantly higher than what we have calculated.

# Defence of the status quo is being conflated with sector advocacy

For many in the sector, value from their industry good organisation equates to the defence of their status quo and the championing of the sector to the government, media, and non-food and fibre public. As we have already established, organisations feel the need to demonstrate value to their members, when those members indicate that value is derived from 'advocacy', the result is a shift in the role of these organisations, with an increased focus on 'advocacy' activities.

Because advocacy has largely been conflated with lobbying by many in the sector, this has fuelled a number of the industry good ecosystem's issues – increasing levels of distrust, inefficient use of resources, and ultimately the fragmentation or creation of single-issue organisations to represent those who seek different outcomes. The proliferation of new industry good organisations draws on the same finite funding pool available to the ecosystem.

Due to the need to constantly demonstrate value there is often duplication of advocacy work by different organisations on behalf of the same producer. It often proves to be counter-intuitive, shifting focus, and leading to higher levels of frustration at the producer level given they are often paying multiple membership subscriptions or levies due to their choice of activities or land-use.

Over the last ten years, for many producers in the food and fibre sector, 'value' has meant 'advocacy through political lobbying in defence of the sector's status quo'. This has largely been fuelled by the pace and scale of regulations that the sector was confronted with at a local and central government level in New Zealand, and now foreign governments where market access is at stake.

The increased focus on advocacy by organisations has created significant debate as to who should undertake certain aspects of advocacy, particularly when there are specific 'advocacy' organisations already operating within the sector. As a result there is disagreement as to who truly represents producers, and whether an opportunity to unite on policy positions exists.

There have been instances of different organisations representing the exact same sector members, but taking contradictory positions when lobbying on regulations. This behaviour also results in pressure on resources in Government ministries on where in the sector they should take the time to listen.

The evolution of the role of many organisations from research-led productivity drivers to advocacy-led lobbyists, has in the view of some contributors, inhibited the ability of organisations to be seen as independent by regulators and the credibility of their supporting science questioned.





# Does the model allow for best practice governance?

Reflecting on the comments we received from interviewees, it appears not everybody is in the right seat on the bus when it comes to industry good. This is largely not the fault of individuals themselves, but rather the processes and structures we have established to support people in those roles. We therefore question whether our current industry good system is set up correctly to secure the leaders needed to take the sector into the future.

In recent years, certain industry good organisations have become more politicised, where elected governors represent members to lobby for their interests rather than working for the long-term interests and benefit of the industry. The perception of organisations as political rather than industry bodies has led to some being excluded from early policy formation processes, resulting in poor quality policy that is impractical for producers to implement

A number of contributors made a general comment that various organisations and their leaders appear reactive rather than proactive, with a key issue that they cater to the 'lowest common denominator' of their membership base. This could be because they are acutely aware of their accountability to stakeholders, and thus driven by this, rather than by what is actually needed. Another concern highlighted in the interviews is the frameworks used to establish the governance structures of organisations, which in some instances have resulted in a lack of appropriate leadership

capability to guide the organisation and those it represents into the future. Their focus has been in defence of the status quo. This opinion flows through to the executives who are often between a rock and a hard place – 'damned if they do, and damned if they don't'.

Processes for selecting leaders are often largely via election rather than appointment, and based on representation. Contributors shared that boards across the sector are often left with a mix of skills that are sub-optimal to deliver the necessary change and innovation required to be market driven and future focused.

This particular element of the current industry good ecosystem is limiting decision-making. There is a distinct lack of investment into long-term innovation or higher risk projects that could create future value and opportunities for the sector. There is also evidence of fear of retribution against organisations and their leadership from their members if a project fails or the direction of investment contradicts the membership's popular opinion. The question from discussions was whether changing the processes by which governors are appointed to organisations would change the decisions made, and ultimately drive better outcomes for the producers, the industry and the sector.

This is not an observation that relates to any specific individual within the sector, rather that the system that currently exists does not result in the right people being in the right place. It creates significant challenges for board members to operate in line with best practice and meet the needs of members.

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**Representation model  
doesn't bring people  
together based on a shared  
ambition**

# A failure to deliver for a significant cohort within the sector

Despite pressure to demonstrate value, industry good organisations have either failed to recognise, or lacked the experience to understand the different motivations, drivers, ownership structures, and unique issues faced by their Māori members. As a result, a large number of their members have felt underserved by the very organisations they are funding. This has led to the creation of a number of organisations specific to Māori.

**Māori are significant contributors to the food and fibre sector.** It is estimated the Māori food and fibre economy contributed \$2.4 billion to national gross domestic product in 2022<sup>1</sup>, with their businesses exporting about \$755 million worth of goods in 2021<sup>2</sup>. Māori own an estimated \$23 billion in food and fibre assets<sup>1</sup> and approximately 1.4 million hectares of land<sup>1</sup>. They make up just under 13% of the sector's total workforce, with 44,700 employed across the sector (2018)<sup>3</sup>, this figure only includes those directly employed in the sector and does not include ownership interests.

Māori are therefore major funders of organisations - estimates based on the 2023 commodity levy information is a contribution well in excess of \$16 million annually in levies alone - yet they have to date been underserved by the same organisations.

While this touches only on commodity levies it does not factor the other financial and non-financial contributions Māori make to all the other types of industry good organisations. **As a result, Māori feel they need their own organisations.**

There is disconnect between work and effort, only a few organisations and directors have made consistent and meaningful effort to engage with their Māori members. A significant driving factor in those organisations has been courageous leaders who have had the experience, strength and confidence to recognise the importance of Māori to the sector, and a willingness to have meaningful conversations.



**We need to find a better fit for the Māori grower and know what they are dealing with to run their business**

<sup>1</sup>2022, Ministry for Primary Industries, Māori primary sector plan – Rautaki mo te Taurikura

<sup>2</sup>2022, Ministry for Primary Industries, Fit for a Better World Progress Update 2022

<sup>3</sup>2018 BERL & Reserve Bank of New Zealand, Te Ōhanga Māori 2018

<sup>4</sup>2020, Te Puni Kokiri, Māori in horticulture







**Key constraints with our  
current approach**

# The four key constraints that appear to be holding us back from our potential

When we considered everything we reflected on the observations and perspectives of industry leaders, and the challenges and issues that are occurring in the sector's current industry good ecosystem, we were able to distil these down to four key constraints; a lack of trust, no aspirational future view, a turf war and upside down thinking.

## These constraints are:

1. An inherent lack of trust at all levels within the sector and industry good ecosystem, which has eroded belief and confidence. Distrust between organisations and their membership has eroded the belief of members that their industry good organisations are acting in their best interests. The lack of trust between the various organisations as well as with regulators means organisations do not have the confidence that anyone else would have the capability or credibility to represent and support their membership better than they do.
2. A sector-wide mindset that does not take an aspirational or future ready perspective to the decisions made today. There is a tension between wants and needs – the wants of producers are currently outweighing the needs of the sector. While the sector requires investment and decision making that takes the long term approach, the existing frameworks and timeframes within the industry good ecosystem drive behaviours that revolve around one to six years.
3. Territorialism around land-use is creating barriers to working together and acts as a solidification of silos to address issues independent of each other. While we acknowledge that the challenges the food and fibre sector faces are common across most industries, as an industry good ecosystem we have not approached solving these issues in a collective manner.
4. The way the sector orientates itself is upside down, we currently look inwards and down, rather than outwards and up. As an export orientated sector, we are missing connection to consumers and markets. Much of the work that industry good organisations have done has focused on production efficiencies (within the farm gate), however, focusing only within the farm gate is limiting. Efficiencies have a limit to the potential value that can be unlocked for the sector, however if we were to orientate ourselves towards our markets, there are far more layers of value to unlock.

## 01

An inherent lack of trust is eroding belief and confidence

## 03

A literal 'turf' war

## 02

Too few are thinking of an aspirational future for New Zealand

## 04

We are looking inwards and down, not outwards and up

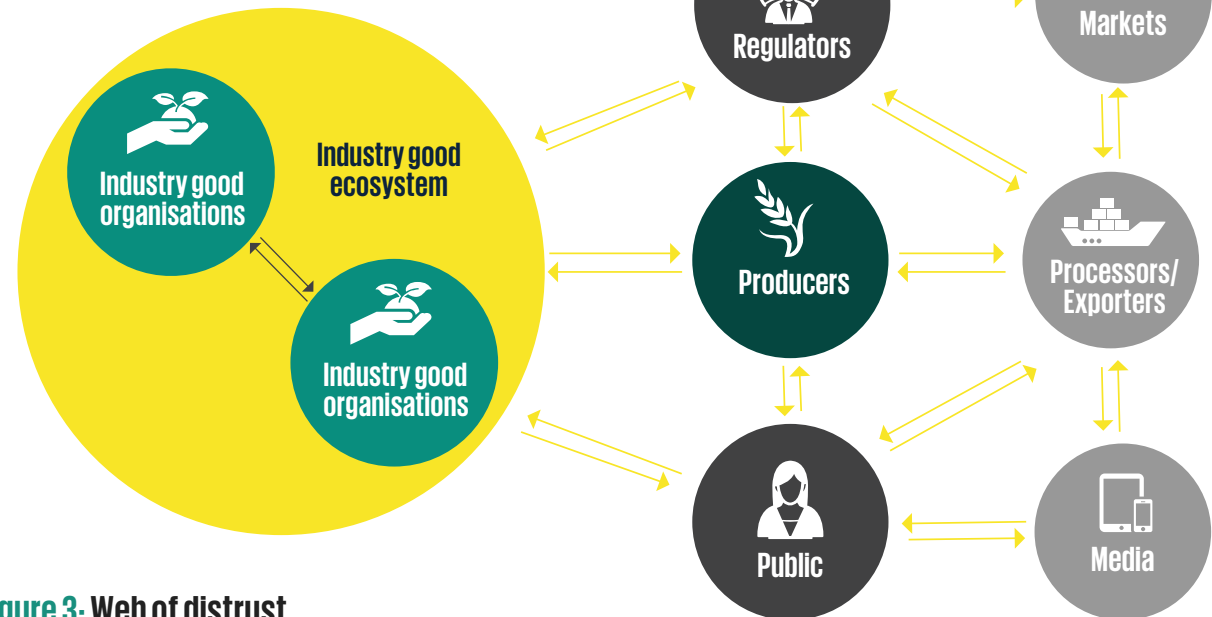
# An inherent lack of trust is eroding belief and confidence

Multiple layers and levels of distrust within the sector and industry good ecosystem have eroded belief and confidence between parties. This erosion of belief and lack of confidence in others has a flow on effect and has created a number of the other issues in the current industry good ecosystem.

Our research and interviews identified a web of distrust at all levels within the sector. This lack of trust is the root cause for most of the challenges within the current industry good ecosystem, many of which we have already discussed. **A lack of trust between organisations and the members, stakeholders or levy payers they represent has eroded the belief that the organisations are acting in their best interests.**

This distrust contributes towards the proliferation of new organisations, with individuals splintering off to form their own entity, to deliver their version of 'industry good'. The result is fragmentation and a duplication of resource and effort.

The complexity in the layers of distrust that exist between and within producers, organisations, and regulators is most evident when it comes to their work around policy and advocacy, as previously discussed (see p12). In this particular area of work, **organisations do not have the confidence that another organisation could have the capability or credibility to advocate for their membership better than they do.**



**Figure 3: Web of distrust**

This attitude has resulted in some organisations spreading themselves too thinly across too many issues. Contributors suggested it makes sense to address common challenges and issues collectively. This may require relinquishing some control to another organisation better placed to take the lead. Those interviewed pointed to a number of cases where the current level of distrust prevents this from occurring. Trusting another organisation to take the lead would mean that credit for 'wins' may not be shared widely, risking how much value the organisation can demonstrate to those they are accountable to.

**There is a pressing need to enshrine trust within the sector, requiring a major cultural and behavioural transformation.** This will be hard to lead in an ecosystem where nobody has access to all the levers needing to be pulled to accelerate change. A sector-wide mindset shift is needed to support any major change to the industry good ecosystem, so that all the levers are collectively being pulled. The key question we have to ask ourselves then is, what are the conditions that enable this to change?



# Too few are thinking of an aspirational future for New Zealand

There is a sector-wide mindset that focuses too much on the immediate wants of today, and does not take an aspirational futures perspective to decisions. The sector requires investment and decision making that takes a long-term view, however existing frameworks within the ecosystem revolve around one to six years. The lack of a country-level or overarching sector strategy makes it difficult to focus on long-term goals.

There is tension within the industry good ecosystem between the wants of the producer versus the needs of the sector. Our observation from interviews is that in general, no organisation is taking an aspirational futures perspective to their decision making, their focus does not extend beyond the current generation of members, the next commodity levy vote, or the next board election.

**The way the current system is arranged, organisations and their leaders are 'rewarded' by fixing the issues their members want addressed rather than working to deliver pathways to the sector's future.**

Everyone who operates within the food and fibre sector today is benefiting from the investment and foresight of producers 40 to 60 years ago who were prepared to invest to secure the sector's future. Those producers made their investment into industry good organisations with the knowledge that they would be unlikely to receive the full benefit of this investment in their lifetime.

Currently, there is a misalignment of timescales – existing frameworks are driving thinking, decisions and investment that focus on one to six years, when the sector actually needs much longer term (intergenerational 50+ year) thinking and investment. The cadence of the Commodity Levies Act encourages short-term wins rather than the structural changes that are really needed. This short-termism is even more evident in organisations that are membership based and require annual membership renewal.



**Ensuring the continued existence of these organisations means you need to be bold to put in place things that are needed for the future of the industry but this means you may not be re-elected**



# A literal 'turf' war

Everything in our current industry good ecosystem revolves around land-use type. It has resulted in territorialism and patch protection, creating barriers to organisations working together and supported leaders to take a siloed approach to addressing common issues.

**Currently, what could be described as an 'identity crisis war' is occurring within the sector. For the sector's future, patch protection and territorialism around land-use has to be overcome, with greater focus being placed on maximising the outcomes for individuals, communities, and the country overall.**

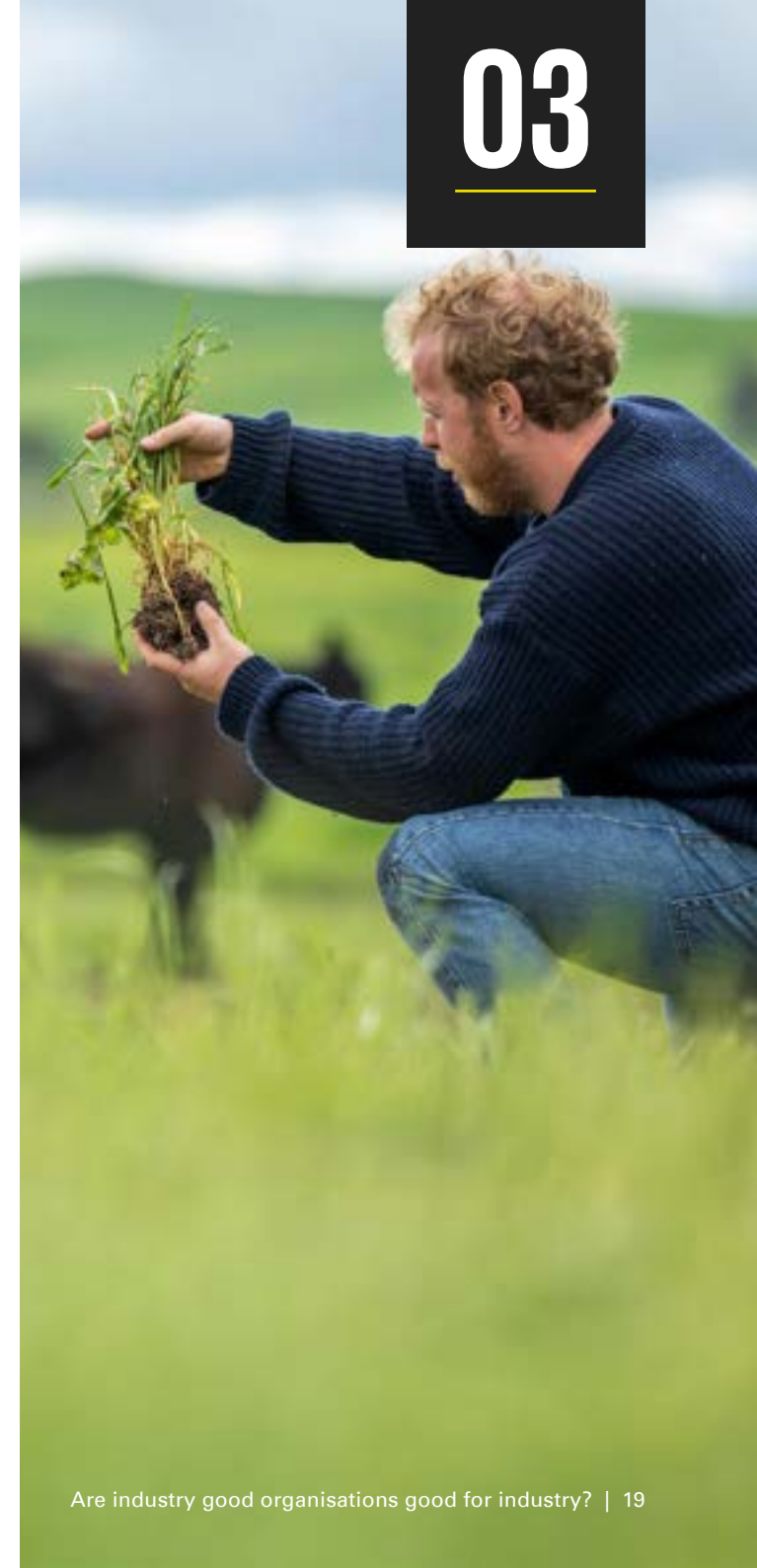
So much of the current industry good ecosystem is structured around land-use as an identity (particularly in the pastoral sector). Even to the point that some contributors believe it is causing a lack of investment, leadership or even participation from organisations in any sort of conversation on diversification or mixed land-use. As one contributor highlighted, industries write their industry strategies predicated on the assumption that they will grow their industries by increasing their land-use footprint. Land as a finite resource means this anticipated growth can only be at the expense of another industry.

**The identity politics of land-use is one of the most significant barriers to change within the sector and part of the reason why, generally, people across the sector stick to their own silos. This is a one-dimensional approach to placing an individual within an extremely complex industry landscape.**

The entire industry good model, including funding mechanisms and organisational structures, has largely been established around a producer's primary land use and product. The most significant challenges the sector faces today and into the future are largely product 'agnostic' – issues around soil health, water quality, greenhouse gas emissions, climate change, water access, and trade access. They are common to all industries, affecting everyone in the food and fibre sector. It would make far more sense to have 'issue-based' solutions rather than 'industry-based' solutions.



**We have seen fighting or patch protection through a number of policy initiatives. Groups are fighting when we should be working together**



# We are looking inwards and down, not outwards and up

New Zealand is an export nation, producing far more food and fibre products than we could ever consume ourselves, however, instead of orientating our work towards our consumers and markets, we have focused on production efficiencies. Industry good is currently orientated to look inwards and down, rather than outwards and up. There are many more layers of value to unlock for the sector and industry good should be playing a leading role in supporting this.

For a sector that depends on exports, a key element that many organisations are missing is the connection to consumers and markets. New Zealand's food and fibre sector is inherently disconnected from key markets due to geographic remoteness. Contributors suggested that the sector "is obsessed with what's within the farmgate", much of the work that has been done historically by the industry good ecosystem has been heavily focused on creating production efficiencies, a focus which we acknowledge served the sector well in the past.

However, as food and fibre producers continue to be presented with evolving market opportunities and challenges, focusing solely within the farm gate is limiting. If we are focused behind the border (within the farmgate), then we are focused on productivity and efficiencies, which inherently have a ceiling given the technology available and the current regulatory framework. Within markets, there are far more layers of value to unlock, but this will require the sector's thinking to move away from its current approach and mindset of production and volumes.

This is particularly difficult when once again, a large part of the industry good system has been built around production and volume – producers pay levies on a volume basis, the governance of boards are elected not only on a one-farm one-vote basis, but also by weighted production.

There was widespread agreement in the course of this research that "industry good organisations should do more to support market development". We agree, organisations should be driven by our markets in the decisions and investments they make. Some of those interviewed disagreed that employing generic product marketing in our export markets is supporting market development. Instead, they suggested organisations should provide the platform for our food and fibre exporters to do what they do best in their own product marketing space, with the primary focus of organisations to provide the insights, knowledge, access and connections to enable success. The reason contributors gave as to why this does not currently occur, is ultimately due to the fundamental trust issues between producers, exporters, and industry good organisations highlighted previously.

Even those organisations who insist their lane is well and truly to stay within the farmgate, have a responsibility to orientate their work and activities towards markets from a systems and quality perspective. The support they provide their members on-farm should set them up to deliver the attributes that future consumers will demand.

We understand that some organisations will feel they do already have an outward looking approach, these organisations will regardless benefit from asking themselves the following: 'Are our networks as strong globally as they are nationally?' and 'Are we communicating in the right way, to enable those who are listening to hear the importance of what we are saying?'



**Producers want a better understanding around the markets - you don't hear much from the guys out there in the markets. That market piece is a massive piece of the puzzle and we haven't been good at that**



# What's needed - behaviour change or structural reform?

Our aspiration for the sector is for industry good organisations to prioritise decisions and investment for the future, and deliver tools that support resilient outcomes for their stakeholders. They would put the REAL needs of the sector first, even if they are HARD.

**These constraints could be largely considered human behaviour challenges, and our reflection on the comments from interviewees is that not everyone is in the right seat on the bus when it comes to industry good. The current industry good ecosystem is built on an organisation-first, rather than an outcome-delivered-first basis.** The model has created political (or representative) organisations rather than outcome-focused organisations, which will not be sufficient to meet the future needs of the sector, and are not always particularly fit-for-purpose for today's sector either.

**Reflecting on all the issues we have identified in our current industry good ecosystem, we determined that if we are to redesign the system into something better, there are six key principles that would be necessary for any alternative.**

## These six principles are:

- 1. Positioning for aspirational futures**  
Intergenerational decision making that is longer-term and focused on the future rather than the now.
- 2. Organisations place priority on the broader sector themes alongside the immediate challenges of today and their own personal industry interests**  
A mindset change to greater sector-altruism is needed, where patch protectionism can be put aside for the good of the food and fibre sector.
- 3. Organisations driven by markets**  
Prioritising decisions based on the identification and response to market signals.
- 4. Organisations that are better integrated across the value chain**  
Most of existing industry good work occurs at the producer level, however, to have organisations driven by markets, integration across the whole value chain is necessary.
- 5. Focus on making collective investments that deliver benefits to multiple stakeholders**  
A recognition that current dominant industries may not always be in this position, their current members may also need to diversify, therefore investment that can go beyond land-use silos will be required.
- 6. Clear roles and responsibilities for organisations within the ecosystem**  
Everyone understands their role within the ecosystem avoiding unnecessary duplication.

01

Positioning for aspirational futures

04

Organisations that are better integrated across the value chain

02

Organisations prioritise the broader sector & common interest issues alongside their own personal industry interests

05

Focus on making collective investments that deliver benefits to multiple stakeholders

03

Organisations driven by markets

06

Clear roles and responsibilities for organisations within the ecosystem



# Reimagine the future of industry good



# The future world in which our food and fibre sector will exist...

The world the food and fibre sector exists in today is very different to the world when many of the industry good organisations were first established, or the world thirty years ago when the CLA was created. In that same vein, the world in which the sector will operate in the future will look significantly different from our world today. While the current ecosystem has supported the collective advancement of the sector, helping it to achieve many successes over time, it will need to adapt to meet the challenges of the future.

To reimagine the future of industry good, we must consider what the food and fibre sector will look like in the future, and therefore, the conditions in which the industry good ecosystem will need to operate. This was achieved through utilising the future foresights tools from the Institute for the Future (IFF). Using signals and drivers of what we can see happening in the world today, we envisioned the likely environment that New Zealand's food and fibre sector would be operating under in the next 15 to 30 years.

Once we appreciated what the sector's future could look like, we then combined this understanding with our six principles (p.21) identified as fundamental for any alternative to our current ecosystem. We combined this with learnings from other examples of international and local industry good ecosystems, in order to envision an alternative industry good future.



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**Using signals and drivers of what we can see happening in the world today, we envisioned the likely environment that New Zealand's food and fibre sector would be operating under in the next 15 to 30 years time**



# The future world in which our food and fibre sector will exist...

Nothing is static, and the world in which New Zealand's food and fibre sector will exist in 15, 20 or 30 years will look markedly different to today. We can utilise the signals and significant macro drivers already present in today's world to plausibly imagine what the future for the sector might resemble. This can help us understand the challenges and opportunities over these horizons, and provide ideas to consider for an alternative industry good ecosystem.

Our global discussions across the food and fibre sector indicate the most significant issue facing producers is their financial and personal resilience. The loss of producers, together with challenges attracting young people into the industry, is a global issue and one which is becoming more apparent in New Zealand. Combine that with climate-associated impacts, which is making previously highly productive land less reliable, and the fear of regulation-driven system change, food security has become a priority topic for governments around the world.

Producers are currently in the midst of a market squeeze with rising input costs,, while consumers continue to demand lower prices for the food and fibre products they purchase. Efforts to date have focused on lowering production costs however, this conflicts with market demands for producing ethical, sustainable quality food and fibre products.

Globally, analysts predict over the next decade we will see up to 30% of producers walk off their land, because it is no longer viable for them to continue growing. Our largest market failure, and the area therefore that industry good should be focused on, is ensuring we have resilient food and fibre producers that are positioned to take advantage of the opportunities available in a rapidly evolving global food system.

What worked for previous generations in the food and fibre sector is not fit for purpose for the future. If the food and fibre sector in New Zealand aims to realise the premiums necessary for producers to remain viable, the demands and expectations regarding the methods of production of our food and fibre will continue to rise. Customers of today want to pay as little as possible, whilst still expecting to receive quality products that have been produced in a way that clears their conscience. The current expectations on animal welfare standards, non-exploitative practices on labour and the environment will only increase.

**Food and fibre producers can expect with absolute certainty that the pace of change, complexity and volatility they experience today will continue into the future.**

While the new government has indicated its intention to ease the regulatory pressure the sector has felt in the last six years, the customers and consumers of the products we grow will ultimately dictate the future production practices of the sector, and their expectations have not changed.



**We are a tiny country, that is miles away from the marketplace with plenty of people who want to do good things. Our environment means we have common challenges**

This will occur simultaneously with changes in climatic conditions, becoming more challenging to manage, with extreme events being the norm. These are common issues facing all producers in global food and fibre systems. Organisations will need to be positioned to support their members through uncertainty so they can thrive in the future.

Building resilience in our production systems means fundamentally changing the economics that face the industry today. Dropping costs through efficiencies has a ceiling, and will not be sufficient to deliver producer resilience in the future. Therefore the sector must look to other side of the equation – how do we increase revenue through capturing more value from our markets, and therefore profitability? These are the opportunities we should be discussing and investing in for industry good.

Diversification of income streams is a necessity and represents some of the greatest opportunities for the sector. In the future, we can plausibly envision a world where every food business becomes an energy company. As global energy costs continue to increase and the calls for decarbonisation grow utilising biomass effectively will become critical. There is a significant opportunity to connect producers with ecosystem credit mechanisms and circular bioeconomy solutions, offering them diversified income streams. In our food and fibre production systems, we are typically only harvesting a small percentage of what is actually grown. Producers could unlock entirely new revenue streams if we harvested 100% of the biomass grown, deriving value from the current 'waste' in production systems.

New Zealand's food and fibre sector holds significant untapped potential in the sustainable utilisation of ocean resources. Modelling suggests that in the future the world's oceans could provide six times the food of today, and meet two-thirds of the protein needs of the future global population. Given the size of New Zealand's ocean-based exclusive economic zone, the fifth largest in the world, it is not implausible to imagine a world in which New Zealand's producers are in the business of growing feedstuffs for (and from) aquaculture operations. While there are examples of blue economy clusters and partnerships already forming in New Zealand, we are yet to see land-based production groups joining the conversation around ocean opportunities.

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**This is an opportunity to say:  
'the world has changed, the  
market has changed... where  
does that leave Aotearoa?'**



# Reimagine industry good:

## **The Common Ground** - a collaborative platform that hosts communities of action

Our reimagined industry good system is based on co-opetition cluster models. The Common Ground, a collaborative partnership entity would be established with a purpose to organise and support communities that address issues that affect more than one primary industry within the sector. This would be an entity that would allow existing organisations to pool their resources (both capital and human capability) into a community directed at a specific issue with others that works to deliver solutions, while still retaining their own independence.

The Common Ground would be able to provide 'back office services', such as finance and reporting, legal support, human resources, even measuring emissions) for organisations. This would enhance quality and consistency across the sector, as well as helping to reduce business costs, allowing organisations to apply more funding to activities that create value for their members.

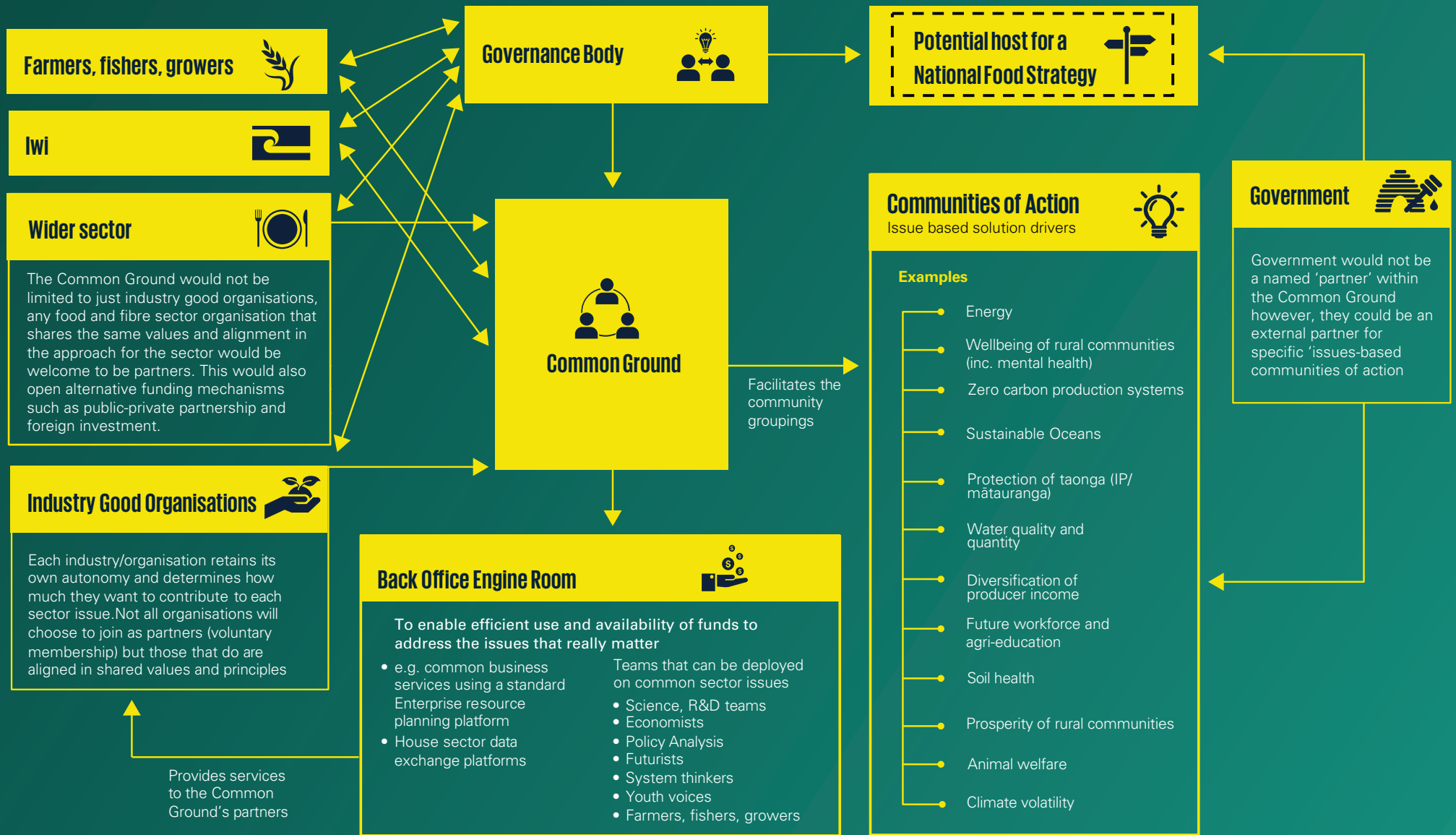
The Common Ground model we have designed is only one possible option of what a future model could look like, and we put it forward to encourage discussion and debate around what the future of industry good should look like.

The Common Ground would encompass all types of entities within the industry good ecosystem, regardless of size or organisation type, the only restriction being the requirement for alignment in a shared set of values and the agreed shared direction for the sector.

The ability of the Common Ground to flex will create agility which will mean it is able to be proactive rather than reactive, something currently missing in our current state of industry good. The focus will be on making all industries competitive, considering everyone in the pool. It will also allow for new industries to establish and thrive, while providing an opportunity for those industries that have historically been dominant to right size to align to opportunities they have in future food and fibre systems.



# Figure 4: The Common Ground: System and stakeholders



# Reimagine industry good:

## The Common Ground

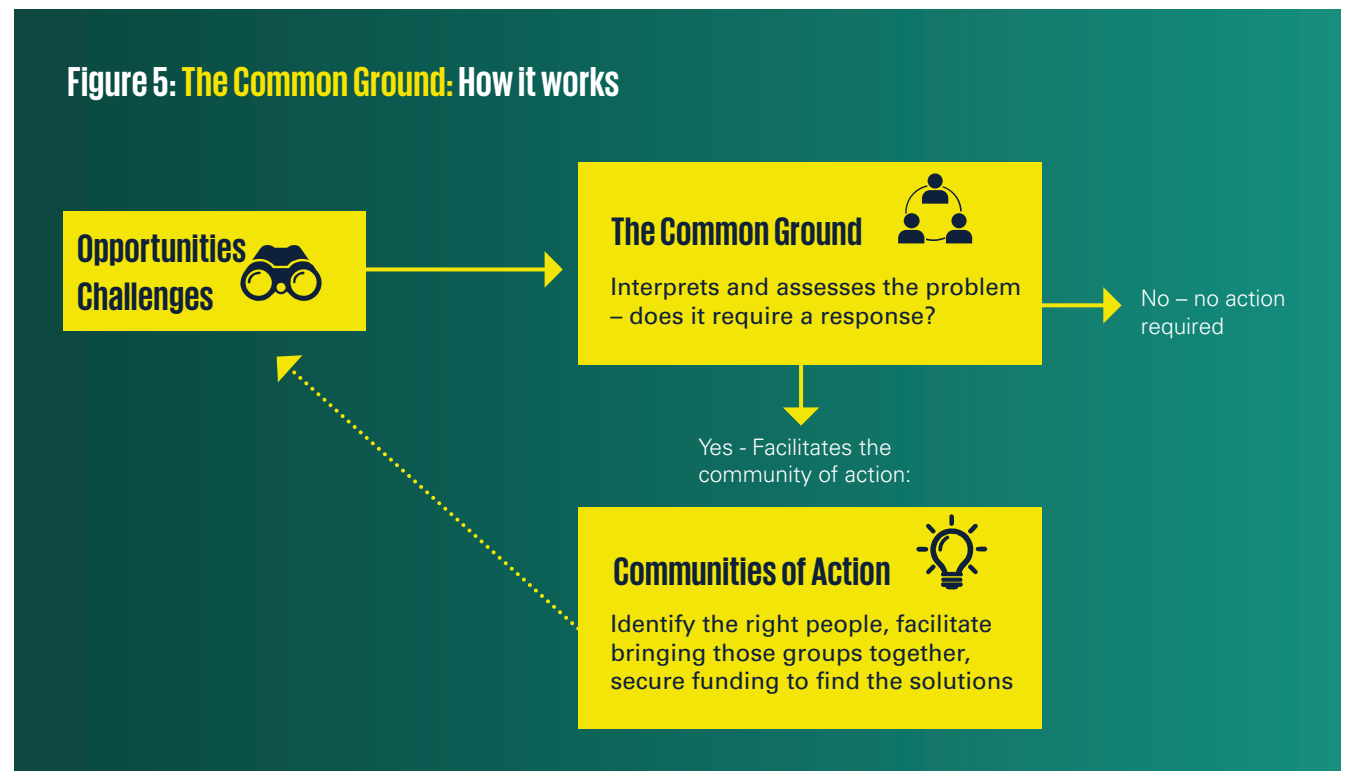
The Common Ground would allow the industry good ecosystem to become more agile, adapting depending on the issues at hand. The goal of the system is to make all industries competitive, and thriving. Because partnership is voluntary, the only qualification for participation would be alignment in a shared set of values and principles for the sector.

IT and digital capability would also play a crucial role in the Common Ground. We propose it is the logical host for a New Zealand Food and Fibre Data Exchange (or an equivalent), which has been a topic of discussion for a long time but has not yet been implemented. Hosting the data exchange in the Common Ground ensures it is owned by all organisations and their members, and operated in a way that is focused on creating benefit for the whole the sector.

### How would the Common Ground find issues-based solutions?

Different organisations would work together to form 'communities' around the significant common issues that affect the sector. These 'communities' would address issues such as climate, water, biosecurity response, labour exploitation, animal welfare, export markets, energy, and sustainable ocean use.

The Common Ground would have organisational leadership with the responsibility of helping to identify the issues and bring organisations together to build the communities. They would hold a position of trust, understanding the activities



of each Common Ground partner in sensitive commercial areas, and would have the ability to unite partners for more efficient resources utilisation and enhanced collaboration. This trusted team would set the strategy, prioritising the criticality of issues.

Each organisation would still retain their own independence, and could move in different directions (within the constraints of the agreed rules of engagement), joining communities where appropriate, whilst also making space when others are better suited..

### **How would the Common Ground actually work to form a 'community of action' around a particular issue?**

Opportunities or challenges affecting the sector will be brought into the Common Ground by the various partners, these issues or opportunities will largely stem from producers, but also from processors and exporters, as the Common Ground will be outward-focused and market-led. The Common Ground will interpret and decipher these topics, assessing them and determining whether they require a collective response and what combinations of different parties will be best suited to find solutions for the sector. Where they determine a response is necessary, the Common Ground would facilitate bringing the right organisations and individuals together to form the 'community of action', as well as supporting the communities of actions to secure funding, whether through Common Ground Partners or externally. Due to the cross-sector nature of the Common Ground, it will have insight into the challenges and investments across all industries, enabling it to serve as the conduit that can unite the appropriate groups for the most effective sector-wide solutions. Many communities will be set up with a defined life to achieve a specific purpose rather than being established with an indefinite time horizon.

### **How does this alternative system differ from the collaboration that already exists within the food and fibre sector today?**

Key features which would distinguish this model from our current way of working are:

- Funds directed towards common issues are pooled across the value chain, capturing everyone (producers, processors, exporters), so the bulk of the financial contribution is not carried by producers alone but by the whole sector. This achieves two objectives. Firstly, pooling available funds allows for faster and more impactful action whilst preventing duplication. Secondly, organisations outside of the industry good ecosystem can also join the Common Ground, enabling them to contribute to initiatives that directly impact their business, thus alleviating the burden solely carried by producers paying commodity levies. This could include supply chain partners located offshore

- Funds are not ring-fenced to particular industries, therefore solution design and action becomes 'product agnostic'
- Partners will contribute based on their available resources, but the rules of engagement ensure that all perspectives are considered in developing responses, and solutions are optimised, prioritising industry good over financial contribution
- Leadership will be appointed, rather than elected, and based on skill, rather than on representation
- Membership is a long-term commitment to the partnership. There will be no 'annual opt-out' of the Common Ground to ensure decision making and investment is future focused and intergenerational.

### **How would the Common Ground benefit the producers, members, levy payers, stakeholders?**

The value proposition for food and fibre producers is a reduction in duplication and improved efficiency in the utilisation of their limited funding pool to direct the best resources and capabilities towards sector-wide solutions. Ultimately, this would result in them (and the collective food and fibre sector) benefiting from more value being delivered for their financial contribution.

If their respective industry good organisations can come together to work on common issues and areas of action, greater resources – capital and effort – can be used to tackle the big 'wicked problems' the entire food and fibre sector faces.

At present, producers may be paying levies and membership subscriptions to multiple industry good organisations that either work in opposition to each other, or in parallel. We would expect to see much less of this behaviour and duplication in the spending of producer funds using a Common Ground approach. Producers are already highly integrated within their own food and fibre business, this would see their industry good support ecosystem better aligned with their business, rather than the current siloed approach to addressing challenges and opportunities.

The model still allows for specific industry issues to be addressed, without forcing collaboration on every challenge.



**If we are going to exist  
in the same ecosystem,  
then we need better  
collaboration and not  
reactive collaboration**

For example, the Common Ground wouldn't be creating a community of action around the response to a specific fungus that only impacts tomatoes. However, water quantity and quality might be an issue that industry good organisations choose to collaborate on as this is a pan-sector issue. For the individual tomato producer in this example, their industry good organisations would still address the tomato-specific issue, whilst also stretching their funds by leveraging the resources of other industry good organisations to tackle common challenges. Challenges such as ensuring that everyone within a community has access to adequate, clean water to ensure business viability, environmental restoration, and equitable community access to water resources.



### Would the Common Ground execute advocacy activities?

When it comes to advocacy, it would be naïve to suggest that we can just take advocacy out of the equation. Solving the behavioural issues in the existing system will help to unravel advocacy from political lobbying, and makes advocacy less of an area of focus for this alternative model. Organisations will continue to provide thought on regulatory policies, however their contributions should be future focused, constructive and actionable, rather than just critical of change.

The Common Ground may do selected advocacy depending on the agreed areas of collaboration and communities of action; for example, promotion of the sector as the number one industry to work in. However, the communities of action will provide a clear point of engagement, or partnership, for government which would fundamentally reduce the need for lobbying and advocacy.

In an ideal world the sector would be self-organising. A market-led, future focused, and partnership based approach to addressing the big challenges facing the sector, would mean that theoretically there should be no need for regulators to impose legislation that greatly differs from what the sector is already proposing or voluntarily implementing (self-regulating). As an example, the New Zealand wine industry self organised their own sustainability programme decades before there was any requirement from regulators or their markets. This was possible because of how well connected they were to their markets, which meant that they could see it would become a necessity in the future.

If such a future were to eventuate it would be on the longer-term horizon, and would require widescale behavioural changes across the sector. A step-wise implementation of the Common Ground, broadening the agreed areas of collaboration over time will also be needed (refer p.33), trust is the most critical aspect to implementation as this sets the pace that underpins our change in behaviour as a sector, and country.

### What happens when organisations have conflicting views on the same issue?

Because the Common Ground would be agile and communities would evolve depending on the different issues the sector faces, it will create the opportunity for industries to come together, but also allow for individual industries to advocate on issues that specifically impact them alone. For example, managing issues around dairy calf welfare could be managed individually by the dairy-specific organisations (as they already do today), however livestock welfare in road transport is an issue that lends itself to collaboration through the Common Ground, as it affects all the primary livestock production industries.

Where there is a clear conflict between partners, the rules of engagement would require partners to come back to the underlying principle of the model: 'Organisations prioritise the broader sector and common issues over their own personal industry interests'. A commitment to not undermine or disagree within the public domain would be imperative.

Throughout the course of this research the joint action plan on primary sector emissions partnership (He Waka Eke Noa) was continually referenced as an example of something that could have been a fantastic collaboration platform for the sector, but that ultimately fell over because of the issue it organised itself around (greenhouse gas emissions). Dissecting He Waka Eke Noa's inability to land an outcome would require its own report given the complexities, however included in the contributing factors would be that it 'was trying to build the plane while it was flying', and that everyone entered the partnership prioritising their own needs as opposed to the ask of the market, and the wider need of the sector over any one industry.

Clear rules of engagement before the Common Ground is established, i.e. a 'Charter' or 'Terms of Reference' for all partners will be critical for future success of any such initiative. One such term for agreement would need to be spending more time discussing similarities rather than differences.



**The 'tough' part rests in the principles challenging partners to collaborate in ways that prioritise the market's asks, and the wider needs of the entire sector over their own industries**

**How would governance of the Common Ground work? Who is responsible for making decisions, and who sits on the governance groups of the issues?**

This would become clearer as the Common Ground develops, however, the entity itself would likely have a 'Board of Trustees' made up of industry leaders, Taumata (Māori), and independents that bring the necessary skills to the board table and a passion for a more prosperous New Zealand. Appointments to the board would need to be based on the skillsets identified for the future, and they could be nominated by Common Ground Partners. The entity could be led by an individual or co-leaders/ co-chairs.

Each 'community of action' would have its own leadership groups mirroring the model of The Aotearoa Circle workstreams. In this model, leadership groups are chosen based on their personal experience and mana regarding an issue, rather than their specific role held or organisational affiliation.

**How would the Common Ground be funded?**

In our envisioning of the Common Ground, it would not be limited to just industry good organisations, any food and fibre sector organisation that shares the same values and alignment in the direction of travel for the sector would be welcome partners. This would also open alternative funding mechanisms such as public-private partnership and foreign investment. Each organisation would retain its own autonomy and therefore determine how much they wanted and could afford to contribute to the Common Ground. There are many examples of co-opetition clusters which exist both here in New Zealand, and internationally, where partners all contribute financially to the cluster. A similar type of approach to funding could be applied to the Common Ground.

In a system where funds are pooled for the collective good of the food and fibre sector, there could be opportunities to access alternative funding mechanisms. These may include specific, targeted government contributions, public-private partnerships and foreign investment. The AgriZeroNZ joint venture serves as another example of the potential execution of different funding mechanisms within the Common Ground.

**How would the Common Ground engage with the government, and is the government a member organisation?**

Where it makes sense and is appropriate, the Common Ground would work with the government to collaborate on joint opportunities or initiatives. However, the government itself would not be a named 'Partner' within the Common Ground. Agencies could participate in specific 'issues-based communities of action' as an external partner to the entity (in a similar way to how it is working with industry through the AgriZeroNZ joint venture). While the government is an important stakeholder and partner of the sector, the Common Ground would be sector-led, and government-enabled. This would ensure independence from perceived political influence or motivations.

**What funding would be needed to set up 'back office' services, where would it come from?**

We are already seeing smaller organisations within the sector working together to 'share' expertise across their organisations. For example, SMEs we spoke to talked of being in the process of employing a 'shared' policy analyst to support three smaller organisations. Individually they could not afford, nor require, a full time employee, but collectively they could provide a fulltime employment opportunity.

The concept of these back office services would be similar, particularly for smaller organisations with limited financial resources. Pooling resources for these business costs would be logical and a more efficient use of funding. Partner organisations could decide individually whether they would make use of these services, and it would be funded on a user pays basis.

Eventually, as others saw the benefit of the back room engine, they could choose to participate. Initially these services might be outsourced rather than run within the Common Ground itself, however, over time, if financially appropriate, it could be internally housed within the Common Ground.

This is the 'easy' part in sharing and collaborating within the Common Ground. The 'tough' part rests in the principles - challenging partners to collaborate in ways that prioritise the market's asks, and the wider needs of the entire sector over their own industries.



**Aren't you just proposing adding another organisation to an already crowded landscape?**

Yes, in a sense that is one argument that could be made. We have heard and acknowledge the feedback that 'the Common Ground concept could add another layer of complexity to an already crowded landscape'. However, we have tried to strike the balance between forcing change on the sector and individual organisations and allowing organisations to make that change themselves.

We consider the main constraints to industry good to be behavioural challenges and forcing structural changes/ disestablishment of organisations would not resolve these problems.

If executed well, and in the collaborative spirit intended, an entity like the Common Ground should actually offer a mechanism that creates the environment for the right behaviours to flourish and become embedded in the sector. Over time, as trust builds across the sector and industry good ecosystem, organisations may organically gravitate towards consolidation where there are logical opportunities to do so.



**A mechanism that creates the environment for the right behaviours to flourish and become embedded in the sector**





# How does this differ from what we've already tried?

We recognise that our proposed alternative is not radically different to previous attempts by the sector and industry good ecosystem to organise itself, nor is the structure of a collaborative cluster a new concept. But what would be fundamentally different with this model is the mindset shift required from organisations to join the Common Ground, and the way in which the system will therefore operate.

Inherent, and residing at the very core of the Common Ground is trust. We recognise that having a foundation of trust underpinning the industry good ecosystem is not something that will just happen overnight with the agreement of participation in a collaborative partnership. Trust takes time to build, and will also require more than one generation of leaders investing into it, and the Common Ground, to truly embed.

If we reflect on the food and fibre sector today, the current issues organisations seek to solve, the willingness of these organisations to collaborate, and the degree of success in collaborating, the following picture begins to emerge.

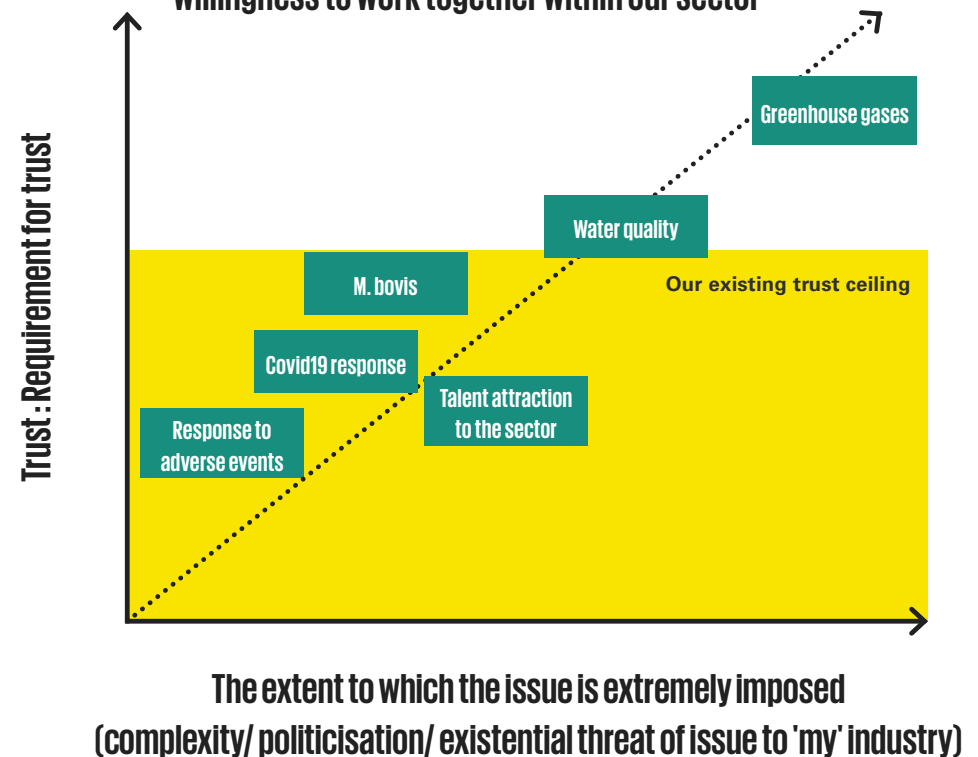
Historical observations of collaboration have highlighted that certain areas have been effectively addressed by organisations. Contributors have noted that when there is a 'common enemy', such as adverse weather events or developing initiatives for talent attraction to the sector, organisations tend to collaborate well. However, these areas of collaboration require much lower levels of trust among collaborators relative to other challenges within the sector. As a sector we need to be strategic – it's not good enough to only come together in a crisis, we need to be much more proactive..

Time and time again we heard from our contributors that He Waka Eke Noa was a great idea, huge opportunity, but a terrible issue to organise around. As the challenges the sector faces become more difficult, complex, politicised and threaten the existence of sub-industries within the sector to differing degrees, the requirement for trust between partners increases. There is a ceiling to that trust, and this is the reason that past attempts like He Waka Eke Noa have failed. Had we started earlier, with less pressure and more time to build trust, perhaps the outcome could have been different.



We pretty much cracked the structure with He Waka Eke Noa, and the sector didn't buy into it

**Figure6: The relationship between trust and willingness to work together within our sector**



# How to roll-out the Common Ground to integrate trust?

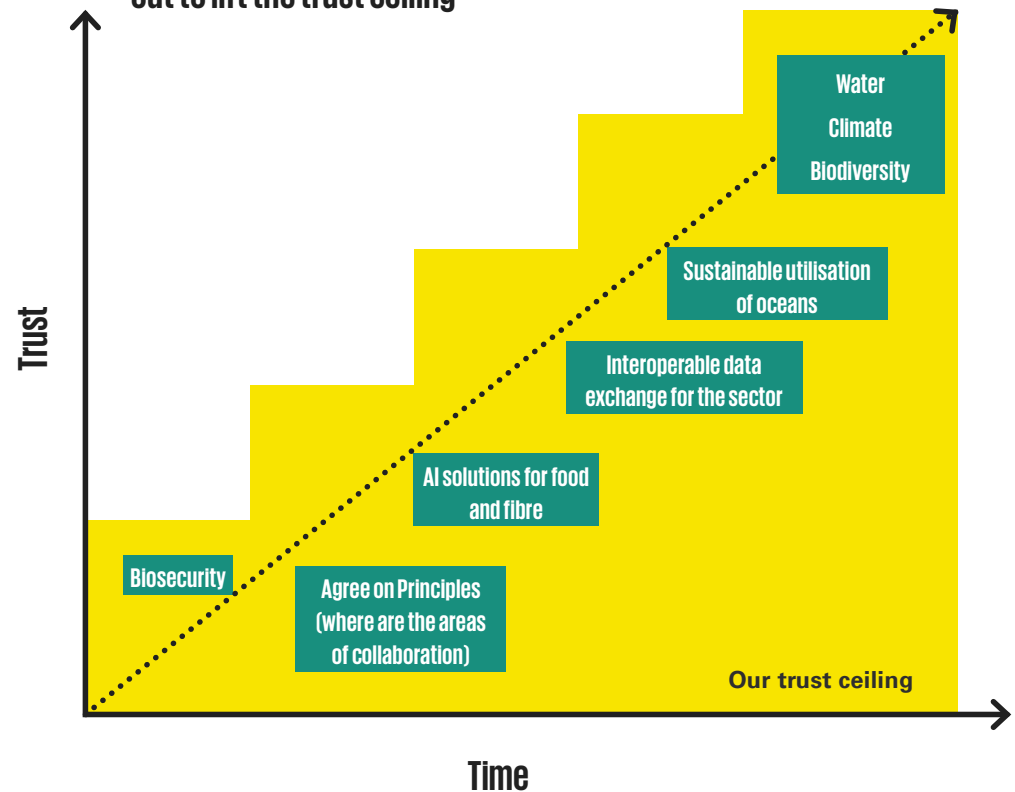
Establishing the ground rules for the Common Ground upfront, before addressing any issues will be crucial. Once these rules are established, the next step will be to start with small issues where partners have a lot of shared interest. As the Common Ground evolves and demonstrates its value, trust between partners will grow, enabling them, over time, to tackle more challenging issues.

One comment from contributors that stuck with us was the critique that when it comes to working together, organisations are guilty of spending most of their time arguing over their differences, rather than on the areas of agreement and common ground. In order to build an enduring platform that can be used to transform the food and fibre sector, we need to start small.

We have already mentioned that clear rules of engagement will need to be agreed upon before the Common Ground is established. Part of this will include defining the co-opetition: where the areas of co-operation and collaboration sit, and what remains competitive between partners. While eventually the Common Ground would be capable of maximum collaboration across all common issues, realistically getting to that level will take time and practice. Initially, there may only be minimal overlap in topics on which all partners are willing to collaborate and pool their resources. Ultimately, it will be up to the partners to determine what areas they are initially open to collaborating on.

This starting point might be biosecurity. Everyone within the food and fibre sector agrees on the importance of biosecurity, and how vital it is for the competitiveness of the nation's entire sector. Producers currently pay \$74.6 million in biosecurity levies annually, with the funds used to run specific biosecurity organisations for the sector and with Government Industry Agreements there is already a substantial level of collaboration across the industry.

**Figure7: How to roll the Common Ground out to lift the trust ceiling**



Thanks to the relative remoteness of our island nation we have managed to collaboratively respond to outbreaks that have occurred. Because this is an area where anyone in the sector would struggle to disagree, it could be used as the first issue-based community. The incursions of kiwifruit vine canker, Psa, in 2010, and Mycoplasma bovis in 2017 into New Zealand are high profile examples where our biosecurity programmes failed to keep unwanted diseases out of the country, and resulted in costly eradication protocols. The extent to which the Common Ground could work together on biosecurity could extend to redesigning our existing biosecurity programmes.

The starting point for the Common Ground has to be a clear win, demonstrating that participation and collaboration is worth the investment and inconvenience of working with others. As trust is built, and more shared ground is found, the issues-based communities would be able to grow to tackle more complex or controversial issues. This could include addressing challenging issues such as sustainable ocean resource utilisation, a sector-wide data exchange platform, and ultimately greenhouse gas emissions, water quality and biodiversity.



# Next Steps

When reimagining industry good we proposed the Common Ground, an alternative construct for the future of the industry good ecosystem. We don't think it is the only answer, it may not even be the 'right' answer, but as a sector, collectively, we need to start somewhere.

Our intent has always been to stimulate debate and discussion, which we feel needs to continue – this report and the concept of the Common Ground should just be the springboard for initiating that conversation and action.

This work calls for a new way of doing things, requiring a sector-wide approach and bold actions, recognising there is greater opportunity in collaboration than attempting to solve any one challenge separately in our own a silo. We want to encourage conversation, and provide the space and opportunity for engagement.

We envision a group of champions from across the sector coming together to build on this concept, and form an operational workplan to initiate change.

**If you are excited about the possibilities for this future, and what could this mean for our sector, country, and our land and oceans -**

**[Join the discussion here.](#)**



**We need to think of it as a movement... how do [we] get all these shoulders pushing in the same direction?**



**Appendix:**

**Placing our alternative for  
industry good in the future**



# Placing the Common Ground into the future

Continued use of future foresight tools enabled us to 'place' our proposed reimaged industry good ecosystem into the future to understand how it might work in practice.

In an attempt to help us understand how this alternative industry good system might work in practice, and to make it less conceptual, we have continued to use the future foresight tools to 'place' our proposed alternative system in the future.

Having described what the world for the food and fibre sector could possibly look like over the next 15-30 years and the specific challenges and opportunities the sector could plausibly face, we combined this with our proposed alternative.

## **This allowed us to envision a possible future.**

We provide a short description of what the future could possibly look like when we insert our reimaged industry good system into the anticipated future the sector faces. Then using a pre-mortem style approach, short story narratives explain what occurred for the described possible future to eventuate. As part of these narratives we have inserted our proposed alternative industry good system, the Common Ground, into this future. The purpose is to try to illustrate how the model might work in practice to support better outcomes for the food and fibre sector.





# Introducing a possible future...

This description of a possible future is a short story describing what New Zealand's food and fibre sector might look like in 2050. It combines our reimagined industry good ecosystem with the parameters the sector will be contending with at that time.

**In 2050, greater connection between the land-based and ocean-based organisations through the Common Ground allows the food and fibre sector to diversify income streams of producers and build greater resilience into production systems.**

**Food and fibre producers are now also recognised as significant energy providers for New Zealand.** Their businesses receive a significant proportion of income from their 'Energy services' revenue stream, payment for the additional biomass they supply to their processors or local energy generator plants.

**The sector was able to capitalise on the opportunity to become a global leader for sustainable, safe and quality ocean produce.** By connecting the seafood and aquaculture industries with the land-based production systems and food and fibre infrastructure, New Zealand's entire food and fibre sector is now connected in some way back to the oceans.

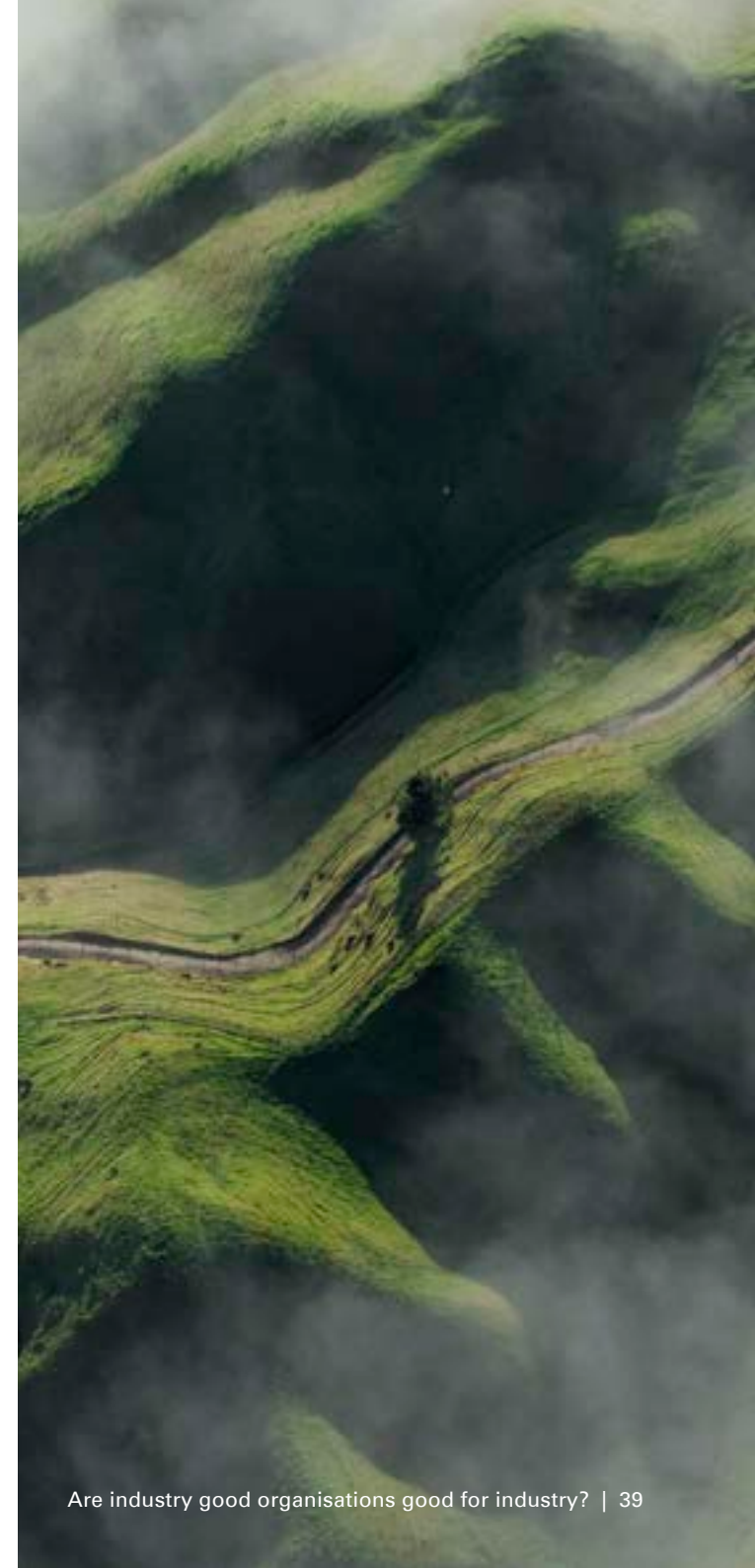
Ultimately, the Common Ground enabled organisations to recognise significant opportunities which could solve a number of their collective issues at once. Connecting producers to circular bioeconomy solutions and ocean-based production not only supports the diversification

of producer income streams, but also ensures future market premiums through the development of 'zero waste' production systems and associated certification schemes.

**In this future, organisations were able to come together within the Common Ground to recognise that the significant threat impacting all of their industries was the resilience of the production systems of their members.** Rather than seeing alternative land-uses as a threat to their respective industry, they were able to have conversations around how best to diversify income streams for food and fibre producers to ensure the longevity of the sector for future generations.



**You can't make informed decisions if you are not thinking about that future piece**



# Our possible future: How did we get here?

Using a pre-mortem style approach with short story narrative to explain what needed to happen for the described possible future to occur. It is at this point that we 'place' the reimagined industry good system, the Common Ground, into the future to illustrate how it might work in practice, to support better outcomes for the food and fibre sector.

Increasing surface temperatures and frequency of extreme weather events through the late 2020's created higher costs for land-based producers as they battled new pests and diseases, and resulted in failed crops and lower harvested yields due to the climatic losses. Resilience of 'mono-industry' food and fibre businesses was at critically low levels, with businesses becoming unviable and finance providers had begun forcing the sale of land for those that had over-invested during the years of unsustainable capital gain growth in land prices.

Establishment of the food and fibre sector's Common Ground in 2026 was however a turning point for the sector. While organisations were powerless to stop nature's increased volatility and arguably just as limited in the influence they had on the protectionist policies of their international markets, they set about to collectively solve sector issues within their control.

The Common Ground allowed for greater integration of the entire sector value chain, which included sector services such as finance providers. This led the Common Ground partners to understand that in many instances, producer

businesses would not be able to access the capital needed for large-scale land-use changes, therefore diversification of income streams would have to come from resources already existing within the production systems.

In the 2030's food and fibre producers began to be paid not only for the food and fibre products they supplied their processors (i.e. milk, meat, grain etc), but also for energy in the additional biomass they supplied. The Common Ground allowed for better connection early on in its establishment between producers, the processors and manufacturers, who were being regulated to decarbonise their industrial operations, incentivised in part through government schemes. The spirit of co-opetition within the Common Ground led sector competitors to come together to create a strategy for decarbonising their manufacturing facilities using non-woody biomass.

Because forestry organisations had already been working on circular bioeconomy solutions in the early 2020's, the wider sector was able to leverage the existing science for non-woody biomass, therefore, avoiding duplication of work and resource spend. Future science and research instead focused on producing more biomass, such as developing new breeds of crops that are 'dual-purpose', high yielding in the traditionally harvested products (e.g. grains), but also the fibrous biomass of the rest of the plant (e.g. stalks, vines, etc).





Producers supplying biomass also helped to solve a public perception issue which had been brewing for the livestock sector in particular. Construction of a number of smaller regionally located bio-digestors allowed for the responsible disposal of dead stock, which were no longer being collected after the collapse of the international leather industry in 2025. These regional bio-digester plants were connected into existing energy infrastructure to support the power generators supplying power to the grid.

The food and fibre sector was able to cohesively speak to government with a unified voice, to ensure the legislative framework and supporting infrastructure was being developed simultaneously as the sector began transitioning from 'food and fibre' to 'food, fibre and energy' producers.

The Food and Fibre Data Exchange, which is housed within the Platform, allowed for the seamless interoperability of data between producers and end users. This was particularly important for the transparency of the 'Zero Waste' trademark that New Zealand exporters used overseas.

At the same time that Common Ground partners were working together to find circular bioeconomy solutions for producers, another community of partners was organising around sustainable ocean-use. Recognising that the world's fourth largest ocean exclusive economic zone was being largely ignored, the Common Ground partners worked to develop transition pathways for New Zealand's traditional land-based primary industries to integrate their production systems into what by 2050 is New Zealand's largest industry – Ocean Production.

One such example was the seaweed industry, which was one of the smaller inaugural partners at inception of the Common Ground. Initially unable to contribute significant financial capital to the fund, the seaweed industry eventually rose to become a prominent player in the food and fibre sector. Because permanent pasture species were unable to persist under the changing climatic conditions, most New Zealand livestock farms transitioned to seaweed as the base of their home-grown feed for their stock. Joint research collaboration between the dairy and aquaculture industries in the early 2030's found that this synergy between the two



industries led to milk compositions that could be processed into higher value nutraceutical products.

This short story narrative of the food and fibre sector in 2050 is to provide an illustration of how a Common Ground mechanism could create the environment for the right behaviours to flourish and become innate to the culture of our sector.

Where we have landed with the Common Ground in our reimagining of industry good is just one possible alternative for the future of the industry good ecosystem. We are not stating it as the only answer, or even the right answer, more so it is a starting point for further discussion and to encourage action for change within the sector.



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