
Youth Parliament 2016

Record of Proceedings:
Primary Production
Select Committee report





Primary Production Affairs Select Committee

**Inquiry into what New Zealand’s primary industries must do to capitalise further on our reputation as a producer of high-quality, safe and trusted foodstuffs to the world**

**Recommendations**

The report of the **Primary Production** Select Committee makes the following recommendations to the Government:

* that it help focus primary industries on high quality exports to meet the demands of overseas consumers
* that it pursue free trade agreements to open up more markets for exporters to compete in without compromising on environmental sustainability and cultural values
* that it develop a branding strategy for New Zealand in consultation with all of the various industries that market overseas
* that it support the primary industries to conduct research and development to help further technology and innovation to ensure New Zealand has a competitive edge
* that it support education for exporters on what products sell well overseas and how to maintain the high standards that many of our overseas customers want
* that it support educating students on the primary industry to encourage more students to take up jobs in the primary sector.

**Introduction**

This report summarises our consideration of what New Zealand’s primary industries must do to capitalise further on this country’s reputation as a producer of high quality, safe, and trusted foodstuffs to the world. New Zealand’s primary sector has historically been, and remains, an important part of the economy, with primary industries currently constituting around three quarters of New Zealand’s total merchandise exports. Therefore, interest around how New Zealand’s primary industries will be able to capitalise further in this area is becoming increasingly prominent in the context of the New Zealand economy. New Zealand’s standing as a small but reputable player when it comes to global trade presents an exciting opportunity as global demand for primary industries continues to increase. Finding ways to prosper from this opportunity should be explored.

**Quality over quantity**

The primary sector has earned New Zealand the reputation overseas as a country which prioritises quality over quantity, and we are of the opinion that this should continue. Given New Zealand’s isolation and size it would be difficult to compete in high volume commodity markets due to our higher cost of production. In addition to the quality of product New Zealand develops for its overseas markets, we think that targeting niche markets in countries overseas will continue to ensure that the quality of the product New Zealand produces is sustained. We heard that golden kiwifruit are currently only produced in New Zealand and that there is a growing demand for them overseas. This is an example of a high quality product that New Zealand could export to compete in the global market.

We think that in order to succeed as high quality exporters, New Zealand’s primary industries must keep their standards high to ensure that we remain competitive and that our reputation for this grows.

**Free Trade Agreements**

We recommend that the Government pursue more Free Trade Agreements (FTAs) as they open up new markets to the primary sector. If New Zealand’s primary industries are to focus on high quality exports, rather than quantity, they need as many markets as possible to compete in.

We also note that the other impact of FTAs is a reduction in tariffs, which effectively means that New Zealand exporters can be more competitive and make better profits. The Korean Free Trade Agreement signed in 2015 is a good example of this. Since this agreement, tariffs have been lowered to 30 percent and are scheduled to be nil in 2019.

Although we heard that Free Trade Agreements are considered within the primary sector to be a positive factor, we also emphasise that agreements of this nature need to be environmentally and economically sustainable for New Zealand and the primary industry. FTAs must also be mindful of New Zealand’s cultural heritage and values such as the Treaty of Waitangi.

**High quality in overseas markets**

We emphasise the importance for the primary industries of valuing food safety, traceability, and origin of product, especially when conducting business overseas. We recognise that these three areas are becoming more important to overseas consumers when they are buying products. With a focus on these, New Zealand will be in a good place to meet the demands and expectations of its overseas consumers. This is all part of valuing quality over quantity.

**The New Zealand brand**

We are interested in what can be done to further promote and market the New Zealand brand overseas. We are concerned that brands such as “100% Pure” risk corrupting New Zealand’s image overseas, as this brand does not accurately represent the needs of primary industry exporters. It also opens New Zealand up to criticism when things do go wrong. We think that all industries marketed overseas need to be involved in the discussion about the New Zealand brand. This could also ensure consistency among industries and lead to a more widely known international brand. We must ensure that this consistency extends to the integrity of New Zealand firms producing in overseas markets. This would help in presenting New Zealand as a trustworthy and efficient country for foreign investment and trade and presenting our products as sustainable, safe and of a high quality.

**Genetic Modification**

We think that Genetic Modification does not fit into New Zealand’s current reputation as producing quality and safe products; rather, it could compromise our global image as an exporter of high quality produce. We are however always open to new technologies which are proven to be safe.

**The use of technology**

Technology plays a part in giving New Zealand an edge over its competitors. We see the value in the government supporting and leading investment and research across the industry. Researching and developing a plan about how to best use technology in the primary sector was one area we prioritised in our inquiry as market needs continue to modify, and market demand continues to grow. We see the value in sharing information and technologies with developing countries for the advancement of global food security and New Zealand’s reputation.

We heard that the general feeling around the primary sector in New Zealand is that technology is not being used as much as it could or should be. By using new technologies which support the growth and efficiency of industries and give New Zealand an upper hand in the global market, we envisage only positive outcomes for the primary industry and the New Zealand economy as a whole. Technology can be good for our environment which can therefore be good for our repetition.

**Market intelligence**

Market intelligence will continue to play a significant role in the primary sector, particularly as modern consumers demand to know more about their food, how it is produced, and the businesses that produce it. We think that to maintain integrity in this area, technology should be considered to monitor aspects of primary production such as logistics and transport systems as well as globally sourced ingredients.

By increasing knowledge-sharing with the producers and throughout all levels of the supply chain, New Zealand’s primary sector will continue to be nimble to respond to demands globally. In addition, we think that using technology and conducting research on overseas markets could turn the focus on to specific markets and specific products to meet demand. An example of this is the elderly population in Japan where we export green kiwifruit as a product that has many health benefits.

**Education**

We think that more education on the primary industries is needed in New Zealand. Exporters need more education and general research on their overseas markets, meaning more emphasis needs to go towards “market intelligence”. Most farmers have good knowledge of their current exports but we think more knowledge is needed of how to meet the evolving needs of overseas consumers. This will help exporters adapt their product so it suits the needs of overseas consumers. To do this, exporters needed to be in regular communication with companies like Zespri, who have the knowledge and expertise to pass on research and information about overseas markets.

**Education for students**

We discussed the need for a clearer pathway for secondary school students to find a way into the primary sector in a variety of roles both on and off the farm. The sector is often perceived as being an unattractive pathway for secondary school students. This could be because news stories often focus on the negative aspects of the primary industries. However, the primary sector is one of the most important parts of New Zealand’s export economy. Earnings from the primary sector are projected to rise by 17 percent, from $35.2 billion in 2015 to $41.3 billion in 2019.

We think that the Government should integrate more themes involving the primary sector into subjects of the current NCEA curriculum. This would help to introduce young people to the primary sector and possibly spark more interest in students pursuing a career path in primary industries. We feel that involving more young people would help to spark innovation in the sector, which would in turn help to produce high quality products.

**Appendix to the Primary Production Select Committee report**

**Committee procedure**

The committee met on 19 and 20 July 2016 to consider the inquiry. The committee received and heard three submissions. Evidence was heard from Mike Peterson, Ministry of Primary Industries, David Courtney, Zespri, and Terry Copeland of New Zealand Young Farmers.

**Committee members**

Ben Henderson (Chairperson)

Anthony Bunnik

Creedence Cable

Kiwa Erueti-Newman

Jake Hoffart

Ilene Lei

Jacob Lerner

Rebecca Newman

Chaeli Manuel

Hugo Thompson

Ruth Wright