



KELLOGG
RURAL LEADERSHIP
PROGRAMME

THE BOTTOM LINE! ARE
FARMERS/GROWERS BEING
RECOGNISED FOR MAKING
CHANGE?

Kellogg Rural Leadership Programme



Course 42 2021

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FOREWORD

My journey to this Programme can be traced back to more than 6 years ago when I first started working for Farmlands Co-operative. I have experienced a lot of change in my life, as we all do. For me, being resilient and adapting has been something I am now very accustomed to.

I am a Southland lad that had a great upbringing and a supportive family that thrived on competition. This competition extended to the front lawn at home competing against my siblings, to numerous sporting codes, to driving fast work on my father's racehorses. In my teenage years, I ventured out to follow my sporting dreams, experiencing a lot of success as a young adult.

Change at this stage of my life came fast. I had a lot of support and a sense of comfort, until waking up one day with an illness that flipped my plans and path upside down. Change is very personal and confronting to experience and on reflection, acceptance of this event for me was difficult to process. After an 18 month recovery, I had made it back but was not quite the same, so this prompted change again. I took my opportunity to refocus and explore the world whilst playing semi-professional rugby. Working in Italy, England, France added to my resilience and ability to adapt to change.

The next stage of life was marriage, followed by children and house ownership. Ultimately, I faced the very tough question - what do I do after my semi-professional career? How am I going to support my family and fulfil my family's goals? This is where Farmlands enters. I remember the rural sector being full of great people with strong values. Surely the familiar and consistent rural sector is where I can settle, without too many variables, build a successful career to support my darling wife and beautiful children?

EXECUTIVE SUMMARY

In the Farmer/Grower Survey (2021) a grower argued that the reason for any change is to make sure their business can remain sustainable. Change needs to be motivated by a sustainable business model, which means resilience and being able to adapt to a changing environment (Viticulture A, F/G Survey, January 29, 2021). This changing environment is occurring fast, how we respond to topical issues will be the driver of change in the discerning consumer market. The "Fit for a Better World" document describes the way we respond to climate, freshwater and biodiversity will define us as a sector and as a generation. Consumers and customers will judge us by it, and so too will our grandchildren (Primary Sector Council, 2020).

There is a rising consumer awareness on how and where their food is produced. What effect has this food had on the environment? What conditions are those producing the food and fibre working in? These questions continue to evolve, meaning we as food and fibre producers need to be able to adapt and prove our credentials. This raised awareness affects market access requirements, documentation and the changes we need to implement if we wish to be a premium product producer.

This movement from volume to value is an acceptable concept and one New Zealand is in a prime position to take advantage of. The 'triple bottom line' presents the idea for sustainability to be achieved by a combination of three groups: people, planet, and profit. Are New Zealand's primary industries asking our farmers and growers for too much focus on the pillars of people and planet? The risk to having a lopsided focus on people and planet issues is that those actions may outweigh the third pillar of profit, thus sustainability being compromised. The importance of a sustainable and resilient business model is key to our success in capturing the value opportunity.

This report aims to raise awareness of the importance of having a balanced and supportive approach to change. Making change can be separated into three buckets: *imposed*, *collaborative*, and *change by choice*. The clear difference in the change buckets comes through the perception of having control. Being in complete control is found in the *change by choice* bucket. *Collaborative* change retains a semblance of control (even if it's not the farmer/grower's choice), making it easier to navigate. The toughest version of change is *imposed* change, where the farmer/grower has little control nor collaboration. The perception of increased imposed change for NZ farmers/growers is something the primary industries need to be wary of, given the effect this change type has on mindset and profitability.

Sustainability is across all things – whether it relates to people, the environment or economics. I wanted to understand the points of view of our farmers and growers to see why/how they are currently making changes in their business and if they are ready for the continuation of change. To be truly sustainable, primary businesses need to create a model that provides a level of profit that can be reinvested back into their business.

This is an important study for the primary sector to understand how it can best promote change within industries. If the change comes at a cost to work such as infrastructure upgrades, yield loss through the change of inputs or staff wage increases, when is it the right time to implement change? Have different regional variances, farm types, planning, and work that has already been started but may not be written down, been considered? We need our changes captured so we can realise the value opportunity.

This report included both a literature review and a qualitative approach through a series of semi-structured interviews. I have analysed the themes, common messages from both the interviews and the literature to provoke further insight and discussion.

The incentives for farmers and growers are recognised as three different buckets, which can be generalised as a commodity producer, a niche/premium market, and someone seeking a premium through trading on their ethically produced products. The New Zealand primary industries have producers in each of these buckets. Considered change is needed for each incentive bucket, so the farmer and grower are being recognised for the change required.

An area I have seen as being overlooked is that change is a human problem! From one farmer to another, the way they would cope with change is different. Kubler-Ross change curve model (Elizabeth Kubler-Ross Foundation, n.d.) is very useful to identify and understand how people deal with change. The emotions linked to the seven stages can be a useful tool to identify where an individual may be with the state of change and how to transition through to the integration of change intended.

Change that is sought by the consumer, the market, government, or the individual farmer and grower, means an understanding of the producer's readiness and support for change. In this study, I explored examples from the survey participants of actions that were imposed change,

change by choice, and change by collaboration. What was evident was that the farmers and growers are already engaged with change and they believe in constant improvement with their operations.

I found that farmers/growers feel they are mostly ready for making change and more ready than their neighbours', and those sectors they are participating in, also more ready than the New Zealand primary industries as a whole. The areas of opportunity and challenge discussed by the survey group also had an alignment to that of the priority actions captured in the KPMG Agribusiness Agenda. As I discovered during this study, the shift to a general understanding from New Zealand farmers/growers is that they need to better represent themselves to the concerning consumer. The challenge is not the why? But to articulate and prove our credentials to those consumers.

With a common problem across all primary industries, the need for strong and clear leadership is evident. A shift in power from being government lead to a more collaborative approach is needed to achieve better outcomes for the primary sector. Sharing a joint vision of Te Taiao (*English translation: the natural world, environment*) means we can have more responsibility being held in the hands of those best positioned to engage, enable, develop and implement the change needed.

My recommendations are:

- To achieve the vision and strategy of "Fit for a Better World", we need leadership to not only verbally accept the document. Leadership needs to be visible by having a Primary Sector Council structure and governance that has both the sector and government working together.
- Our farmers and growers will need further support with Farm Environment Plans so that the entire primary sector can benefit from raising the standard of reporting. The government needs to see this as a necessary investment in making the shift towards achieving price premiums. Engaged farmers and growers should be backed by a trusted Farm Assurance Programme to brand New Zealand premium products to the export markets.
- Change is a human problem, so messaging and support is critically important to those both implementing and being affected by change. Seeing farmers/growers are already contributing so much towards change. I believe those that have an increased capacity to better support are both media and the government. The role they have to play in changing the narrative and funding the support services to the rural sector.

INTRODUCTION

There has been increasing comment from leaders in the New Zealand Primary Industries to move from volume, to value, to values (*Further explained Pg. 11-13*). Acting like a volume producer, being a small remote country means we need to most innovative and efficient producers just to compete. Branding our unique story, efficient producers of quality products to capture value from the more discerning consumer. The Primary Sector Council has recently published a document "Fit for a Better World" - New Zealand's agriculture, food and fibre industries' vision and strategic direction towards 2030. The document states that it is the first time a vision has been developed for New Zealand's primary sector as a whole. This presents a picture of what the future could look like for us. This is about us as New Zealanders – who we are, what we do and how we do it (Primary Sector Council, 2020).

This research question asks if there is a balanced environment for the New Zealand primary sector to capture the opportunity in front of us. Having worked at Farmlands Co-operative, which has shareholders of all industries and all sizes, I feel a wide connection to the entire New Zealand primary sector. My growing concern is that we have an imbalance being asked of New Zealand farmers/growers to meet the need of the concerning consumer. Being recognised for progress, hard work and the changes made are incredibly important to build momentum towards a positive outcome. If making change is imbalanced, we may not have sustainable businesses and engagement. The action made today needs to fit the now but also needs to ensure farmers/growers are still around in the long term.

The Fit for a Better World (2020) vision and strategy document is looking at how New Zealand primary industries can maximise the opportunity that lies in front of us. While doing so, the vision is to establish Te Taiao framework – a story that is 'us' and truly unique. Taiao speaks to the natural environment that contains and surrounds us...Because we are born of the earth and it is born of us, we have an eternal connection to Taiao – the earth, sky, air, water and life that is all interdependent. Taiao is about finding our way forward by forging an interconnected relationship with that environment based on respect (Primary Sector Council, 2020).

Making change can be separated into three buckets: imposed, collaborative, and change by choice. Where you introduce something by choice into your business or operation, this is nonregulatory and a good example of this is a farmer retiring low productive land into trees. Collaborative change is when something is introduced in your business or operation that you and other bodies work together on. This could be with regional/district councils, government, other like-minded farmers/producers and a good example of this are water catchment groups. Imposed change is where something is introduced such as a new law or new system. A good example of imposed change is the National Policy Statement for Freshwater Management introduced by the government.

New Zealand farmers have a good name abroad, which the strength of our brand is critical when capturing value for exporting quality products. The products themselves are not the only factor to realising value as other New Zealand products can influence the end consumer. New Zealand has been consistent with "clean, green" strategic branding which plays an important interconnected role. Other examples of positive promotion of New Zealand are through the epic Lord of the Rings film series, Air New Zealand in-flight safety videos, and tourism campaigns like 100% Pure New Zealand. They have all contributed to our reputation, alongside sporting success, cultural beauty and our exporting of quality premium products. In more recent times, New Zealand has performed admirably during the COVID outbreak. This has only increased positive sentiment for New Zealand, so our brand must continue to be proactive.

Making change isn't just classified as a rural problem of more recent times. To quote Greek Philosopher Heraclitus, "*There is nothing permanent except change*" (BrainyQuote. n.d.c). In my time with Farmlands and the primary sector, I have experienced a constant need to adapt and pivot to the changing landscape. I joined Farmlands just after the merger of two rural supplies co-operatives – South Island's CRT and Farmlands Trading Society from the North Island. The merger realised their initial reason for being, which is to use the combined buying power of farmers (now shareholders) to provide them with better returns. In my sixth year at Farmlands, I can look back at all of the changes I have been involved with and reflect on some of the reasons why I have

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been able to adapt well and remain forward-focused. Comparing my change history at Farmlands to that of our farmers/growers, there is a deep connection and understanding. For me, each change that was implemented through collaboration with my leaders or winning that new role through choice was very rewarding and easy to navigate.

The examples of change made in Farmlands that I had no control over had a very different feel to it, compared to when a change was collaborative or by choice. Farmlands have had a complete overhaul of its operating systems, business unit sales, and organisation structure, which from an individual viewpoint is change imposed. I feel many of the requests made to New Zealand's farmers/growers are creating a strong challenge that the primary industries and government need to recognise and support. Making change can be both easy and difficult – but making change is inevitable. From my experiences, each change has a cumulative effect. This is something New Zealand's primary sector needs to be mindful of as we manage the expectation of future change.

Farmlands have a very clear and easy to support purpose, “Grow Shareholder Success”. This creates direction and simplicity to any change that lays in front of us. If the change proposed is in support of this purpose, I am in. I believe the timing of the Primary Sector Council's single organising document is a critical component for ongoing success for New Zealand's primary industries.

Making change at Farmlands is possible due to the number of people in the network that help support the company through this change. I am talking about the relationships, connections and networks of people going through something similar. Farmlands have a community like that of the strong rural communities, similar to my own experiences in Edendale that I remember from my younger days.

When things do get a bit tough, other supporting tools can be needed, such as access to groups such as a Human Resources department. At Farmlands, we are lucky to have access to Organisational Counselling Programmes that can help pull you out of challenging situations and into a more positive mindset.

A key factor in navigating the landscape of constant change is to understand how farmers/growers can get recognition for what the primary sector does well.

Frank Mitloehner (2020), an expert in Greenhouse Gas, says “NZ farmers are renowned for doing a good job around climate change issues and they should be more incentivised....He says NZ farmers are known for doing a really good job, so you want them to keep doing it, and to quantify it appropriately” (“Farmers need incentive, GHG expert says” 2020).

Change is a human problem – but with the right purpose, recognition, community and support, you can thrive in a constantly changing environment.

AIMS AND OBJECTIVES

The reason for me studying this question is to understand how our farmers/growers see change and the importance of becoming a part of the change journey. The social, regulatory and sector pressures on our farmers and growers are to make change. To be successful, those changes need to be rewarding (including being financially beneficial).

Questions to explore:

- What, from our farmers/growers' viewpoints, is driving the change on-farm?
- How big of an issue is addressing change that has been imposed?
- Is there a cumulative change effect?
- Is it the cost of change that is the issue?
- Do farmers/growers have the right support for making change?

I am wanting this report to be a conversation piece to explore and highlight the need to have a more balanced, sustainable approach to change. I want to challenge the timing and consideration of future change, so that our farmers/growers understand what is being asked of them and the benefits that come along with it.

METHODOLOGY

The methodology I used for this research paper included both a literature review and a qualitative approach through a series of semi-structured interviews.

The literature review was sourced from both domestic and international papers, articles, reports, and opinion pieces. I focused my literature review on the understanding of change, incentives, and rewards in agriculture.

The semi-structured interviews were held with ten farmer/growers (F/G) across the below primary industries:

Dairy	Viticulture
Sheep & Beef	Seafood
Horticulture	Forestry

For the Dairy, Sheep & Beef, Horticulture, and Viticulture industries, I interviewed people from both a premium or corporate structure and also someone from an independent business. The reason for this approach is to see if there were any themes held by different industries and/or supply types.

While this could be considered a small sample of data to comment on, I feel this is a reasonable indication of how our farmers and growers feel when it comes to change. I used video and audio recording to capture the interviews, so I could revisit each interview when exploring each theme.

The purpose of having rating and closed questions, asking the participant to relate each making change question to a reward type, was to capture a consistent and measurable data set. The open questions were to capture and allow the participant to share in more detail their answers. With the open questions, I charted each question's response and have grouped common messages and whether the comment was negative or positive from the participant. With the open question sections to the interviews, I grouped the responses to relate to people, planet or profit.

I have analysed the themes, as well as common messages from both the interviews and the literature to provoke further discussion. My findings and recommendations are only a start and further study and research are required.

FINDINGS AND DISCUSSIONS

1.0 How are our farmers/growers being rewarded?

1.1 What is the incentive for farmers/growers?

"Understanding the incentives and disincentives for F/G to adopt Good Agricultural Practices (GAPs) is a necessary step in identifying methods to facilitate participation" (Hobbs, 2003).

The Beef + Lamb NZ compendium of farm facts states that in 2018, there were approximately 51,000 farm holdings (Beef + Lamb NZ, 2020). The Horticulture NZ 2019/20 Annual Report cites approximately 6,000 growers in NZ (Horticulture NZ, 2020). These numbers are not 100% accurate for the context of this study, as I have also considered forestry and aquaculture in NZ. There are more than 57,000+ NZ primary industry entities that are all being affected and considered. The primary aim of this study is to focus on incentives for farmers and growers.

Early on in my research, I found it increasingly hard to nail down and focus on the wording 'incentive', as incentives already happen in the primary industries, in many forms. The complexities of incentives (and the difficulties I would face if I continued focusing on incentives) is excellently described by Hobbs (2003): "farmers to adopt GAPs include economic incentives such as increasing and/or stabilising revenue, reducing average costs, improved market access, increased capital valuation of farm assets, reduced vulnerability to poor agricultural practices of other farmers; regulatory or legal incentives including changes in ownership rights or tax burdens, liability rules, subsidies; and human capital incentives including access to new skills. Disincentives for farmers to adopt GAPs include economic disincentives such as: increased production costs, investment in assets that are specific to one buyer and/or cannot be recovered if the buyer-seller relationship breaks down; institutional constraints including inadequate quality monitoring infrastructure, weak or corrupt public institutions for overseeing GAPs, and; human capital constraints such as literacy limits on document" (Hobbs, 2003).

Upon the realisation to focus just on what individual incentives farmers/growers want, I have landed on the Triple Bottom Line (TBL) model, leading towards sustainability as a way to separate and better understand the problem. In the Hobbs (2003) report it was summarised that "broadly speaking, these incentives can be divided into economic incentives, regulatory/legal incentives, and human capital incentives...it is also important to note that the disincentives are often the mirror-image of the incentives to adopt, in the sense that adoption of GAPs to achieve price premiums (an incentive) may be accompanied by higher production cost (a disincentive)" (Hobbs, 2003). The phrase, "People, Planet, and Profit" to describe the TBL and the goal of sustainability was coined by John Elkington (1994) and is now a widely understood and accepted model. Each scenario and decision made by farmers/growers relate to at least one of the three pillars.

Is the profit pillar getting enough focus, as sustainability is only found when all three pillars are represented (represented in Fig. 1). For New Zealand's primary industries, the economic performance is equally important for their ongoing prosperity. In the "Fit for a Better World" document, it was aptly put that understanding the context and the implications for our businesses and supporting industries is critical to achieving the sector transformation we want. We need growing and profitable businesses because they will help fund the change (Primary Sector Council, 2020).

When talking about the TBL pillars, I feel it is fitting to capture the voice of farmer, Doug Avery (n.d.) "The Resilient Farmer". Doug has a fantastic website (<https://www.resilientfarmer.co.nz>) to explain his journey and model. I hope to present the connection between both the Resilient Farmer and the Triple Bottom Line models towards sustainability and resilience. As stated in the Introduction, change is a human problem. The two models demonstrate the interconnected nature of business and people.

In comparing the two models, there are three pillars to sustainability: people (social), planet (environment), and profit (financial). The TBL is the 'what' and Doug Avery's reason is how he can support farmers/growers with sustainability and resilience.

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THE TRIPLE BOTTOM LINE, ILLUSTRATED



Figure 1. The concept of the Triple Bottom Line (TBL) – Reference Little, A. (2020).

Figure 2. The three pillars – Resilient Farmer – Reference Avery, D. (n.d.)

The people pillar:

- Equal opportunity – with examples of job creation and succession planning
- Education – partner programmes such as “Coach Approach”
- Social Responsibility – “Meat the Need”, Doug Avery’s “Woolshed Sessions” videos
- Relationship – “Community Groups”, “Farmstrong”

The planet pillar:

- Biodiversity – introductions to local nurseries
- Renewable energy – engagement with local authorities and service providers
- Guardianship – share the “Social license to farm” awareness
- Environmental – providing contacts and inroads into environmental projects

The profit pillar:

- Growth – encouraging participation in learning and growth programmes
- Innovation and Technology – sharing the latest knowledge on software tools
- Financial – sharing expertise on budgeting, planning, forecasting, and more

Issues impacting farming business profitability

43% of farmers said that government regulatory changes are the number one issue impacting their profitability.

18% of farmers said that increasing costs for farm expenses was the number one issue impacting their profitability.

“View from the Cowshed, (DairyNZ, 2020)”

1.2 Shift in conversation from volume, to value, to values!

The products we produce can sit into three different buckets, volume, value, to values. The latest conversational shift to values in the New Zealand primary sector is getting an increasing amount of support and examples of positive direct-to-consumer-based value chains will increase when the “Fit for a Better World” document gains momentum. We must get this right, as New Zealand has the highest degree of economic dependence on production and marketing of food and fibres among the nations with developed economies. Food and fibres contributed 77% of New

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Zealand's merchandise export earnings in the year ending June 2018, at nearly NZ\$42 billion, out of a total of NZ\$55 billion (Primary Sector Council, 2020).

My interpretation of the rewards bucket is as below:

- Volume – Commodity products and businesses netting normal prices in the market
- Value – Quality products and businesses netting a premium price through niche market and long-term contracts
- Values – Quality products and operations focused on the social, and environmental benefits; trades on ethics.

I have explored the voice of farmers and growers regarding the triple bottom line. Survey participants discussed changes implemented by an imposed nature, collaborative, or change by choice. It was interesting to get the entire discussion's feel. I documented each participant's interest points and then rated them as either a positive or negative point and then matched them to each pillar.

Figs 3 & 4 demonstrates that the actions our farmers/growers are undertaking in terms of the planet pillar are strongly positive. These actions include retiring non-productive land to tree/reserves, or riparian planting, altering water usage and more. 82% of the actions towards the environment were seen as positive. Some of the negative actions for planet were related to volume-seeking practices, management of trees (both adding and removing), and also the environmental change costs which haven't realised the returns to match the action.

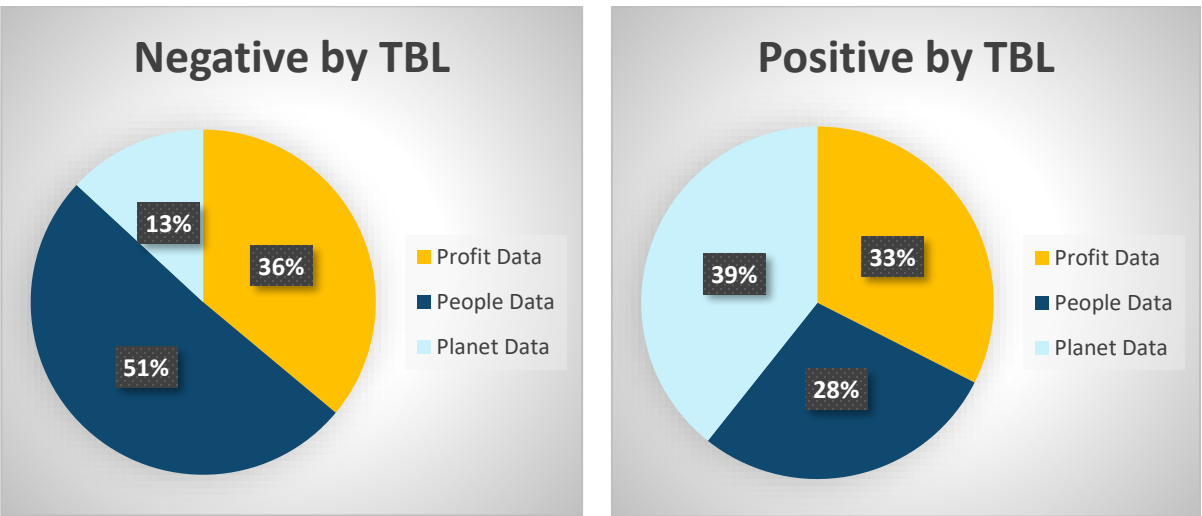


Figure 3 & 4. + / - Comments across Farmer/Grower (F/G) survey participants considering Triple Bottom Line (TBL)

The people pillar was equally positive and negative throughout the conversations held. The strongest theme in people was labour, in particular access to skilled labour in both horticulture and viticulture. This was also evident in the dairy industry. The other comments predominantly came from the frustrations regarding process and the documentation side of running a business. Some of the key negative themes were labour shortages or increasing costs, increased documentation, sectors blocking access to markets, and government/banks. On the other side of the coin for people, it was clear that farmers/growers value connection to others. Collaboration/working groups came through strongly, with a clear lift in tone when talking about working with others. When referencing family was also a really clear lift in tone and creating a long-term partnership, which shows the shift from volume, to value, to values. Those already either trading directly with consumers or supplying into consumer-focused businesses also shared a job satisfaction that wasn't evident as strongly in those not connected to the end consumer.

The profit pillar was roughly a 60/40 split of positive to negative. It was pleasing to hear of the farmers/growers having positive partnerships with local and sector bodies and also using the contractual tool for their benefit, with one example being signed for ten years for the supply of the product. Another strong positive theme was the upgrading and investing in technology, whether for minimising labour, creating more efficient water use, or other scenarios. The farmers/grower participant was not only looking at export but in-country markets to achieve premium prices for their products. The negative and challenges with the profit pillar were our farmers/grower participants are experiencing a need to evolve from increasing non-commercial varieties or breeds. The perception of the costs of change was another strong theme in how the weight of effort to reward is not aligned. When talking about chemicals and inputs, all farmers/growers were open to the change requirements but those imposed changes need to be a blanket ban.

1.3 Incentive for improved market returns

When I discuss commodity (volume) products, the word immediately draws a thought that “the price is the price” and not much can be done about it. Author, Philip Kotler put *“The art of marketing is the art of brand building. If you are not a brand, you are a commodity. Then price is everything and the low-cost producer is the only winner”* (Kotler, P. n.d.).

New Zealand primary industries need to be wary of being a commodity competing market player because the New Zealand dairy industry has shown we are at the mercy of the NZD and ever-fluctuating Global Dairy Trade (GDT). Dairy farmers, for the same effort output in 2016 at the GDT's low, were below \$4 per kilogram of milksolids. This is compared to the highs of 2014 of over \$8 per kilo. With the dairy pay-out over the past three seasons being above \$6 and now over \$7, there has been more consistency. Some farmers are still questioning if this commodity rate rewards the farmers for their efforts and rising costs.

Commodity fluctuations limit your decisions as a farmer. For the same farmers and growers, the effort has little control over your outcome. This type of theme is one of the reasons for me wanting to highlight this conversation around incentives. An opinion shared by a dairy farmer during this research period was that “Dairy farming is getting too hard and costs are getting too high, but the pay-out isn't comparative to the raising costs. Work your guts out but not enough margin in it, every two years something changes. We have the pond, shed and separator, we have a lot but feel we get picked on” (Dairy Farmer A, F/G Survey, January 25, 2021).

Are we a volume player in New Zealand? Yes, historically we have been competing strongly on the commodity markets through meat and milk production. I don't believe New Zealand primary industries can afford to continue with a volume strategy. However, the transition away from producing volume - to value producers is most important. The document Fit for a Better World, states that “For a start, we need to be very clear we are not a volume producer – and we should stop acting like one. Selling commodities in undiversified markets is a race to the bottom. Yet we have let that be our default position” (Primary Sector Council, 2020). Can we change that? I believe so, but to ask for change you need to share in the reward!

1.4 Incentive for a long-term contract/niche markets

A grower interviewed for this research offered the following insight on their sector in the 90s when New Zealand wine started exporting product. “There was that realisation that New Zealand wine was never going to compete on a volume basis. No way we could compete with South American and Australian countries etc. - that's huge volume....New Zealand wine is extremely good quality, so we can compete on a premium basis (Viticulture A, F/G Survey, January 29, 2021). How has the New Zealand wine industry gone about achieving a premium (value)? The industry collaborated to make sure all players are working towards a similar outcome. If you can lift the standards across a sector, it helps aid the market to trust and believe that you have a premium product worth a premium price.

An excellent example of how a long-term contract/niche market can work well is the case of NZ Merino (NZM), through their farmers' ZQ Natural Fibre programme. Their vision, to produce the world's leading ethical wool, doesn't come easy – but our growers believe in farming sustainably for generations to come (ZQ Natural Fibre, n.d.). NZM trades on quality and does this in a great way – by having all their suppliers having buy-in to the standards not only demanded by NZM but also the consumer. NZM audits farmers on a three-year cycle so that the message they are giving to the consumer is to be trusted as a premium product. I feel this can be a scalable model that can help all the primary industries achieve premium product positioning.

The ZQ programme (ZQ Natural Fibre, n.d.) requires growers to provide these five basic freedom requirements:

- Freedom from thirst or hunger
- Freedom from pain or distress
- Freedom from injury or disease
- Freedom from discomfort or inadequate shelter
- Freedom to display normal patterns of behaviour

The basic requirements also cover the three pillars of the Triple Bottom Line I discussed earlier. The basic ZQ programme requirements cover off the planet pillar of the TBL through positive animal management. As for the environment, NZM growers are required to have a Land Environmental Plan, which helps them establish ways they can sustain their individual property, to protect it for today and generations to come. The other pillar of people the ZQ programme promotes is the social and economic welfare of farmers, farming families, farmworkers and their local communities. ZQ promotes safe and healthy workplaces, fair wages and their growers have access to income stability through a forward contract model (ZQ Natural Fibre, n.d.).

The programme asks producers to sign into a code of conduct, which if not complied with would see premium product access in jeopardy. As a farmer explained in my survey: “there needs a mixture of carrot and stick – actually need to make it uneconomic for those poor performers, as it's pulling us down” (Sheep and Beef Farmer A, F/G Survey, January 25, 2021).

The example above has been a shift in mindset. Understanding our opportunity in the world as a premium producer means we can demand top dollar if we can back-up our claims of value. The value capturing approach is a long-term strategy and a step towards the next stage, which is introducing values into the conversation of our more aware and demanding consumer.

I agree with this section from the Primary Sector Council's “Fit for a Better World” document about owning market categories. One outstanding example of this is Zespri's development of the gold kiwifruit category. This New Zealand company worked with researchers to develop a new variety that would excite consumers. Then, they carefully positioned gold kiwifruit as a whole new category, so in supermarkets you will find green and gold kiwifruit alongside each other – two where there was one. And, the premium returns are coming right back to New Zealand (Primary Sector Council, 2020).

Value capturing by New Zealand primary industries is a long-term strategy that takes collaboration from the producer to market channel, to the consumer. All links in the supply chain cultivate the true value of a premium product, so all parties along that chain need to be rewarded fairly. Capturing incentive alignment was put into a case study by Lincoln's Agribusiness and Economics Research Unit: “in many value chains, the relationship was seen as more important than a formal contract. That's not to say that contracts are not useful as they are a key way to mitigate risk, especially as the chain grows in scale. However, other relationship factors such as trust and shared values were given greater weighting (McIntyre et al, 2019).

1.5 Social Licence to farm

Lain Jager, at the launch of the Food and Fibres Sector Vision and Strategy, suggested: “There is no future for us which is *not* [emphasis added] based on care and nurture for the environment, it's not just a New Zealand issue but a global issue” (Jager, L, 2020). With quality products demanding a premium and New Zealand primary industries discussing the shift from volume, to value, to now values, this means that we need to be closely connected to the end consumer to be able to adapt and pivot where their trends dictate.

Quality products that are trading at the top of the market (values) need to be able to show provenance and provide assurances that the consumer is paying a premium price for a product that lives up to expectations. This is a positive story – but if you look back in the '90s, not all cars had air conditioning, CD players, cruise control, lane assist or many other features. The vehicle buyer as a result now has a higher expectation than previously, which will continue to evolve. Relating the car example to value capture in New Zealand food and fibre, it must be considered that the consumers' expectations too will progress from where they currently are. I don't find the growing consumer expectations as an issue, as long as the third pillar of profit is developing along with it.

The Primary Sector Council document captures the Social Licence to Farm movement and what framework to use. “Fit for a Better World” believes Te Taiao as our way forward. It starts from the deep connection that we each have to the land, from which we will develop practical pathways for our work on-farm and right through the value chain. It will draw on Mātauranga Māori (traditional knowledge), modern sciences and sector know-how (Primary Sector Council, 2020).

2.0 Mindset, farmers/growers' readiness for change?

The people who run farms, orchards, and other enterprises in New Zealand are well used to working with change and uncertainty. But it's clear as a sector we currently face change and uncertainty at whole new levels. In some cases, farmers and growers will be able to evolve current production systems and in others, they will have no choice but to undertake more radical change (Primary Sector Council, 2020).

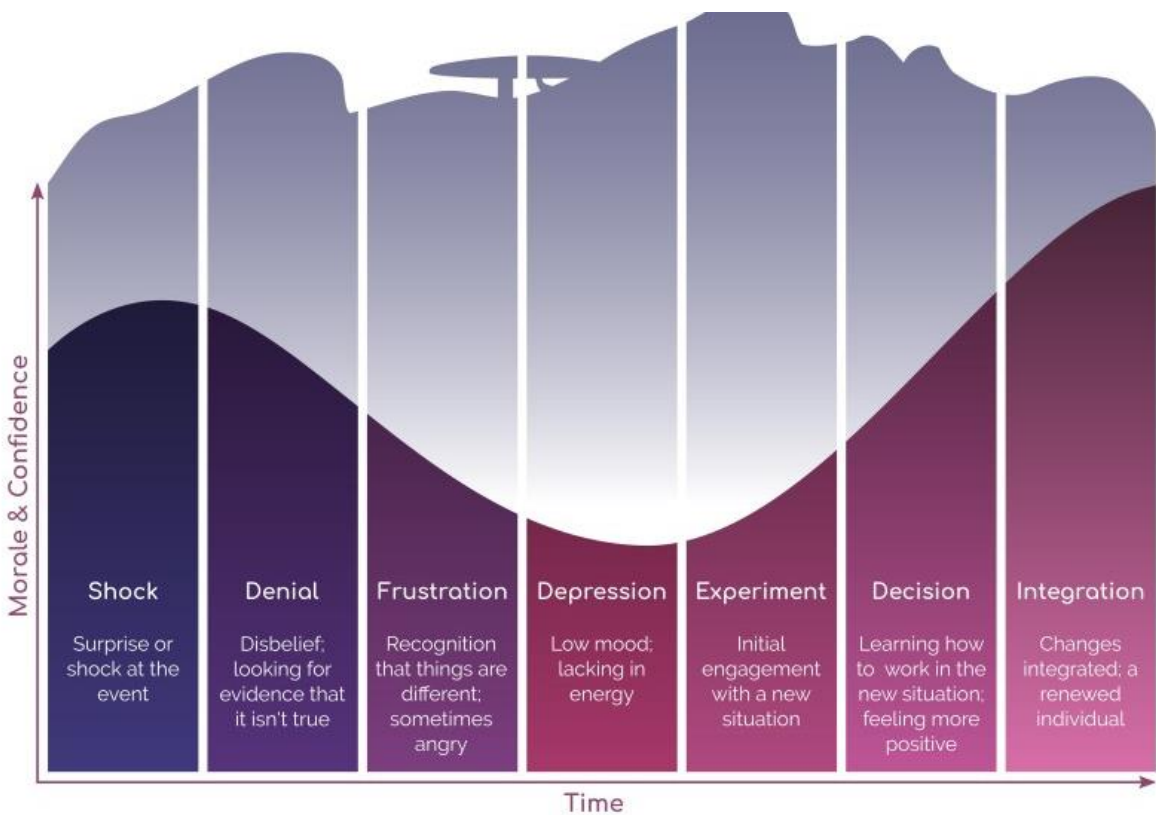


Figure 4. Kubler-Ross Change Curve®. Sourced: (Elizabeth Kubler-Ross Foundation, n.d.).

The Bottom Line! Are farmers/growers being recognised for making change!

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Understanding and identifying how people deal with change has been proposed by Kubler-Ross through the change curve model. The original model was documented for grief, trauma or serious illness (Elizabeth Kubler-Ross Foundation, n.d.). However, the context of the model has adapted so applies to other change, which as depicted to the seven-stage change curve (Figure 4). Farmers/growers experience of change could be plotted on this model to understand the emotions attached to change whether it is imposed, by choice or collaboration.

To use the recent COVID phrase, unprecedented change is happening right now. So how do our people see uncertainty and change? Albert Einstein has been quoted as saying “we cannot solve our problems with the same thinking we used when we create them” (BrainyQuote. n.d.a). As has been said by many of our primary sector leaders and international leadership, New Zealand farmers/growers do a great job when it comes to the environment, innovation and quality. But how do we practise different thinking to solve our problems?

62% of farmers said that they or someone on their farm had experienced mental health issues over the last year.

“View from the Cowshed, (DairyNZ, 2020)”

Through my sector interviews, I wanted to get a feel for where our farmers/growers sit with all the change that they are experiencing right now. Is the commentary the same with a large family farm or a corporate entity, or is there a difference between them and our grassroots independent farmers and growers? My interviews have shown that our farmers/growers believe, like the commentary from our sector leaders and abroad, that they are doing a good job. Every participant rated themselves the highest in terms of “readiness for change”. What this theme is showing is that our people are endeavouring to do the right thing on the farm and have plans to continue to operate as guardians for the land. Interestingly, not many of the surveyed farmers/growers had heard of Te Taiao and the “Fit for a Better World” vision and strategy document. However, from their answers, they share the same concepts of looking after the land and people, whilst trying to make a sustainable living.

Table 1. Readiness for making change rating (Low to High*).

Survey Participant	Yourself	Your Peers	Your Primary Sector	NZ Primary Industries
Dairy Farmer A	5	5	3	3
Dairy Farmer B	8	6	6	4
Sheep & Beef Farmer A	9	6	6	7
Sheep & Beef Farmer B	5	5	3	3
Horticulture A	6	6	5	5
Horticulture B	10	3	3	7
Viticulture A	9	7	6	7
Viticulture B	9	7	7	5
Seafood	10	4	4	6
Forestry	8	6	7	7

* one being not ready/dislike change: ten being completely ready/love change.

What the table above demonstrates is that the New Zealand primary Industries can always do better and need to focus on continuous improvement so we can capture the value from the “fussy consumer”. Referencing Fig 5. and the above table, farmers/growers believe there is 46% room for improvement for New Zealand's primary industries as a whole. That gap is compared to the individuals' gap of 21% room for improvement, as each farmer/grower believes they are ready for change. My hypothesis is that it is likely if I extrapolated my survey out to 100 – 10,000 farmers and growers, the theme would remain. Taking this into consideration, I believe the true percentage of room for improvement is more like 20% +/- 5%, which aligns with the external world view of our farmers and growers.

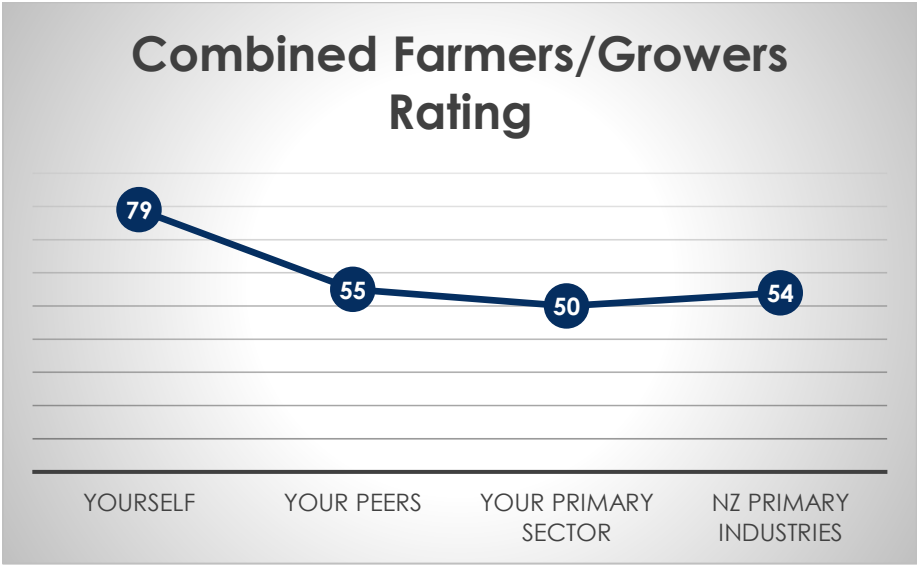


Figure 6. Readiness for making change across F/G survey participants.

This result from the “readiness for change” leads to asking the question around the effectiveness of our communities and sector leaders. Why is it that our farmers and growers think this of their peers? The combined total suggests that there is a 25% (79-54) gap between a farmer/grower understanding their neighbours’ or sector peers’ ability to adjust to the changing environment asked of them. This also leads to another question that needs further research: (*1) how much of the farmer confidence is influenced by misinformation and media?

2.1 Challenges with change?

Regulation of farming practices is seen by many land users as blunt, one-size-fits-all, and not appropriate for their situation. This stirs resentment rather than fostering an ethic of care for our waterways, for our special places, and for each other (Sinner, Tadaki, Kilvington, Challies, Tane. 2021).

Pointing out what is wrong is often much easier than find out what the opportunity is. This is where my survey provides a strong insight into where New Zealand’s primary industries need to continue to focus on – the voice of a farmer’s excellent operating purpose, which is “Farming better every day” (Sheep and Beef Farmer A, F/G Survey, January 25, 2021). A strong purpose of farming better every day has the simplicity and connection that reflects the journey New Zealand primary industries is on today – and always.

Table 2. Three greatest challenges seen by F/G survey participants.

Challenges					
People Total	11	Planet Total	11	Profit Total	8
People - Labour	4	Planet - Processes/Regulations	4	Profit - Market Access	4
People - Government/Leadership	3	Planet - Water	3	Profit - Other	3
People - Consumer	3	Planet - Public Perception	3	Profit - Rising Cost	1
People - COVID	1	Planet - Climate	1		

Across the survey participants, it was clear that each pillar of the TBL has actions to focus on. I thought this would be interesting to compare the top five list from my survey to that of the top five key actions from the Agribusiness Agenda 2020 delivered by KPMG (2020), which is a professional

services business providing New Zealand with targeted advice, technical knowledge, and industry. The KPMG Agribusiness Agenda captures opinions and ideas from voices across the primary industry into a consolidated single voice. These voices are from Emerging Leaders, Farmers & Growers, Capital Providers, Educators & Scientists, Māori, and Industry Leaders.

“World Class Biosecurity” has been the top-ranked action for the last 10 years in the Agribusiness Agenda. What was surprising was that in my survey, biosecurity only came to the fore once. Is this because even though we are in the middle of a worldwide pandemic, New Zealand has managed this risk extremely well compared to other nations? Our recent exposure to Mycoplasma Bovis can have a huge effect on New Zealand agriculture. In speaking with some horticulture growers, the scars remain from when the bacteria Psa was discovered in November 2010, killing many Kiwifruit vines and reportedly costing New Zealand growers an estimated \$900 million. It is still very critical that we protect our borders from threats that may change the shape of New Zealand primary industries, as we know it.

Exploring further the KPMG Agribusiness Report, the writer states that the “biosecurity policy should be shifted out of the political arena and made an area where decisions are progressed on cross-party consensus” (KPMG, 2020). This sentiment was echoed many times, with my discussions with farmers/growers indicating a preference for less power in the hands of Ministers and government and more responsibility on Rural Support Services and sector leaders. Our sector leaders are better positioned with knowledge and understanding and have a more direct connection to those farmers and growers, which could lead to better outcomes for our entire primary sector.

When I compared the top five challenges from my survey to that of the top actions listed in the Agribusiness Agenda, both lists are very similar. Processes/regulations from my survey are based on duplication of data, documentation and regulations that enforce changes that are not on point, which is comparative to the 4th action of capturing rural broadband. My interpretation of farmers/growers is that paperwork, data and regulations need to help them create time and revenue, otherwise, it is seen negatively. As Hobbs (2003) depicts, record and documentation requirements can also be costly in terms of the opportunity costs of a farmer's time – i.e. the time spent preparing and maintaining records could more usefully be spent on other activities (Hobbs, 2003).

Table 3. Comparing top challenges/action between surveys (KPMG, 2020).

Challenges	
Farmer/Grower Survey	KPMG Agribusiness Agenda 2020
1 Processes/Regulations	1 World Class Biosecurity
2 Market access	2 Sign high quality trade agreements
3 Labour	3 Create NZ provenance brands
4 Water	4 Deliver equality in high speed rural broadband
5 Government/Leadership	5 Promoting opportunities for future leadership

Market access or high-quality trade agreements sit in the top five positions in actions and challenges seen in the New Zealand primary sector. We are a comparatively small country and according to New Zealand's Trade and Enterprise, if we were to send 95% of our product via export, we can only feed 40 million people (New Zealand Trade & Enterprise, 2020). We need to make sure our trade agreements provide us access to the premium markets for our premium positioned products. New Zealand doesn't need all products to be premium tomorrow but it is something we should be working towards. When reviewing the information from the F/G Survey, market access for them was also about creating new markets, like that of Te Mana Lamb and A2 Milk, which has a strong brand messaging connection directly to the consumer.

Labour and future leadership both rates in the top five on both surveys. The F/G Survey goes further on this point, in that sector and Government leadership was also highlighted as a challenge we are facing right now. A topical focus is around skilled labour, whether the

horticulture and viticulture sectors, shearers or our specialised rural contractors. Labour in the rural sector is a point of concern which was exacerbated in the primary sector by the COVID world.

How do we get New Zealanders back in love with the land? Leadership and media have a big role to play here. I have seen increased investment and focus from our sector leaders to improve the public perception of the rural opportunity in the past 12 months. DairyNZ produced "The Vision is Clear", which is promoting the need for action towards improving our waterways but celebrating farmers for their efforts with strong positive examples (DairyNZ, n.d.). Open Farms is another strong example, which is across all primary industries, sponsored by Beef + Lamb NZ, Our Land and Water and Ministry for Primary Industries, along with numerous other supporting partners (including Farmlands). Open farms are all about reconnecting Kiwis with the Land, Food, and Farmers through farmers host an on-farm event as a part of an annual nationwide on farm day (Open Farms, n.d.).

Imagine if our rural farmers and growers were seen on par with our beloved All Blacks? Both the All Blacks and New Zealand primary industries are seen externally as world-class positive influencers in their fields. The difference is that our farmers/growers at home in New Zealand don't evoke the same positive emotion as that of the All Blacks. (*2) How can we evoke a similar positive emotion – and *reconnect people*? Primary industries have jobs available but we need to lift the public perception in New Zealand so we can attract quality people into this leading industry.

Rounding out the F/G Survey top five is Water. This is not surprising, given the past 12 months in New Zealand have seen record dry weather and multiple regions being declared under drought or experiencing drought conditions. Combined with the drought was the Government's announcement of a new freshwater policy. Water usage and consents are high on all farmer/grower minds, however, water was not present in the KPMG Agenda's top five (but was inside the top 10).

In summary, the challenges in New Zealand's primary sector are known and consistent across all industries, with small variances. We need to progress to rewarding producers through capturing value for their products. As the famous American inventor, Charles Kettering said: "*A problem well stated is a problem half-solved*" (BrainyQuote, n.d.b).

2.2 Opportunities with change?

As one grower explains (2021) how their sector needed to work collaboratively to ensure standards improved to maximise premium exports, "We can compete on a premium basis, however, to do that there was a growing realisation that to offer a premium product for the world, we had to ensure that a consistent basis of sustainability platform that it was based on. I don't want to say story, I hesitate to say the word story, as the story has to be based on reality, otherwise, value quickly comes undone...We needed New Zealand wines to stack up before individual brands good stack up!" (Viticulture A, F/G Survey, January 29, 2021). Like the realisation by the New Zealand wine industry in the 90s, New Zealand primary industries as a whole are sitting at that same point of transition. How can we get all operators on the path towards value to values and reward those farmers/growers for implementing positive changes?

When speaking with the farmers/growers, the top three actions of market access, niche products and upskill/data/succession are evident in their industry. We have an increasing awareness of the need to capture value and values. When this question was posed to the farmers/growers, they said that opportunity sits in market access through quality recognised products. 46% of the greatest opportunities lays in the profit pillar, which again confirms that we need more discussion around incentives for this group. When I see this theme coming through for our farmers and growers, it makes me believe that the primary sector council vision and strategy document has come about at the right time.

Table 4. Three greatest opportunities seen by F/G survey participants.

Opportunities					
People Total	10	Planet Total	5	Profit Total	13
People - Upskill/Data/Succession	4	Planet - Marketing	2	Profit - Trade/Market access	4
People - Labour	2	Planet - Mitigating Innovation	2	Profit - Niche Product focus	4
People - Public Education	2	Planet - Farming Practices	1	Profit - Use of Technology	4
People - Leadership	1			Profit - Diversity of Product	1
People - Marketing	1				

The other key theme that came through the profit pillar was the opportunity to innovate and use technology to help create efficiencies for our farmers/growers to get more out of less. Another strong theme that came through (but not in the profit pillar) was around data and upskilling our people. This again relates to the movement towards capturing value and values.

2.3 What is imposed change?

Before exploring my topic and conducting the interviews, I had a pretty strong bias that I needed to “leave at the back door”. New Zealand farmers and growers are trying to solve issues with a new Freshwater Policy, limited access to Recognised Seasonal Employee (RSE) scheme through the COVID pandemic, Health & Safety compliance, increases to minimum wage, increasing food safety standards and increased consents applications to complete, among others. I came into this research project thinking there was an imbalance with the regulated change, required cost and reward for implementing these changes.

My initial bias was further fuelled after listening to Mitloehner (2020) in his webinar and then reading GHG expert saying that policymakers need to be more supportive of New Zealand farmers...He says New Zealand farmers are renowned for doing a good job around climate change issues and they should be more incentivised. Further to that, he states: “I recommend they are incentivised to work even harder along these lines,” he said. “It is important to keep your eye on the ball, and that ball is warming. It is not about a carbon footprint, it is about a warming footprint” (“Farmers need incentive, GHG expert says” 2020).

Connecting Mitloehner’s (2020) commentary is the risk of imposed change and the view shared by Sinner (2021) on policies. The problem is that, by necessity, industry Good Management Practice (GMP) is defined to suit most farms within that industry. So GMP tends to be ‘lowest common denominator’ stuff and doesn’t reflect the complexities of varied soils, weather, land use and farming practices that ultimately determine the health of waterways (Sinner et al, 2021).

I agree that policy is necessary but don’t believe that policymakers are what is going to get us where we need to be. Policy is useful when government and trade envoys use these policies (minimum standards) as a bargaining tool when negotiating access to new markets. (*3) How can more transparency around the terms of our trade agreements lead to improved acceptance of change? I believe the government should be more transparent on which policies relate to which trade agreement - remembering regulation is only a ticket to the game and we should be striving for better. A general comment from someone in the fisheries industry about change overall in New Zealand’s primary industries was that “we don’t change until we get pushed” (Seafood A, F/G Survey, February 4, 2021). For our primary industries to capture the value required, we need to raise those that sit at the bottom. Doing so collaboratively with sector leaders and farmers/growers is a better way to have policy implemented.

When exploring the farmer and grower responses to imposed change, most of the comments were focused on the values reward type. The commentary had a wide range of areas where change had impacted but most were around best practice, perception and process. Labour also featured strongly. Interestingly, a grower believed “Labour expectations is driving innovation faster than ever before” (Horticulture B, F/G Survey, February 5, 2021).

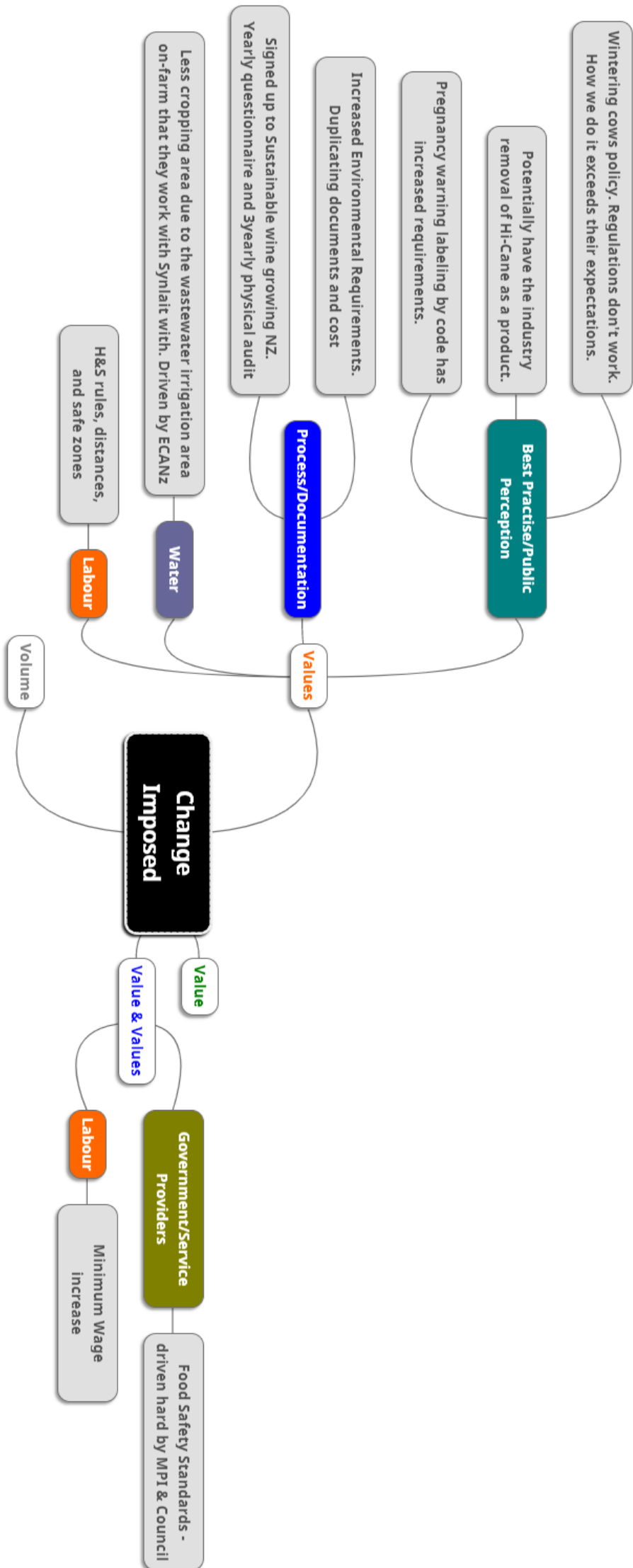


Fig 7. Mind map from F/G in the last two years: examples of “Imposed Change”.

The Bottom Line! Are farmers/growers being recognised for making change!

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Can our government be more supportive of policy rather than an adversary for change? After tuning in on the New Zealand Roundtable for Sustainable Beef webinar titled *Rethinking Methane*, the leading GHG export Frank Mitloehner (2020) talks about how his state of California legislature did something very smart. Instead of using rules, regulations, and fines, which he calls the cane approach, they used the carrot approach instead, which meant instead of using fines and so on, they used financial incentives to help farmers achieve those methane reduction goals...to help farmers invest in techniques and technologies to reduce methane, for example, anaerobic digesters, alternative manure management practices, and others” (NZ Sustainable Beef, 2020). Requirements on farmers and growers in the primary sector include fencing waterways, farm environment plans and carbon zero targets. How can the government support the change they are requesting? Can the government learn from how California was able to influence the change through good legislature?

A grower from a more corporate surrounding summarised change by saying they adapted to change to ensure their business remained sustainable. All seemed able to connect that environment, people, and profits are where a business is sustainable (Viticulture A, F/G Survey, January 29, 2021).

When asked which actions they have taken to support environmental improvements, Respondents could choose multiple answers to this question.

89% of respondents said they have fenced waterways to exclude cattle.

73% said they had carried out pest control.

73% said they had carried out nutrient budgeting.

“View from the Cowshed, (DairyNZ, 2020)”

Consideration of the TBL is critical when the government considers future regulations. When it comes to change imposed on the operation, less control may lead to other changes as a business attempts to integrate to make the imposed change work.

2.4 What is change by choice?

The question referencing Change by Choice to the farmers/growers survey group was challenging from a research perspective, in particular narrowing the number of changes down to one action. The commentary could be summarised as “oh which one”, which reiterates mentioned earlier from Heraclitus “*There is nothing permanent except change*” (BrainyQuote. n.d.b).

An interesting observation was that when collating the information (represented in Fig. 8), the survey subjects made the most changes in the values area. To be more specific, the values area of most actions was where the farmers and growers were considering the public perception of being guardians for the land. These changes don't necessarily provide the group extra revenue or improved efficiency – it is done because it's the right thing to do. Even when values-driven policies were implemented, this group indicated they were already doing those actions beforehand. Retiring non-productive land and planting trees are things that all take time and that is where the Farm Environment Plan becomes a valuable tool.

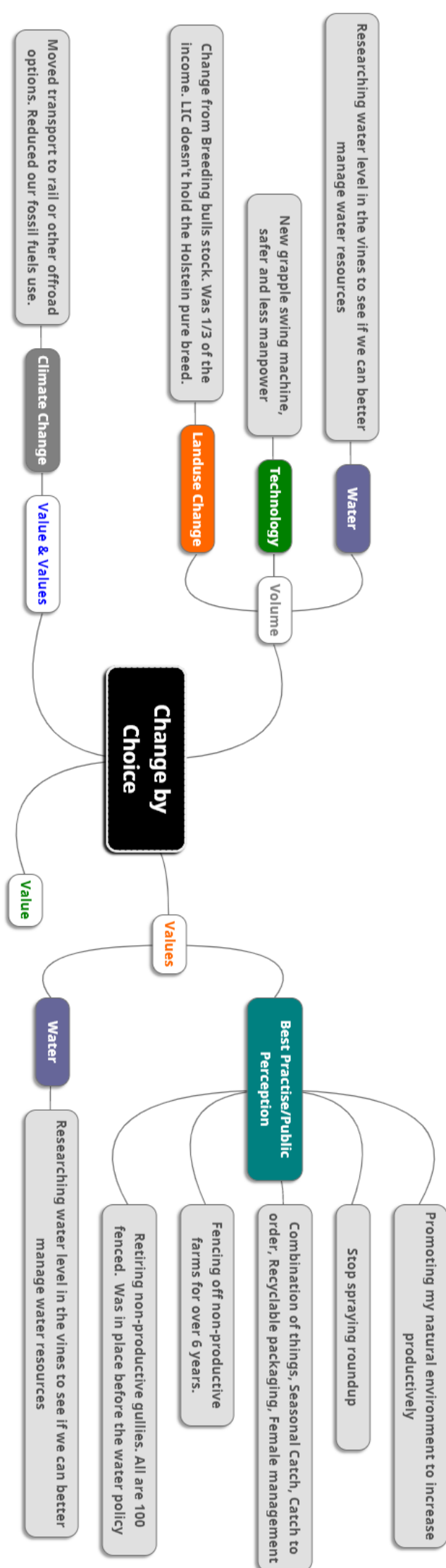


Fig 8. Mind map from F/G in the last two years: examples of “Change by Choice”.

The Bottom Line! Are farmers/growers being recognised for making change!

Bryan Milne – Cohort 42, 2021

Commentary from the “View from the Cowshed” stated that without profitable businesses, many farmers will be unable to invest in further reducing their footprint to meet the increasing expectations of both our consumers and society. 42% of farmers surveyed said the number one issue impacting the profitability of their business was changing government regulations. 33% of farmers understand how they could reduce their environmental footprint but doing so would undermine their profitability. Its vital government policy sets a clear pathway and provides farmers with sufficient time to make change on-farm (DairyNZ, 2020).

Farm Environmental Plan or farm plans, in general, are a tool that could capture the farmers/growers plan and progress. Our farmers and growers need recognition for guardianship. They predominately know what to do but it comes down to the timing and financial means to do so.

2.5 What is change by collaboration?

In the “View from the Cowshed” document (Get our environmental setting and support right, page 10), the government needs to partner with farmers and support them to play their part to meet new environmental standards. New Zealand farmers have a strategic opportunity to improve local environmental outcomes and meet the expectations of our global consumers – but success will require partnership and Government investment (DairyNZ, 2020).

As the commentary from the *Cowshed* and some of the F/G Survey participants indicates, this is both an area of concern and opportunity.

The opportunity which is shown in Fig 8. is that clearly, collaboration has many ways of improving your position through either on-farm inputs, research and market access. When asking the group this question, you can audibly hear the positive nature of this change type and one day it may help improve our struggling rural towns and communities.

I agree with the approach of Sinner (2020), of the ‘New Models of Collective Responsibility’ programme team, and their work on Catchment Groups. Their four-step model can not only address this issue but can be utilised further afield. Sinner writes of a co-ordinated approach that links adjacent farm plans and focuses on outcomes. Linking farm plans can enable landowners to identify solutions unique to their soils, land use practices and waterways, as well as pool resources to undertake shared works (Sinner, Tadaki, Kilvington, Challies, Tane. 2020). What I liked about this approach was its local nature, so regional and sector variances can be catered for with smaller catchment groups. Also, the ‘New Models of Collective Responsibility’ programme team provided a framework through a stepped plan to success. I believe this framework could work with other issues, factoring in a slight adjustment for context.

The four key elements:

1. Focus on outcomes,
2. Develop sub-catchment plan
3. Partner with Tangata Whenua,
4. Monitor and Adapt (Sinner et al, 2020).

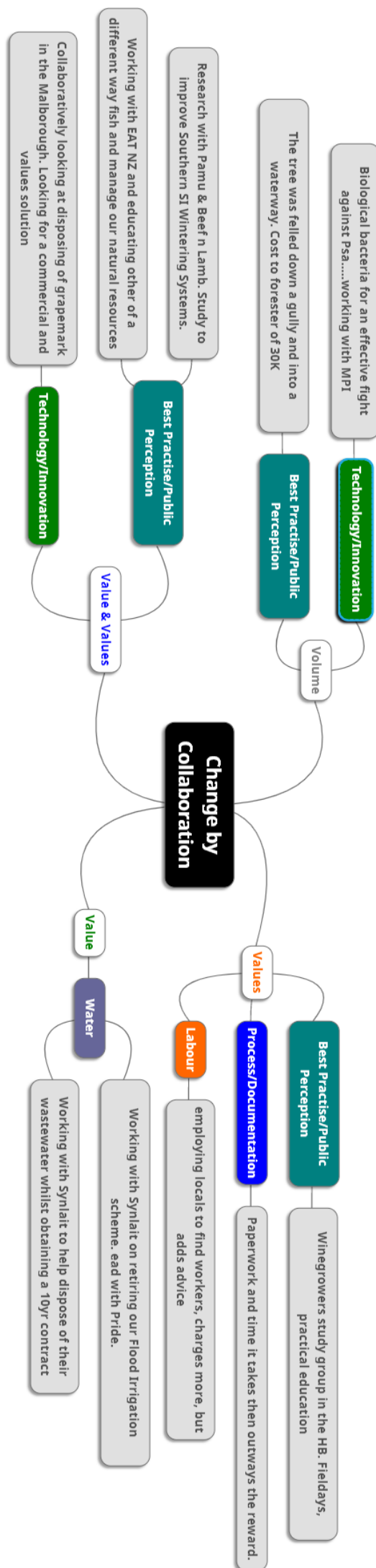


Fig 9. Mind map from F/G in the last 2 years: examples of “Change by Collaboration”

The Bottom Line! Are farmers/growers being recognised for making change!

Bryan Milne – Cohort 42, 2021

The concern I have, echoed by the group, is that our small towns and communities are changing and there are fears we are unable to 'get them back' to how our grandparents remember communities. Communities that are supportive, engaging, vibrant town halls and country schools. Is returning to the communities of the past the right approach? Doug Avery talks about Bouncing Forward into a new place – a place where you have learned from the past and have taken the next step. The goal shouldn't be about getting back where small rural towns and communities once were, rather moving forward to a more effective and prosperous place to be involved with.

How did we let it get so bad? One fisheries worker (2021) said to me that his reasoning why small towns haven't had a lot of investment in recent years – and his subsequent concern – is that bigger companies are holding them at ransom by holding the price down to a point where the farmer struggles to fence waterways, explore new markets, invest in their farms and communities... This survey subject said his parents lived in strong communities and while remembering it through their parents' perception, the next generation doesn't know what a strong community looks like (Seafood A, F/G Survey, February 4, 2021).

How can our rural towns and communities take the next step and Bounce Forward? (*4) This question was connected to my research but was out of scope for further dissemination. This subject should be promoted, as it is critical to the ongoing success of New Zealand primary industries.

3.0 Leadership needed

"The greatest risk New Zealand's Agriculture, Food and Fibres Sector faces just now is under-estimating how much we need to change". Further on this point, the Primary Sector Council "believe there will be strong demand for naturally and ethically produced, nutritious and safe food and fibres – and we in New Zealand could meet this demand. There is opportunity for us if we transition fast enough" (Primary Sector Council, 2020).

New Zealand's primary sector has, in my opinion, been a leader in GAPs. However, these practices can never stand still because society, the environment and economics don't stand still. The vision and strategy proposed by the Primary Sector Council were the first of its kind for New Zealand as an all-encompassing plan. This plan captures the needs of the market, consumer and opportunity, whilst putting the blueprint down on how we are to be seen as a positive social, environmental and profitable sector.

33% of farmers said they understand how they could reduce their footprint but doing so will undermine their profitability.

"View from the Cowshed, (DairyNZ, 2020)"

What leadership is needed to make this vision and strategy happen? A farmer (2021) said to me with conviction (which only a good passionate farmer would), "I believe in the concepts of Te Taiao, but to quote Nike, Just Bloody Do It" (Sheep and Beef A, F/G Survey, 2021). This shows a need to take action that has the sector working together to accept this vision and strategy, and enabling our Farmers/Growers (F/G) to show the world our quality products.

Chris Parsons and Lindy Nelson (2021) answered this question on GroundHQ's podcast series, *Leadership – What is our role as leaders to foster change in the rural sector?* The important message I extracted was that leaders aren't titles, positions, or your traditional authority figures. They are someone who invests time, are an enabler and provide opportunities for growth in people so they can then organically pass the baton on. Parsons (2021) said: "Initially people mistake leadership for status. Leadership is about accountability and responsibility. It's about connecting people to purpose...the legacy of a leader is more and better leaders" (GroundHQ, 2021).

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Why is strong leadership important for New Zealand? As covered earlier in this research paper, our country has the highest degree of economic dependence on the production and marketing of food and fibres among the nations with developed economies (Primary Sector Council, 2020). In my discussion throughout the F/G Surveys, it was evident that leadership is needed because of the increasing amount of tactical change needed in our sector to capture the value we need to have sustainable businesses.

A strong indication of how to move forward is through collaboration and partnerships. Working alongside regional councils, peers, or other government service providers was proving to be a positive outcome rather than being adversarial to change. The key to a partnership is to have an equal amount of respect and understanding of what the problem is that all parties in that partnership are working towards solving, or as Chris Parsons said, "connecting people to purpose" (GroundHQ, 2020).

The Fit for a Better World vision and strategy document is all about "purpose", and it discusses the concept of Government-enablement. Forming an effective industry government partnership is central to achieving the vision. Central and local governments are significant funders and provide many critical services, as well as being a policymaker and regulators. We need to be clear about the roles of government and our sector to make sure we get the balance right. Regulation, in particular, can enable innovation and value creation by focusing on intended outcomes rather than prescribing activities, while also providing standards that address some behaviours that are too harmful and just can't be accepted (Primary Sector Council, 2020).

In 2020 it was announced that the New Zealand government has allocated NZ\$3b over a three-year term to invest in regional economic development through a Provincial Growth Fund (Provincial Development Unit, 2020). (*5) How can the distribution of the Provincial Growth Fund be focused on benefiting primary industries? I believe investment directed into the primary sector would help those communities thrive. We must have a proportionate amount of targeted spending into the smaller towns, to support those contributing NZ\$42b in New Zealand exports (PGF funding Table 5. found in appendix pg.33). A concern I have is that less than a third (NZ\$680m) could be seen as allocated to primary industries. The potential result of targeted funding could encourage community collaboration, innovation and prosperity.

Nelson (2020) said leadership is "about behaviours and frameworks that enable success in other people" (GroundHQ, 2020). I would add one more thing: consistency. Consistency helps build trust and acceptance of your messaging. I strongly believe that improved, enduring success will come to New Zealand's primary industries once a clear purpose is accepted. This acceptance needs to extend to all actors within the sector, from the worker, owner, rural professionals, logistics, sector bodies, science, government, marketing, media, and many other influencers. All need to be on the same page!

CONCLUSIONS

There is an opportunity for New Zealand to capture more value from our food and fibre products with the world's increasing demand for quality natural, socially acceptable sourced products. The opportunity isn't to compete on a volume basis, nor compete against science based foods but to celebrate our unique natural environment, culture and to share in the rewards of being able to prove we are the producers of premium products.

We have the challenge of change and compliance transition, whether that is data capturing, farm environment planning, adopting new practices, processes, or other examples. Adapting to the evolving requirements is a critical part for our farmers and growers to unlock the opportunities to attract the premium buyer. Change doesn't need to be rushed or to achieve the end goal now. The needs of the consumer today won't be the needs of the consumer tomorrow. However, the journey to change is ongoing and needs to *start* now – and it must be done sustainably. The four values from the "Fit for a Better World" of integrity, guardianship, ingenuity, and respect are the perfect measures to hold each other to account for our actions on our change journey.

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Alignment to a joint purpose will also help affect positive and continuous change so that the already positive stewardship can be recorded and shared repeatedly. Reputation has been a huge factor in how New Zealand has got to the position of being widely accepted as clean, green producers of quality products. The consumers' expectations are evolving so relying on reputation and strong storytelling needs also to evolve to trusted reputation with truth-telling. The messaging is not only important to the end consumer but also for our fellow New Zealanders and our farmer and grower industry peers.

In my methodology, I was wanting to explore through the interviews if there was any difference between both a premium or corporate structured primary business and then someone from an independent primary business. As I discovered during this study, the difference is not what actions the farmers and growers were undertaking in their business. The difference at times was more how each group, A and B, were able to articulate and connect their reasoning to "Fit for a Better World" and pillars of the "Triple Bottom Line". Upon completion of my study, I believe that change is the same from both the group A and B type of businesses points of view. The shift to a general understanding from New Zealand farmers/growers, that we need to make change and better represent themselves to the concerning consumer, was encouraging for a long-term prosperity viewpoint.

We need to have strong communities and services that support individuals through the change transitions. Harvesting a collaborative environment will enhance learning, innovation, and wellbeing, which shall see the primary sector become more resilient to the changing environment. Having government and sector bodies to support and invest in the farmers and growers is how the primary sector can achieve the vision and strategy laid out by the Primary Sector Council. We need to break down the working in isolation attitude and encourage collaboration. As the proverb suggests "a problem shared is a problem halved".

For New Zealand farmers and growers to have the capacity to invest in positive change, they need to be resilient to change and have sustainable businesses. I see the critical discussion that needs to be held, upon proposing any change, is a balanced view of the "Triple Bottom Line". Each pillar has equal importance so that the primary sector has commercial sustainability so we can be guardians long into the future. We are capable of achieving this.

RECOMMENDATIONS

IMPLEMENT A LEADERSHIP COUNCIL

Addressing leadership in the primary sector and reinstate the Primary Sector Council. The Primary Sector Council will be in charge of implementing the "Fit for a Better World" vision and strategy. This council would need to have a strong structure to it and each primary industry is to have a seat at the table. Nine members of the council would come from the sectors highlighted by MPI in the Situation and Outlook for the Primary Industries (MPI, 2020) along with two others, with one being the current Minister for Primary Industries and an elected Farmer/Grower.

- | | |
|---|-----------------------------------|
| • Dairy | • Seafood |
| • Meat & Wool | • Arable |
| • Forestry | • Minister for Primary Industries |
| • Horticulture | • Elected Farmer/Grower |
| • Other Primary Sector Exports and Foods* | |

* Other Primary Sector Exports and Foods include live animals, honey, and processed food.

One of the nine members would be the chair which would have a two-year cycle, of which the chair must shift to a different member unless all nine agree for the chair to be re-elected for another two-year cycle. If the chair isn't re-elected, then the remaining eight members become available to be voted in. The outgoing member isn't again available for chair until five two-years cycles are completed.

Purpose of the Primary Sector Council:

1. Successfully implement “Fit for a Better World” vision and strategy
2. Promote collaboration between all sectors and government

The potential results could be the following:

- Clarify purpose for all New Zealand primary industries
- Government and primary industries to collaborate
- Demystify the risk of one sector having too much influence through a structure rotation of the chair.
- Diminish the perception of the gap between government and farmers/growers by having the Minister of the day on the council.
- Magnify learnings through collaboration on industry's issues and successes

The potential risks of not doing anything:

- Persisting to have regulation with little collaboration
- Isolating behaviour of sectors
- Duplication of documents and unaligned processes
- Confuse consumer through multiple brands and assurance programmes

ALIGNMENT OF ACCREDITATION TOOLS

For New Zealand farmers and growers to stand behind our claims or actions taken that were outlined in the “Fit for a Better World” document, there would need to have an approved auditing programme. The purpose for a singular programme that captures both Farm Assurance Programme(FAP) & Farm Environment Plan(FEP) needs would be the best and most consistent approach. The governance would be charged to the proposed Primary Sector Council.

Two actions to be taken by the government:

1. Provide increased specialised help and support in developing their FAP/FEP. Each exporting farmer and grower to be provided three-hour consultation
2. The government to either cover or subsidise the auditing process

The potential results could be the following:

- Increasing farmer and grower's compliance with a singular FAP/FEP
- Enhancing collaboration between farmers/growers and government
- Capturing value through an effective tool
- Promoting further qualified auditors
- Improve consumer trust through a consistent, measurable tool
- Strengthen New Zealand primary sector's brand story

The potential risks of not doing anything:

- Duplicating documentation for farmer and grower
- Complicating the messaging in the market
- Continuing poor engagement and low compliance levels

SUPPORT SERVICES AWARENESS DRIVE

Change is a human problem and for change to be navigated successfully, the need for support services increases. Utilising my own experience, when Farmlands is going through changes, increased messaging of the support available brings awareness and comfort, even when it is not utilised. Support services in rural New Zealand are present and there are some amazing people and organisations providing help.

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I've listed some of the service providers below:

- Rural Support Trust
- Farmstrong
- NZ Young Farmers
- Federated Farmers
- Rural Women New Zealand
- Dairy Women's Network
- Doug Avery's "The Resilient Farmer"
- AG Proud NZ – Facebook Page
- Proud to be a Farmer NZ - Website

Actions to take:

1. Media/news to share more of the positive work happening in the rural sectors
2. Government to increase support to those support services

The potential results could be the following:

- More awareness of the support available to farmers/growers
- Increased positive messaging reducing the urban/rural divide
- Increased ability to accept change
- Recognition of our farmers/growers' efforts

The potential risks of not doing anything:

- Misrepresenting rural sectors on relevant issues
- Widening of the consumer understanding
- Abating rural mental wellness
- Declining acceptance of our necessary vision and strategy

OTHER RESEARCH QUESTIONS TO EXPLORE:

- *1 How much of the farmer's confidence is influenced by misinformation and media?
- *2 Reconnecting people: imagine if our rural farmers/growers were seen on par as our beloved All Blacks. Both the All Blacks and New Zealand's primary sector are seen externally as world-class, positive influencers in their fields. How can we evoke a similar positive emotion?
- *3 How more transparency around the terms of our trade agreements can lead to improved acceptance of change?
- *4 How can our rural towns and communities take the next step and "Bounce Forward"?
- *5 How can the distribution of the Provincial Growth Fund be focused on primary industries?

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APPENDICES

APPENDIX 1: FARMER/GROWER SURVEY

Introduction:

With change being front of mind and ever-evolving constant, I'm wanting to understand from our farmers and growers how they see change, are our farmers and growers best prepared for change, do you have the right support for change.

I'll be asking questions that are quick 1-10 ratings/rankings of "readiness, challenges, opportunities"

We'll then move onto more direct questions around changes you've made in your operation in the last twelve months, what was the motivation behind those changes? Regulation, \$ Reward, collaboratively to do the right thing.

Confidentiality:

Your information will be collated and reviewed to find themes and trends. I'll be using this information for commentary in support of a literature review. You'll be recognised in the research paper as Dairy Farmer A or B for example.

Section one; Intro Question:

Tell me about your farming operation! (*Short history, size, location, the product you produce, who is your consumer, who you supply to, etc*)

1.0 In terms of change for your business in the next 5 years...What is your vision or plan for you?

Section two; Quick Rating/Ranking Questions:

Being ready for Change in farming at present. Rate from 1-10 (*one being not ready/dislike to ten being love change and opportunity*)

2.1 Yourself? 1-10 Rating

2.2 Your neighbours/local peers? 1-10 rating

2.3 Your primary sector? 1-10 rating

2.4 NZ primary industries? 1-10 rating

3.0 In your opinion...What are the three biggest challenges you see in your sector right now? Rank them in order of importance

4.0 In your opinion...What are the three greatest opportunities you see in your sector within the next five years? Rank them in order of importance

Section three; Incentivising Change Questions:

A common view is we need to shift from commodity to now catering to the fussy consumer, which is value for our product. Even more so of late is a shift to values, which around NZ message, manaakitanga, do the right thing which I've phased Social License to operate. Volume to value to values.

Volume = Paid a premium on the normal market

Value = Long term contract or niche markets

Values = Social License to farm, ie freshwater, animal welfare

5.0 Where you do see your own business?

Imposed Change, transitive to introduce something such as a new law or new system, and force people to accept it. rules and regulations imposed by national governments. "fencing off waterways"... "government/regulatory bodies"

6.0 What is an example of this in your business?

6.1 Which reward type did this relate to?

Change by Choice, transitive to introduce something in your business or operation that you see as the right thing to do, nonregulatory. "retiring low productive land into trees" "hiring locally rather than RSE scheme"

7.0 What is an example of this in your business?

7.1 Which reward type did this relate to?

Change by collaboration, transitive to introduce something in your business or operation that you and other bodies like Regional/District Councils, Government, Other like-minded farmers/producers. "Central Plains Water Scheme" "???"

8.0 What is an example of this in your business?

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- 8.1 Which reward type did this relate to?
- 9.0 What is the next most significant change you'll be looking to implement in your operation in the next 12 months?
- 9.1 What was the motivation for that change?
- 9.2 Which reward type did this relate to? Social License to farm, Paid a premium on the normal market, Long term Supply Contracts
- 10.0 If you were able, what would be the one or two things you'd investigate to help NZ agriculture?
- 10.1 Action 1?
- 10.2 Who do think is responsible to deliver this?
- 10.1 Action 2?
- 10.2 Who do think is responsible to deliver this?

APPENDIX 2: PROVINCIAL GROWTH FUND EST.PRIMARY SECTOR/RURAL SPEND (2020).

Provincial Growth Fund (Est. Primary Sector/Rural Spend)		
Funding Title	Allocated Funds \$	Project Name
1 Fencing of waterways	\$ 40,931,851	Various x 35
2 One Billion Trees Programme	\$ 65,519,219	1BT Grants
	\$ 50,473,984	1BT Partnerships
3 Afforestation Grants Scheme	\$ 4,000,000	Afforestation Grants Scheme
4 Water Schemes	\$ 11,550,600	Bay of Plenty Water x 2
	\$ 1,151,500	Southland Water x 2
	\$ 32,284,000	Hawkes Bay Water x 4
	\$ 210,000	Manawatu-Whanganui/Horowhenua Water
	\$ 10,000,000	National Water
	\$ 62,909,745	Tai Tokerau/Northland Water x 10
	\$ 7,042,500	Tairāwhiti/East Coast Water x 2
	\$ 9,312,000	Wairarapa Water x 4
	\$ 3,000,000	Te Tau Ihu/Top of the South Water
	\$ 950,000	Canterbury Water
5 Erosion	\$ 31,000,000	Hill Country Erosion
	\$ 9,400,000	Erosion Control Programme
6 Rural Rooding	\$ 7,300,000	Mahia Rooding
7 He Poutama Rangatahi	\$ 990,474	Various Projects x 3
8 Whenua Maori	\$ 47,396,471	Various Projects x 38
9 Kaipara Kickstart	\$ 5,930,000	Various Projects x 2
10 PDU Projects	\$ 169,667,748	Various Projects x 50
11 Te Ara Mahi	\$ 22,077,890	Various Projects x 19
12 Immediate Capital Investments	\$ 81,098,281	Various Projects x 19
13 Renovations – Town Halls	\$ 5,122,922	Various Projects x 13
	\$ 679,319,185	
Total spend of \$680 million of the \$2.95b that has been allocated (Provincial Development Unit. 2020)		