

# Appendix One: Recommendations

This appendix contains the full list of the recommendations that the taskforce endorsed. Many, but not all, of these recommendations are also in the main text of this report.

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The recommendations are based on work done by the innovation, skills and markets working groups, set up by the taskforce. Should you want a greater degree of background information on the recommendations, you can refer to the three working groups' individual reports.

These reports are available at [www.nzte.govt.nz/f&btaskforce](http://www.nzte.govt.nz/f&btaskforce)

## Overarching Recommendations

	Recommended Actions	Responsibility	Timeframe
<b>1</b>	<b>Raising productivity</b>		
1.1	The government and industry to work together through strategic investment in science and improved pasture management to increase output from the pastoral industries by at least 50 per cent by 2016.	Government/industry	Ongoing
1.2	Explore options for industry good funding, including some level of compulsion.	Government	Short term
1.3	Top tier firm engagement  The government to engage directly with the top tier of firms (by size) in the sector to identify how to address constraints on growth and/or assist in realising new opportunities.	Government/industry	Medium term
<b>2</b>	<b>Implementation</b>		
2.1	That a Prime Minister's Advisory Council for the food and beverage sector be appointed to guide implementation of the sector development agenda.	Government/industry	Short to medium term

## Skills Working Group: Recommendations

	Recommended Actions	Responsibility	Timeframe
<b>3</b>	<b>Better labour market information</b>		
3.1	Implement a labour market forecasting framework across food and beverage sub-sectors.	Government/industry	Medium term
3.2	The findings of the Vegetable and Savoury Foods Sub-sector Science and Technology Adoption Research Project to be taken forward by industry and relevant agencies.	Government/industry	Short term
3.3	Complete the productivity study specific to food processing businesses.	Government	Short term
3.4	Consider how best to promote solutions to occupational skill shortages.	Industry	Short term

<b>4</b>	<b>More strategic investment in training</b>		
4.1	Workplace practice: <ul style="list-style-type: none"> <li>Promote and explore industry best practice and incentives around skills development.</li> <li>Increase employee participation in the CTU's Learning Representatives Scheme.</li> </ul>	Industry/Government	Medium term
4.2	Community awareness: <ul style="list-style-type: none"> <li>Develop learning resources reflecting the importance of food and beverage.</li> <li>Promote the sector to parents, youth and careers advisers as a source of quality jobs.</li> <li>Support initiatives from the Human Capability Group in Horticulture and Agriculture.</li> </ul>	Industry/Government Industry Industry	Medium term
4.3	Responding to changing skill needs: <ul style="list-style-type: none"> <li>Explore ways to make the skills and training system more responsive to changing and new occupations.</li> <li>Increase support for initiatives that Learning Representatives could undertake and build on ITO work to integrate literacy training.</li> <li>Promote the relationship between high foundation skills and productivity.</li> <li>Encourage the uptake of relevant vocational qualifications in the sector.</li> <li>Assist displaced workers to find alternative employment, preferably within the sector.</li> </ul>	Government/industry providers Industry Industry Industry Government/industry	Medium term
4.4	Quality and relevance <ul style="list-style-type: none"> <li>Link funding to the new Tertiary Education Strategy and the Statement of Tertiary Education Priorities.</li> <li>Better link ITOs to the funding decisions and priority setting of the Tertiary Education Commission.</li> <li>The TEC to encourage greater alignment between ITOs and other tertiary education providers.</li> <li>Review quality and relevance of food and beverage related qualifications.</li> <li>Consider consolidating courses in specialist industries into a single centre of excellence.</li> <li>Review relationships among polytechnics, ITOs, industry and unions in setting food and beverage related qualifications.</li> </ul>	Government Industry/Government Government Government Industry/Government Industry/Government	Medium term
<b>5</b>	<b>Attractive careers</b>		
5.1	High quality workplaces and careers: <ul style="list-style-type: none"> <li>Department of Labour stocktake into career promotion initiatives within the sector to be completed and the findings shared with industry.</li> <li>Tailor education and training for food and beverage to include increased focus on management and leadership capability.</li> <li>Managers and unions to be engaged in developing industry standards and encouraging technology uptake and other productivity improvements to improve wages and conditions and, therefore, recruitment.</li> </ul>	Government Government/industry Industry	Short term Medium term Medium term

<b>6</b>	<b>Implementation</b>		
6.1	That the food and beverage Skills Action Plan be implemented.	Government/industry	Ongoing
6.2	That a new industry-led group, the Skills and Training Action Group, be established – consisting of the relevant education and training organisations, industry and government agencies – to oversee implementation of the food and beverage Skills Action Plan.	Industry/government	Ongoing
6.3	That a workforce centre of excellence in the food and beverage sector be established and housed within the CTU. The centre would promote worker engagement and commitment to deliver the Food and Beverage Taskforce Development Agenda.	Industry/government	Ongoing

### Innovation Working Group: Recommendations

	<b>Recommended Actions</b>	<b>Responsibility</b>	<b>Timeframe</b>
<b>7</b>	<b>Develop a National Innovative Food Research Strategy</b>		
7.1	The government and industry to develop a National Innovative Food Research Strategy which covers both basic and applied research and ensures appropriate links and alignment of existing research across New Zealand's research providers, including universities.  Government to consider matching new industry funds or implementing innovative funding mechanisms to support the development of this strategy.	Government/industry	Medium term
<b>8</b>	<b>Align scientific effort with the productive potential of the sector—to support innovation in the food and beverage sector</b>		
8.1	Commission a survey of New Zealand's existing food and beverage research capability, particularly industry research that targets high-value processed foods and products, in order to identify existing and emerging needs.	Government	Short term
8.2	Commission work to develop new mechanisms that will enable research and investment in the food and beverage sector to respond more effectively to global markets.	Government	Short term
8.3	Sponsor a project to develop new tools that will enable small and medium food and beverage enterprises to access industry and government research and innovation.	Government	Short term
8.4	Support work that will establish mechanisms for applying engineering and process development in food research.	Government	Medium term

8.5	Assess the value of increasing research into how food and diet modification influences the health of a population <sup>34</sup> and consider establishing this as a formal area of health research eligible for funding. <sup>35</sup>	Government	Short term
<b>9</b>	<b>Enhance technology transfer and knowledge uptake systems—to build technological capacity and get greater adoption of new technology by industry</b>		
9.1	The taskforce notes that ensuring that technology is transferred and adopted requires investment from both industry and government, where generally: <ul style="list-style-type: none"> <li>• the role of industry is to invest in research and/or transferring technology where benefits are captured by specific industries or sectors; and</li> <li>• the role of government is to invest in research and/or transferring technology that either underpins a range of industries or sectors, or where technology adoption is hindered by a market failure.</li> </ul>	Government/industry	Medium term
9.2	The taskforce supports the Vegetable and Savoury Foods Sub-sector Science and Technology Adoption Research Project.	Government	Short term
<b>10</b>	<b>Link research and development to commercialisation opportunities for new products, processes and services</b>		
10.1	Apply to update the biz.org.nz website with the relevant science pathways and links into science industry information.	Government	Short term
10.2	Sponsor the establishment of local networks of industry, university and science providers to publicise the portal, hold meetings, generate contacts and provide for discussion, which would then hand ideas into the science pipeline.	Government/industry	Ongoing
10.3	Establish regional capabilities in new food product development that are linked both to industry and research.	Government/industry	Medium term
<b>11</b>	<b>Encourage greater collaboration in research and development</b>		
11.1	Based on observations of Pastoral 21, determine how government can best encourage the development of forward looking, whole-of-industry R&D strategies, and, where appropriate, to leverage funding from government - keeping in mind that there will be industries with considerable potential for growth but limited ability to raise funding from within.	Government in consultation with industry	Short term

<sup>34</sup> For example, looking at food as a preventative medicine.

<sup>35</sup> This would be in addition to Government continuing to channel early stage funding into the science pipeline and would not come at the expense of basic research funding.

12	Facilitate the development of new food products		
12.1	Seek advice from the New Zealand Food Safety Authority (NZFSA) on whether there are cases where it would be appropriate to allow raw materials from multiple sectors to be processed in factories that have previously been single-sector, with a view to developing new food products.	Government/industry	Short term
12.2	Seek advice from NZFSA on whether there are cases where it would be appropriate to enable waste streams that are no longer food-approved raw materials being reincorporated into the food chain in a more cost- and process-effective manner and, if so, how to do this.	Government/industry	Short term

### Markets Working Group: Recommendations

	Recommended Actions	Responsibility	Timeframe
13	<b>Identify and communicate market opportunities</b>		
13.1	NZTE should review and update every two years the market research and supporting data it holds on file on the top ten markets <sup>36</sup> for New Zealand food and beverage exports. Any changes should be communicated to all known exporters operating in each market.  Profiles on promising developing markets <sup>37</sup> should also be updated regularly, but less frequently. <sup>38</sup>	Government/NZTE	Ongoing
13.2	Develop and implement an information-campaign to ensure all potential exporters are aware of the assistance offered by NZTE.	Government/NZTE	Short term
14	<b>Expand in-market assistance</b>		
14.1	Expand in-market support through to the supermarket shelf. This could include establishing in-market distribution and merchandising entities to service SMEs and emerging exporters. These entities would be charged with facilitating entry for selected products into selected global supermarkets and food service channels in the top ten markets for food and beverage.	Government	Medium term
14.2	Government should work with industry to establish food and beverage showcases in target markets – particularly China, Japan, USA, UK, Korea, Germany, Taiwan and Canada.	Government/industry	Medium term

<sup>36</sup> Defined as Australia, America, Japan, China (including Hong Kong), Korea, Germany, Taiwan, the Philippines, the United Kingdom and Canada.

<sup>37</sup> Defined as Malaysia, Indonesia, Singapore, Saudi Arabia, United Arab Emirates, India, Russia and Brazil.

<sup>38</sup> Perhaps every five years unless there are significant changes in the market's profile or entry conditions which would justify an earlier review.

	Government support would include the provision of funding and physical resources estimated at \$3 million over three years. It is expected the private sector will contribute 15 per cent of the total cost of participating in each event.		
14.3	Provide additional funding to support renewed and focussed participation by industry in a number of key European and Asian trade exhibitions on a consistent basis.	Government/industry	Medium term
<b>15</b>	<b>Increase supports for exporters</b>		
15.1	To build the capability of SMEs, NZTE to develop an audit and mentoring programme similar to the Better By Design programme. This would include qualifying SMEs undergoing a diagnostic review by a group of experienced business professionals with the objective of identifying strengths and weaknesses, strategic direction and advice on upgrading core competencies, with a view to facilitating improved export performance.	Government/NZTE	Medium term
15.2	Government and industry to work together to encourage the formation of specialist exporters that provide consolidated services on behalf of SMEs [such as consolidation of small consignments for export and negotiated freight rates].	Government/industry	Medium term
15.3	To reduce the cost structure for exporters, government to be encouraged to review export requirements to identify the benefit to the economy of not seeking full cost recovery, but instead apply an equitable sharing of cost between private and public sectors.	Government	Medium term
15.4	Investigate whether there is evidence of a gap in the market in terms of equity investment and financing support for early stage business development in the food and beverage sector. If so, develop policies to address it, including evaluating the applicability of a 21st century version of the Development Finance Corporation.	Government in consultation with industry	Short term
15.5	The taskforce supports the government's continued efforts to negotiate bilateral free-trade agreements and to progress trade liberalisation through the WTO Doha round.	Government	Ongoing
15.6	NZFSA to be requested to increase the number of qualified NZFSA personnel in key export markets.	Government	Ongoing
15.7	That government commit to providing a more business friendly face to relevant NZ Government Regulatory Agencies via improved business liaison.	Government	

15.8	Provide accelerated income tax deductions on specified expenditure incurred to support export market development including research and development.	Government	
<b>16</b>	<b>Catalyse collaboration</b>		
16.1	The government, in consultation with industry, to evaluate the potential of a range of collaborative entities, including Joint Action Groups, industry owned development organisations similar to the Australian National Food Strategy Ltd and regional collaborative initiatives such as Food Hawkes Bay.	Government in consultation with industry	Short term
16.2	The government to provide security of funding over a five year period for at least five and up to seven significant food and beverage clusters. Funding of up to \$2 million a year is envisaged but the actual amount should be calibrated to what is required to deliver a step-change in cluster member capability and performance.	Government/industry	Medium term
16.3	That government continue to fund the development of sector specific strategies, similar to those developed by the aquaculture and pipfruit sectors, to assist in identifying the value proposition for the sector and enhancing sector co-operation and strategic planning.	Government/industry	Ongoing
<b>17</b>	<b>Develop the iconic “New Zealand” brand</b>		
17.1	Establish a common branding theme with which New Zealand food and beverage producers can associate their products. In addition NZTE and Tourism New Zealand to work together to develop complementary publicity material where appropriate.	Government/industry	Ongoing
17.2	Use international trade fairs and the showcase concept to promote New Zealand products overseas.	Government/industry	Ongoing
<b>18</b>	<b>Develop New Zealand food culture</b>		
18.1	Government to provide adequate funding over three years to: <ul style="list-style-type: none"> <li>• establish an annual New Zealand Food Week showcasing the New Zealand offering at home and overseas;</li> <li>• work with regional stakeholders to improve and better co-ordinate regional food and ‘beverage celebrations;</li> <li>• build the image of the food and beverage sector;</li> <li>• establish sales and distribution systems to enable regional products to be supplied to local and national retail outlets.</li> </ul>	Government	Medium term

# Appendix Two: Reference sources

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## Documents and presentations

All the following documents are available at [www.nzte.govt.nz](http://www.nzte.govt.nz)

### 1. Coriolis Research

#### a. *Mapping the Structure of the New Zealand Food Industry*

A top-level overview of the New Zealand food and beverage sector including:

- A framework of facts on the food and beverage industry.
- Information on the historical growth of the sector and its future growth potential.
- An analysis of the sector from a business perspective.

#### b. *An Overview of the Value Chain within the New Zealand Food and Beverage Industry*

A map of the components of the food and beverage value chain

#### c. *Recommendations to the New Zealand Food and Beverage Industry*

Observations from Coriolis on the future of the New Zealand food and beverage industry and on related concerns and conclusions.

### 2. *New Zealand's Food and Beverage Sector: A Focus on the Future*

A discussion paper prepared by the Food and Beverage Taskforce. The paper outlines the key issues facing the sector and certain actions that are needed to realise the sector's potential.

In addition, you will find a summary of submissions made on the discussion document at [www.nzte.govt.nz](http://www.nzte.govt.nz).

### 3. *Report to the Food and Beverage Taskforce from the Innovation Working Group: Lifting the contribution of innovation as a key driver of the sustainable economic growth of the food and beverage sector*

A report from the Innovation Working Group that provides detailed background information on the taskforce's innovation-related recommendations.

### 4. *Food and Beverage Taskforce: Markets Working Group Recommendations*

A report from the Markets Working Group that provides detailed background information on the taskforce's markets-related recommendations.

### 5. *Report to the Food and Beverage Taskforce from the Skills Working Group: Skills Action Plan for the Food and Beverage Sector*

A report from the Skills Working Group that provides detailed background information on the taskforce's skills-related recommendations.

### 6. *High Performance Manufacturing in the Dairy Industry*

A presentation by Paul Brown of Fonterra Co-operative Group and James Ritchie of the New Zealand Dairy Workers Union.

7. *The Aquaculture Industry and the Aquaculture Reform Act 2004*  
A presentation by Robin Hapi of Aotearoa Fisheries Limited and Peter Vitasovich of the New Zealand Mussel Industry Council Limited
8. *Water Issues and Long-Term Implications for the Food Sector*  
A presentation by Dr. Morgan Williams, Parliamentary Commissioner for the Environment, on global and local water issues and the long-term implications of these issues for the food sector.
9. *The New Zealand Food Safety Authority*  
A presentation by the New Zealand Food Safety Authority on food standards, the impact of standards on sector development, the alignment of standards with exporters' needs and whether the authority is adequately resourced to meet these needs.
10. *In-Market Assistance Provided by New Zealand Trade and Enterprise*  
A presentation by New Zealand Trade and Enterprise on its programmes to support the food and beverage sector.
11. *The Food and Beverage Sector is Critical to New Zealand's Economic Growth and Wealth*  
A discussion paper by Graham Stuart of Fonterra Co-operative Group on impediments to increasing the number, and role, of medium-sized enterprises in the sector.
12. *Keeping Pace with Global Market Access Demands: Traceable Proof of the World's Best Food*  
A presentation by John Morgan of AgriQuality.
13. *Trends in the Food Industry*  
A paper prepared by Lauraine Jacobs, Food Editor, Cuisine Magazine.
14. *Emerging Consumer Food Trends*  
A presentation by Dr. David Hughes, Emeritus Professor of Food Marketing at the Imperial College London.
15. *Feedback to the Food and Beverage Taskforce's Discussion Paper – A Focus on the Future*  
A summary of feedback from the nine food and beverage workshops, held throughout New Zealand from 27 February to 10 March 2006.
16. *Schedule of written submissions received on the Taskforce December 2005 Discussion Document*

### **Additional information source**

17. *Australia's National Food Industry Strategy*  
The National Food Industry Strategy is an industry-led, Australian government-funded initiative to support Australia's food industry towards a sustainable and profitable role in the global food industry. For more information, see [www.nfis.com.au](http://www.nfis.com.au)

# Appendix Three:

## Taskforce terms of reference

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### Context

The food and beverage sector engagement takes place in the context of the importance of increasing New Zealand's rate of sustainable economic growth.

The government is inviting sectors and enterprises in New Zealand to join in guiding government policy and decision making as set out in the Growth and Innovation Framework, and reaffirmed in the Sustainable Development Programme of Action.

The vision for New Zealand is: a land where diversity is valued and reflected in our national identity; a great place to live, learn, work and do business; a birthplace of world-changing people and ideas; and a place where people invest in the future.

### Engagement Purpose

The generic objectives of sector engagement are to:

- **Facilitate sustainable economic development**, that is, by encouraging an increase in the proportion of firms pursuing high value added activities;
- **Ensure generic policies and institutional arrangements** impact on a sector in a consistent and mutually reinforcing way – that is, opportunities to change government's generic or sector specific policy settings in order to lift industry growth rates should be identified; and
- **Improve co-ordination, linkages and networks** between government and the sector, particularly in respect of business assistance, science and education.

With this in mind the Food and Beverage Taskforce is asked to establish a development agenda for the sector, including bold targets, if deemed useful; secure stakeholders' ownership of that agenda and commitment to implementing it.

The starting point is recognition of the food and beverage sector's recent success – in terms of quality and international reputation, the increasing proportion of exports as added value products and increased productivity and export growth.

The Taskforce should provide vision, drive and information to help shape strategic thinking in the sector, based on a sound analysis of current strengths, weaknesses, opportunities and threats.

The Taskforce should focus on consideration of solutions resulting in concrete recommendations and actions that involve input from both the industry and government, either collectively or individually. In addition it may want to "drill down" to consider specific sub-sectors at some stage in the process.

### Issues-based Approach

A flexible issues based approach will enable a dynamic working relationship to develop, with issues addressed as they arise and recommendations implemented as they are agreed, rather than waiting until the Taskforce process is complete.

### Strategic Component

The strategic component of the Taskforce's work should provide the sector – in partnership with government – an opportunity to think about likely future scenarios and for considering ongoing needs and opportunities.

A strategic view might be informed by questions such as: how should the food and beverage sector be developed over the next 10 years, given changing demands and market conditions; what would it take, for example, to double the value of food and

beverage exports in that time; what actions for industry and/or government would be required for such development to take place?

## **Sustainable Development**

In its deliberations, the Taskforce should take note of the overarching objectives for development in New Zealand set out in the Sustainable Development Programme of Action.

### **Outcome**

The ideal outcome would be that the resources of industry, government, science and education are focused in partnership to deliver faster, smarter, sustainable growth in the food and beverage sector.

### **Working Groups**

The Taskforce may establish Working Groups to work on specific priority issues. The Working Groups will be comprised of expert sector representatives appointed by the Taskforce and officials from government agencies responsible for policy relating to the issue in question, such as Ministry of Agriculture and Forestry, New Zealand Trade and Enterprise, Tertiary Education Commission, Ministry of Research, Science and Technology, Foundation for Research, Science and Technology, Ministry of Foreign Affairs and Trade, Te Puni Kokiri, Department of Labour, Ministry of Social Development and others. It is at this level that other groups within the sector, such as Industry Training Organisations or sector representative bodies, may be involved or consulted. The size of Working Groups will be flexible as will be their duration. They will be co-chaired by a sector representative and a government official.

The output of the Working Groups will usually be advice to the Taskforce on possible actions for the government and/or industry to address the issue under consideration. The Working Groups may also produce discussion papers or other papers on issues. In parallel with advice to the Taskforce, the relevant government officials will, as appropriate, advise relevant Ministers on policy proposals.

### **Reporting**

The Taskforce will report to the Minister for Economic Development and the Minister of Agriculture.

### **In Scope**

The Food and Beverage Taskforce will consider the full range of the value chain from pre-farm gate/harvester to consumer (including the hospitality industry) and address such things as consumer demand, distribution, marketing and market development, processing, product development, research and development, and production.

In particular it will:

- include consideration of a range of inputs including research, science and technology, skills and labour supply and investment;
- consider various food and beverage products from the standpoint of increasing complexity and specificity along the continuum of primary production, basic food, differentiated food and ingredients, processed food and beverages, nutraceuticals and functional foods and beverage and nutrigenomics;
- include the following sub-sectors: kiwifruit; pipfruit; wine; brewing; processed

vegetables; fresh vegetables; other horticulture (e.g. berryfruit, nuts, olives); dairy; sheepmeat; beef; venison and game, pork, poultry, seafood (wild catch fisheries); aquaculture; and other beverage (mineral water, soft drinks, juices);

- include core cluster businesses, such as agritech and food handling and processing enterprises and services; and
- include the relationships between the food and beverage sector and other sectors with co-joined value chains; e.g. tourism, cosmetics and health.

### **Not in scope**

Non-food primary production activities, e.g. forestry, fibre production, are not in scope.

### **Specific Food and Beverage Objectives**

To achieve its task the Taskforce will likely need to:

- take a whole-of-government perspective particularly by identifying opportunities for improved co-ordination across government agencies and between government and the sector;
- facilitate sector appraisal of, and gearing towards, exploiting the opportunities and meeting the threats provided by changing global (particularly consumer) demand, emerging markets and competitors;
- identify and work towards minimising or eliminating New Zealand specific barriers to realising growth in the food and beverage sector;
- identify and clarify the government's role in addressing these barriers and seizing the opportunities;
- evaluate existing government food and beverage related strategies, programmes or services to ensure that they are in alignment with industry needs;
- facilitate further economic development, by identifying actions to encourage an increase in the proportion of firms pursuing high value-added activities;
- ensure that generic government policies and institutional arrangements are providing the best framework for growth for the sector in a consistent and mutually reinforcing way;
- identify the potential for and pursue improved coordination, linkages and networks within the sector;
- consider and work towards the potential for growth in the wider cluster industries such as agritech, food processing and services;
- identify proactive actions to take advantage of new trade opportunities, including free trade agreements, e.g. with China and Thailand;
- consider the role of the local market and associated food culture, and identify opportunities to develop this further as a means to encourage innovation;
- re-position the sector's image in the public mind to reflect the reality of the food and beverage sector as one that is highly innovative, high performing and an attractive option for investment and careers;
- identify the opportunities to realise the market potential of sustainably produced food and beverage products; and
- assist industry to adopt practices across the value chain (from pre-farm gate/ harvester to consumer) that are environmentally sustainable over the long-term.

## **Timelines**

Two phases of work are envisaged.

### *Active Engagement Phase*

The active engagement phase is projected to last up to 18 months until June 2006. This is envisaged as a period of intensive work identifying issues and formulating recommendations resulting in a development agenda for the sector, with actions being implemented as agreed.

The engagement work programme following the initial Taskforce meeting will be dependent on the priorities identified by the Taskforce itself.

### *Implementation Phase*

It is envisaged that this phase will begin concurrently with the active engagement phase, and entail implementation of each of the individual actions identified by the Taskforce.

The aim will be to complete all implementation within a reasonable timeframe, e.g. 3–5 years from the start of the engagement process. The Taskforce itself, however, is asked to provide advice on the length of the implementation phase, taking into account the nature of the recommendations, and the desire for this to be a timebound process.





