

Ministry for Primary Industries
Manatū Ahu Matua



MINISTRY FOR PRIMARY INDUSTRIES
STRATEGIC INTENTIONS
2015–2020

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

Growing and Protecting New Zealand

ISSN 2463-2627 (Print)

ISSN 2463-2635 (Online)



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STATEMENTS OF RESPONSIBILITY

Chief Executive's statement of responsibility:

In signing this information, I acknowledge that I am responsible for the information on the strategic intentions for the Ministry for Primary Industries. This information has been prepared in accordance with section 38 and section 40 of the Public Finance Act 1989.

Signed:



Martyn Dunne CNZM

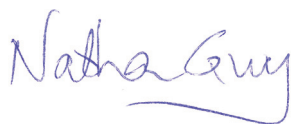
Director-General

Date: 19 August 2015

Responsible Minister's statement:

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

Signed:



Hon Nathan Guy

Minister for Primary Industries

Responsible Minister for the Ministry for Primary Industries

Date: 11 September 2015

Signed:



Hon Jo Goodhew

Minister for Food Safety

Date: 26 August 2015

ABOUT THE MINISTRY FOR PRIMARY INDUSTRIES

Welcome to *Strategic Intentions 2015–2020*

This document sets out the Ministry for Primary Industries' (MPI's) medium-term strategy and demonstrates how MPI plans to deliver the shifts in performance required to be an exemplary organisation over the next four years.

Strategic Intentions 2015–2020 builds on the previous *Statement of Intent 2014–2019*. It also sets out how MPI will deliver on government priorities, as well as cross-agency and primary sector initiatives.

Who we are and what we do

MPI employs 2386 full time equivalent employees (including vacancies) and conducts a wide range of operational, readiness and response, policy, regulatory, trade and industry development activities that support New Zealand's primary sector.

MPI was formed in 2011 from the mergers of the Ministry of Agriculture and Forestry and the New Zealand Food Safety Authority in 2010, and the Ministry of Fisheries in 2011.

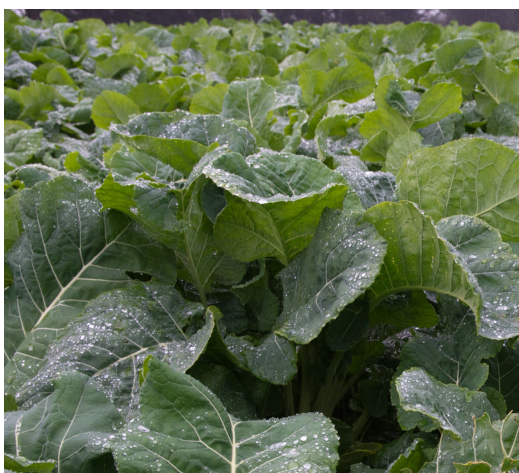
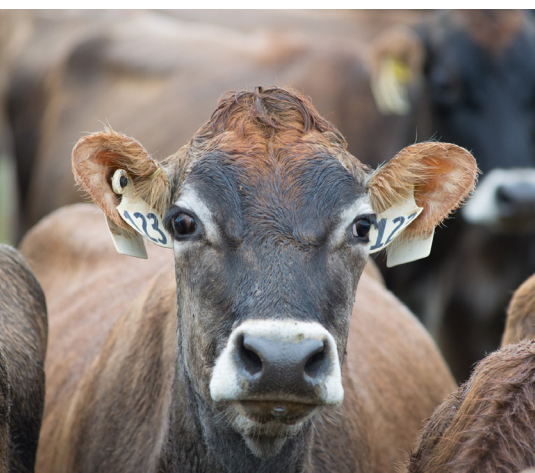
The mergers created a single gateway to New Zealand's Government for the primary sector, and also for overseas regulators of primary products. It brought together the major regulatory systems

that underpin the things that matter to consumers and markets when buying primary products.

MPI's broad mandate allows for a wide view of issues and opportunities across the full value chain of primary production – from the paddock, forest or ocean, through to the processing and transportation system, all the way to the market, and ultimately the consumer. This value chain includes imported ingredients and imported foods, as well as imported biosecurity goods. This scope allows for the deployment of staff across regulatory systems, such as compliance staff that hold warrants for fisheries, animal welfare and food safety. This increases the ability to respond to emergencies and breaches of regulations. MPI also provides independent policy advice to the Government on all these matters. MPI is actively involved in the natural resources, economic and border sectors and works collaboratively with the other agencies involved in order to make a collective impact.

Our work in these areas is essential to achieving government and sector priorities as well as achieving MPI's purpose.

“Strong regional presence: Over 70 locations across the country and around the world”





Our Strategy 2030 – Growing and Protecting New Zealand

MPI is focused on the success of the primary industries for the benefit of all New Zealanders.

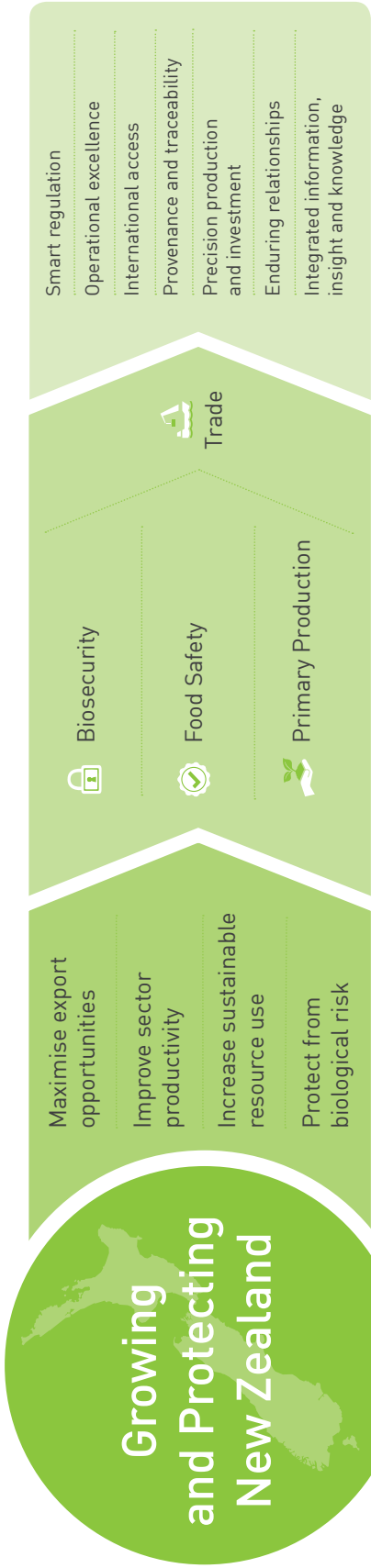
We are striving to help the primary sector double the value of its exports by enabling industries to grow, and to strengthen their environmental performance. To achieve this, we must play a pivotal role in New Zealand's system of trade, as part of our work on biosecurity, food safety and primary production.

OUR PURPOSE <-----> OUR OUTCOMES -----> OUR SYSTEMS -----> OUR PRIORITIES

To achieve our purpose we must:

MPI delivers across four major systems that are central to the success of the primary industries:

We are driving change across our systems through seven priorities:



OUR MPI

In delivering on our priorities we will ensure MPI is:



OUR CORE BUSINESS

MPI's core business is directed through four major systems:



Biosecurity

Through its leadership of the **biosecurity** system, MPI works to prevent harmful pests and diseases from entering and establishing in New Zealand. We manage surveillance and readiness programmes to monitor for, and respond to, pest incursions and diseases when they do occur and we support the management of established pests. In doing so, MPI protects New Zealand's natural advantage and resources, and facilitates trade. This is critical to ongoing market access for many of our export products.



Food Safety

Through its leadership of the **food safety** system, MPI is focused on ensuring that food is safe and the health and wellbeing of consumers is protected. MPI sets regulatory requirements for New Zealand's food safety system and food exports. We undertake auditing and monitoring of the system, verification to support assurances to export markets, enforcement of food safety requirements where necessary and are responsible for ensuring that imported food is safe and suitable. MPI also contributes to the shared trans-Tasman food standards environment.

The New Zealand food safety system extends from "farm to fork". It encompasses all food and beverages for human consumption, pet foods, animal feed, agricultural compounds and veterinary medicines. The system allows consumers in New Zealand and around the world to buy and

consume our products with confidence that safety and suitability are amongst their desirable characteristics. It is pivotal to New Zealand's reputation as a trusted trading partner.



Primary Production

Through its leadership of the **primary production** system, MPI oversees New Zealand's primary production. Our role includes educating on, and enforcement of, animal welfare standards across New Zealand and developing mechanisms for sustainable limits and practices within our agriculture, fisheries and forestry industries. MPI also works with central and local government to support increased productivity across the primary sector, and increased sustainable use of resources, such as water and soil. We play a major role in New Zealand's domestic and regional economic development through our work with farmers, fishers, foresters, corporations, banks, Māori, and industry-level bodies.



Trade

Through its involvement in New Zealand's **trade** system, MPI maintains and enhances market access and the New Zealand export system. As the major regulator of the primary sector, MPI is a critical player in the negotiation and maintenance of access to overseas markets for primary products. Many companies and primary producers depend upon MPI's facilitation, certification and verification activities to get products across borders. New Zealand also plays a key role in influencing international arrangements and standards that facilitate trade.

Crown Forestry

MPI manages significant parts of the Crown's forestry assets, most of which are on Māori-owned land. These are run as a commercial operation through the Crown Forestry business unit. In addition to managing the assets to their best commercial advantage, Crown Forestry works to remove the Crown from the business of commercial forestry on commercial terms, generally through lease surrender to lessors and sales of forests where this can be negotiated. As well as negotiating directly with landowners in respect of Crown forests on Māori land, Crown Forestry works closely with the Office of Treaty Settlements in the Ministry of Justice to prepare Crown land for offer to iwi as part of Treaty of Waitangi settlement processes.

New Zealand Walking Access Commission

MPI is the monitoring agency for the New Zealand Walking Access Commission, a small Crown Entity responsible for leading and supporting the negotiation, establishment, maintenance and improvement of walking access over public and private land.

Working with others

MPI works with a number of other government agencies and private sector organisations. Specifically, MPI works within the Natural Resources Sector (NRS), Economic Chief Executives' Group and the border sector. We also work with a number of organisations including the NZ Inc Chief Executives' Group, Crown research institutes, universities and many other primary sector related bodies and groups.

Natural Resources Sector

The NRS is a grouping of the government agencies responsible for the management and stewardship of New Zealand's natural resources. The NRS was established to ensure a strategic, integrated and aligned approach is taken to natural resources

development and management. It contributes to achieving sustainable economic growth and stewardship of our natural capital supply chain. The NRS is currently undertaking a review to develop options and different approaches for improving the operation of the sector.

Economic Chief Executives' Group

MPI is part of the Economic Chief Executives' Group, which has a shared vision of a successful New Zealand economy by 2025. The goal is to have an agile, adaptable and innovative economy that delivers real and ongoing improvements in the quality of life of all New Zealanders and sufficient resources are in place to cover other primary sector interests.

Science

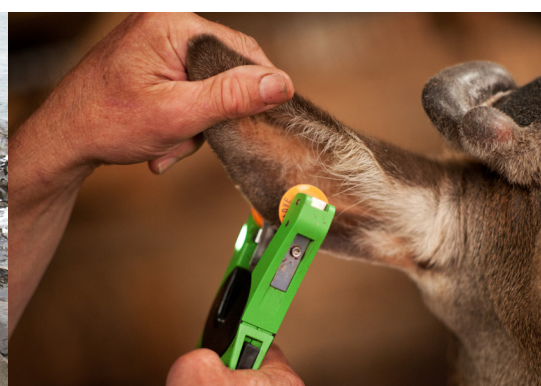
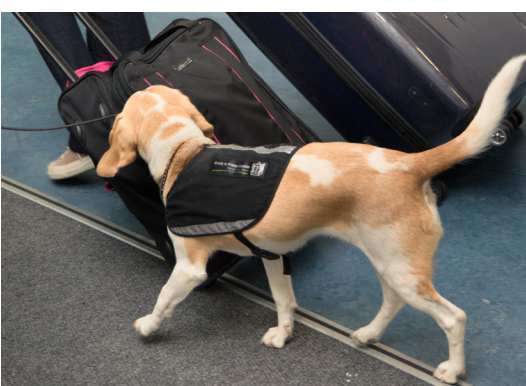
Science is important to both MPI's regulatory and economic roles. MPI works with a number of agencies on key science policy initiatives, science research and investment. We do this to ensure we are efficiently and effectively directing investment towards the right areas and meeting the needs of the Government, including the provision of science- and evidence-based policy.

International trade

MPI works closely with the Ministry of Foreign Affairs and Trade, and New Zealand Trade and Enterprise, to ensure international trading opportunities are enhanced and maintained.

Border sector

MPI works closely with the New Zealand Customs Service, the Ministry of Business, Innovation and Employment, and the Ministry of Transport to manage New Zealand's border. This collaborative effort is focused on delivering greater use of shared processes and a common infrastructure, maximising technology investments to further improve the passenger experience, increasing efficiencies in cargo clearance service delivery and enhancing border risk management.



MPI's work is critical to delivering the Government's priorities

MPI has a clear focus on the priorities the Government has set for the public sector as a whole. MPI has a significant role in delivering two of the Government's four priorities – the Business Growth Agenda and Better Public Services (BPS).

Business Growth Agenda – Building a more productive and competitive economy

Within the first of these priorities, the Government has identified six goals that businesses need to grow. MPI's work is integral to delivering on three of those goals:

- **Building export markets** – Increasing the ratio of exports to gross domestic product to 40 percent by 2025.
- **Building innovation** – Growing New Zealand's economy by encouraging and enabling investment in business research and development, and lifting the value of public investments in innovation.
- **Building natural resources** – Making better use of New Zealand's limited natural resources, so we can continue to grow our economy and look after our environment within sustainable limits.

Delivering Better Public Services

The BPS initiative is the Government's multi-year strategic priority to deliver improved services for business and citizens within tight financial constraints. Key areas of ongoing MPI contribution to BPS include delivering better services to business (Result 9), delivering better services to customers (Result 10), the Information and Communications Technology (ICT) Strategy and Action Plan, and the Open Data Programme, as well as other functional leadership models such as procurement contract management, property utilisation and facility management. The overall outcome of all of these initiatives is to enable more efficient government whilst delivering improved services to customers.

MPI is also contributing to the "boosting skills and employment" result areas of the BPS through a package of growth initiatives to lift regional economic development, address the future skills requirements of the primary industries, and accelerate farming systems change.



STRATEGIC CONTEXT

The primary sector at a glance

For the year ending June 2015, the primary sector is estimated to account for approximately **77%** of New Zealand's total merchandise exports:



Dairy – \$14.2 billion



Meat and wool – \$8.76 billion



Forestry – \$4.63 billion



Horticulture – \$3.97 billion



Seafood – \$1.51 billion



Other primary sector exports and food – \$1.96 billion



Arable – \$198 million

Rising global demand for food presents a significant opportunity.



Exports are forecast to reach around **\$41.3 billion** in 2018/19 (up from \$38.3 billion in 2013/14), driven in large part by the emerging middle classes of Asia.



“An additional 50 000 workers will be required in New Zealand by 2025”

Skill shortage areas:

- production skills (whole farm systems, resource management, staff management);
- science skills to develop new products and processes;
- marketing skills into new markets;
- engineering skills to develop new processes;
- technical and management support.

The success of the primary sector is vital for New Zealand's economic and social prosperity. MPI is striving to help the primary sector double the value of its exports.

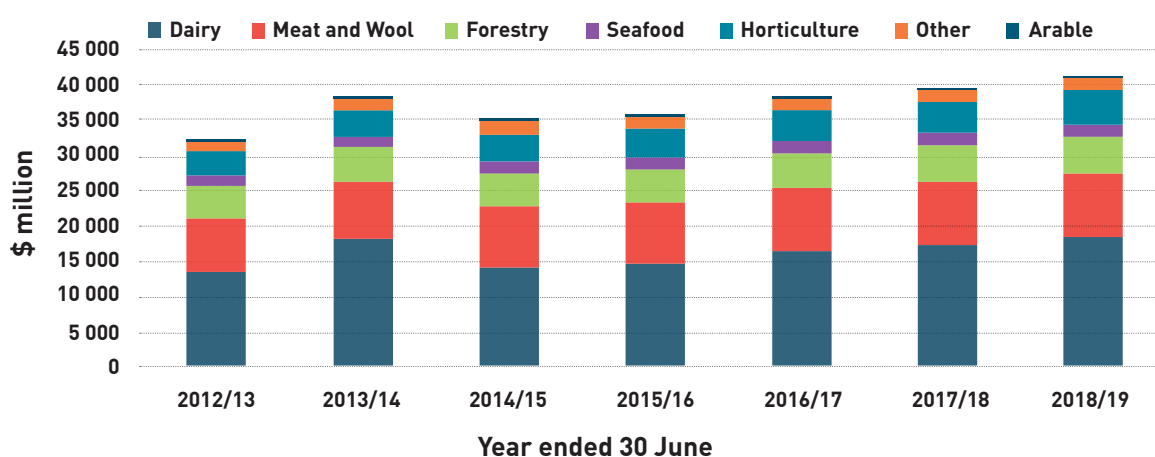
Global trends indicate that the primary sector is well-placed to achieve a significant growth in export revenue, underpinned by income and population growth, and rising levels of urbanisation that are expected to increase per capita protein consumption in China and Southeast Asia in particular. This provides an opportunity for New Zealand to broaden and deepen its customer base for sustainable export growth. Other contributors to growing international demand for our products include an expected softening of the New Zealand dollar against the United States dollar and improved market access through free trade agreements.

The past year has been challenging for our primary industries, with significant price and demand reductions in some markets, and storms and drought impacting production. However, the resilience and diversification of our primary industries is demonstrated by the fact that despite large downward price shifts in the dairy and forestry sectors (an expected 22 and 10 percent drop in export revenues respectively from 2014), overall export earnings will reduce by a smaller amount – 8 percent. The decreases in dairy and forestry revenues are partly offset by growth in the meat and wool (8 percent), seafood (6 percent), horticulture (5 percent) and other (26 percent) sectors.

The horticulture sector has maintained upward momentum, driven by high volumes of wine and kiwifruit. The strong recovery from Psa (bacterial kiwifruit vine disease) represented by our high forecast scenario last year has been realised. The seafood sector has returned to growth on the back of high prices in 2015, due to growing demand from our top seafood export destinations.

Dairy market volatility and uncertainty is expected to continue in the short term. In the long term, however, the outlook is for growth across all sectors. Primary industries' export revenue growth is expected to be modest (1.5 percent) in 2016, to spike in 2017 with 7.4 percent growth and thereafter to resume annual growth of 3 to 4 percent through to 2019. Total export revenues by June 2019 are expected to be \$41.3 billion – a 7.8 percent increase on 2013/14 and a 17 percent increase on 2014/15.

Actual and forecast export revenues by sector



Emerging trends and challenges for the primary sector

Realising the primary sector's potential revenue growth will require that the sector (and MPI) successfully exploits a wide range of trends, opportunities and challenges. Understanding these dynamics will be essential to adding more value to the primary sector, amid intense global competition for premium prices.

Consumer expectations of safety, sustainability, traceability, quality, suitability and provenance are increasing. This provides an opportunity to broaden production and processing across a wider range and depth of niche and commodity products and consider how to communicate effectively with consumers.

However, as a result, more expectations and costs are getting placed on producers by retailers and consumers.

New Zealand's trading environment is increasing in complexity. We are now trading primary products with almost 200 economies, across a wide spectrum of different regulatory requirements, and many with different philosophies. In a number of cases, the pace of trade with new markets is accelerating rapidly, and our regulatory relationships with them need time to mature. Our trading partners also want access to the New Zealand market for their primary products and food. New Zealand's ability to deal with these requests while protecting the health of our consumers, animals and plants will be critical to maintaining and enhancing market access.

The pressure on regulatory systems is increasing, driven partly by the rapid expansion of scientific and technological frontiers. Continuous improvement of New Zealand's regulatory systems and science-based standards is essential to provide the assurances the primary industries need to trade and effectively manage risks, while being cost-effective and reducing inappropriate barriers to efficient growth and innovation, and minimising compliance costs.

There is a growing demand for more support for the primary sector's market claims about product attributes that help capture premium prices. Examples are assurances about sustainability in fishing, halal procedures in meat production, and the nutritional and health benefits of food types. For these claims to be effective, they need to be underpinned by science-based, transparent, verifiable standards.

Resource constraints are putting pressure on the primary sector. Issues such as availability of arable land to meet projected global food demand, resource allocation, competing uses, quality and quantity of freshwater, reliable irrigation, natural hazards and climate change will have significant effects on the primary sector.

Changing technologies provide opportunities for farmers, fishers and foresters to bring greater precision to their production and harvesting systems, improve their productivity, meet customer expectations and maintain their social licence to operate. Producers need access to capital to support technology acquisition and adoption and the skilled workforce required to run new farming systems.

Provenance and traceability are emerging as the price of entry to the premium consumer markets where the greatest opportunity lies for New Zealand's primary sector. Consumers are increasingly demanding to look through the distribution chain to examine how their primary products were produced, who produced them and if they meet expectations in relation to product description and suitability.

Traceability is fundamental to effective risk management in the food safety system and the biosecurity system. As more processing of products occurs, the traceability challenges across elongated supply chains grow, and as New Zealand's trading relationships expand, both the biosecurity system

and the primary industries must adjust to new forms of risk.

Implications for MPI's core regulatory systems

Building a more productive and competitive economy for New Zealand creates an increase in goods, people and craft entering and leaving the country. This two-way traffic increases pressure on the biosecurity, food safety, primary production and trade systems, through either direct volume growth or additional complexity.

- » **Arriving cruise ship passenger volumes have risen approximately 80 percent in the last five years.**
- » **Arriving air passenger volumes have grown 19 percent in the last five years.**
- » **Total passenger volumes (air and cruise ships) growth is expected to continue at around 3.5 percent.**
- » **The total volumes of containers coming into New Zealand are expected to continue to rise between 6 and 10 percent over the next four years.**
- » **In 2013/14, MPI initiated 24 high priority incursion responses (18 in 2012/13 and 21 in 2011/12).**
- » **In 2013/14, 20.1 million tonnes of cargo entered New Zealand.**

Biosecurity

A large number of MPI's staff are involved in managing the biosecurity system, and demand is growing across all aspects of the system. Domestic demand for a wide range of goods, the number of people visiting New Zealand and the volume of imported produce and goods are all increasing. So too is the complexity and nature of risks managed by the system. The risk profile of passengers is increasing and the flow of people and goods coming across our borders will continue to become more diverse. Higher risk passengers require higher levels of intervention (for example, X-ray screening, detector dog screening, physical inspections), which increases the cost per passenger of clearance.

Food Safety

Consumers of New Zealand food products are increasingly conscious of food safety, integrity and suitability as essential features of the food they wish to buy. This is placing high demands on government in terms of the assurances they expect for both

safety and suitability. At the same time, New Zealand's food industries are expanding, increasing the demand for MPI's services. As more companies seek to produce more innovative and value-added products, this is increasing regulatory demand. So too are the expectations of new markets, which are doing more testing and seeking a greater level of prescription and government oversight in our food system. With the Food Act 2014 coming into force in 2016, MPI will also be developing systems, regulations and guidance to provide support to industry and key primary sector groups, and co-regulate with 66 territorial authorities.

- » **There are approximately 45 000 regulated businesses in New Zealand's food sector, operating around 85 000 food premises.**
- » **New dairy plants are expected to open in the next few years.**
- » **The number of MPI audits of food processing premises has increased by almost 30 percent since 2012.**
- » **The number of residue test results can exceed 700 000 annually across all testing programmes.**

Primary Production

Expectations of sustainable resource use and ethical production are rising domestically and internationally, placing increased pressure on the

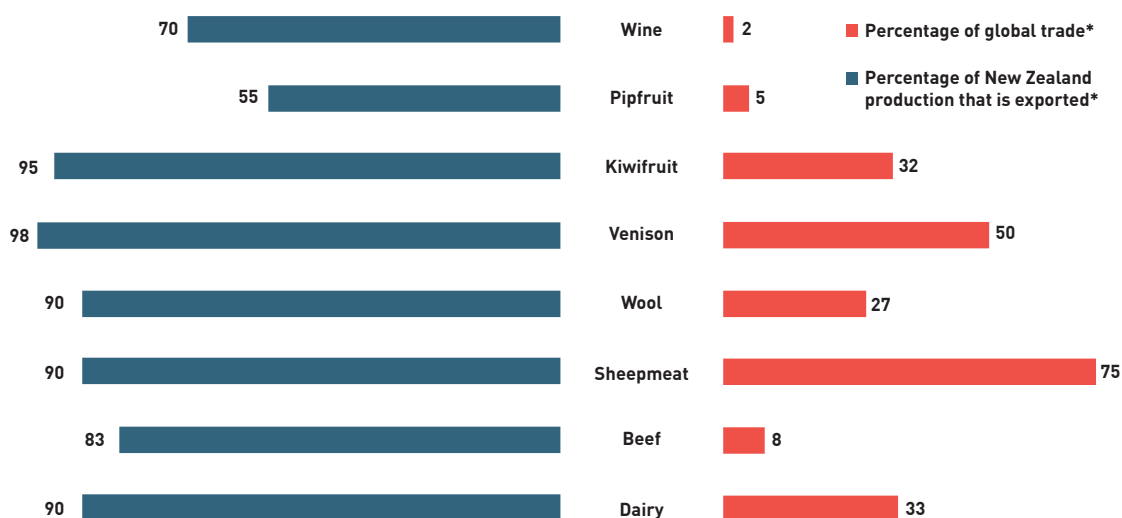
primary production system. This pressure has been most obvious in the dairy sector. Concerns continue to grow about the health of waterways, sustainability of our fisheries resource, animal welfare, and the need for a sustained focus on disease control.

- » **The total national dairy herd increased from 4.4 million cows in 2009/10 to 4.9 million in 2013/14.**
- » **The average herd size increased by 9.8 percent from 2009/10 to 2013/14.**
- » **Employment in the primary sector is expected to rise from 350 000 in 2012 to 400 000 by 2025.**

Reliable freshwater and irrigation are integral to increasing production. Implementing the National Policy Statement for Freshwater Management in conjunction with the Ministry for the Environment, provides an opportunity for a step change in both economic and environmental performance.

Precision technologies and other forms of science will become increasingly important as producers seek to maximise performance within strict environmental, climatic and product quality (including animal welfare) limits. Operating within these production limits will also drive demand for a more highly skilled workforce and increased demand for a broad range of professional services. Above all, producers and regulators will need to anticipate and quickly respond to changing consumer needs and demands.

New Zealand's share of global trade



All percentages are approximations *

Trade

The New Zealand economy relies heavily on trade in primary products for its prosperity. We produce only a small proportion of the global production in dairy products, meat, horticulture, fisheries and forestry products, but a large proportion of what we produce is exported and our share of global trade is significant for some products. We import a range of inputs that enable increased productivity, including machinery, fertilisers and feed. This export–import relationship means that the primary sector is strongly impacted and influenced by what is happening in international markets.

- » **New Zealand primary industry exports were valued at \$37.1 billion in 2014, an increase of 45 percent in the past five years.**
- » **New Zealand exports food to 204 different markets, with a range of different product requirements.**
- » **Over 200 000 export certificates were issued in 2014/15 year.**

New Zealand's primary sector products face a number of barriers in overseas market access. The average tariff for agricultural products is 15.2 percent (compared with 8.7 percent for non-agricultural products) and a number of other countries still provide a significant level of subsidised support to their agriculture sectors. New Zealand's average applied tariff on agricultural product imports is 1.4 percent (2.2 percent for non-agricultural products), and 90 percent of goods enter New Zealand duty-free.

New challenges have also emerged as trade has diversified and expanded in recent years. These new challenges (for example, more sophisticated supply chains, diversity of regulation of new markets, and a wider range of non-food safety regulatory issues) place different demands on MPI's role in the trade system and the way it works with other agencies and the primary industry. The challenges arising from emerging markets mean that MPI, and other agencies, are now involved in a much wider range of regulatory issues.

STRATEGIC OUTCOMES AND OBJECTIVES

Overview

To support the primary industries to capitalise on global opportunities, MPI will manage growing demand and complexity across its systems. MPI is guided by an overarching strategy, “Our Strategy 2030”, with the purpose of growing and protecting New Zealand. In order to achieve this, we are guided by four long-term outcomes:

- Maximise export opportunities.
- Improve sector productivity.
- Increase sustainable resource use.
- Protect from biological risk.

Assessing our performance

Our four long-term outcomes are supported by six medium-term outcomes and will be measured by a number of key indicators. These medium-term outcomes and indicators are detailed below.

LONG-TERM OUTCOME: MAXIMISE EXPORT OPPORTUNITIES

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

Key indicators for measuring progress:

- Our export assurances are trusted by markets.
- Adoption and retention of new assurances by markets.
- Primary sector businesses use attributes of the New Zealand story to enhance their own story.

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

Key indicators for measuring progress:

- Increased primary industries export activity with each country that New Zealand has signed a free trade agreement with in the past five years.
- Value of trade retained through resolution of market access threats.
- The proportion of businesses entering new export markets remains constant or improves.¹

¹ Measure to be taken from Statistics New Zealand’s Business Operations Survey, *Businesses entering new export markets*. Based on agriculture, forestry and fishing businesses, and manufacturing business in the food, beverage and tobacco and wood and paper products sectors.

LONG-TERM OUTCOME: IMPROVE SECTOR PRODUCTIVITY

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

Key indicators for measuring progress:

- An increase in primary industry businesses developing or introducing new or improved goods and services.²
- MPI-supported programmes realise productivity benefit improvements.
- Primary industry businesses have an improved view of government regulations.

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

Key indicators for measuring progress:

- Primary industry businesses have access to appropriate personnel.⁴
- Primary industry businesses do not consider costs as a barrier to developing or introducing new goods and services.⁵
- MPI has an increase in Māori agribusiness partners.

LONG-TERM OUTCOME: INCREASE SUSTAINABLE RESOURCE USE

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

Key indicators for measuring progress:

- Water quality is maintained or improved.
- An increase in the number of farms using nutrient management plans.
- An increase in the number of hectares under irrigation.
- An increase in the number of fish stocks managed within acceptable limits, with a decrease of any stocks falling below the hard limit (resulting in fisheries closures).⁶
- Improved voluntary compliance of recreational fishers.
- Increased number of hectares in aquaculture production.
- Increased value of fresh on-board tonnage of aquaculture produce exported relative to the aquaculture hectares in production.
- Increased Māori agribusiness productivity.
- MPI's obligations to Māori are delivered.⁷

² Measure to be taken from Statistics New Zealand's Business Operations Survey, *Businesses introduced onto the market new or significantly improved goods or services*. Based on agriculture, forestry and fishing businesses, and manufacturing business in the food, beverage and tobacco and wood and paper products sectors.

³ Ibid.

⁴ Measure to be taken from Statistics New Zealand's Business Operations Survey, *Barriers that hampered innovation to a high degree*. Based on agriculture, forestry and fishing businesses, and manufacturing business in the food, beverage and tobacco and wood and paper products sectors.

⁵ Ibid.

⁶ The "hard limit" is a biomass level below which a stock is deemed to be "collapsed" where fishery closures should be considered in order to rebuild a stock at the fastest possible rate.

⁷ MPI monitors the delivery of Treaty commitments through the Strategic Outcomes for Māori register. The register outlines the specific commitments and responsibilities across the organisation.

LONG-TERM OUTCOME: PROTECT FROM BIOLOGICAL RISK

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

Key indicators for measuring progress:

- Primary sector market access is maintained and any future opportunities are enhanced as a result of trading partners having confidence that New Zealand is effectively managing its biosecurity system.
- Health of the biosecurity system is improving.
 - › Readiness capacity and capability are strengthened and better co-ordinated, including improved use of appropriate resources and tools.
 - › Exercises testing the preparedness and readiness for an incursion are successfully completed.
 - › The number of recommendations embedded into business practice is increased.
 - › The number of groups actively engaged with MPI on preparedness and responsiveness to deal with disease and pest incursions is increased.
- Compliance rates with biosecurity requirements are increasing.
- Rates of foodborne disease are managed within agreed levels, through the effective risk management of priority pathogens.

Our approach to measuring progress

MPI will take a multifaceted approach to measuring progress against objectives. In addition to the indicators (above) we will:

- review and fine-tune MPI's outcomes framework;
- deliver a strategic portfolio that will contain milestones and measures for each initiative contributing to the delivery of the seven priorities, outlined in the next section;
- continue to maintain progress against government priorities;
- align the reporting framework of MPI's three systems boards – Food Safety, Biosecurity, and Sustainable Economic Development and Trade – to reflect the health of the systems;
- continue to review MPI's service performance measures to provide better information on achievements.



STRATEGIC DELIVERY

Providing a platform to achieve the strategic outcomes

To guide its efforts, MPI has set a series of priorities that are aligned to our four long-term outcomes. These priorities provide a platform to achieve MPI's long-term and medium-term outcomes, the Government's desired outcomes and annual ministerial priorities.

MPI's seven priorities will support positive change across our core systems, the primary sector and MPI itself. These priorities position us for a future that includes growing pressures on MPI services and new opportunities for growth. Our priorities are the lens through which we view and plan our work. The seven priorities for the next four years (2015–2019) are as follows.

SMART REGULATION

MPI is an important regulator with our regulatory systems having a significant impact on New Zealand's primary sectors, resources, market access and reputation as a producer of primary products. Those systems are critical enablers of growth, and

the design of them has a direct impact on the efficiency and effectiveness of MPI as an organisation.

By 2019/20, MPI will drive a work programme to deliver:

- improved consistency in the application of our regulatory approaches across our systems, to enable the sector to grow and adapt;
- a future-proof suite of regulatory frameworks and interventions that are fit for delivery, and easy to use and understand;
- a deepened understanding of the cause and effect of regulations in practice, and their impact on behaviours, to enable more effective targeting of resources and respond to shifting market requirements.

OPERATIONAL EXCELLENCE

MPI is a significant operational agency with personnel working at sea, at the border, in forests, on farms, in laboratories, along the coastlines, in processing facilities and offshore. Our aim is to make it simpler for customers to use our services.

The way we perform our operational functions is central to our success. Pressure on those functions is growing as the economy grows, but the available resources for them are not.

By 2019/20, MPI will drive a work programme to:

- prepare MPI for the impact of future growth by transforming how we deliver key functions, enabled by emerging technology and smart regulation;
- enhance the monitoring, predicting and targeting of risks and trends, informed by collaborative relationships with industry and robust intelligence and information;
- maintain a high state of "readiness" across MPI's operations and enable rapid response and adaptation in delivery.

INTERNATIONAL ACCESS

MPI helps keep New Zealand's trade pathways open for the primary sector. If the value of primary industry exports is to double, MPI must work to maintain and enhance market access for New Zealand's primary products, amid a complex trade dynamic.

By 2019/20, MPI will drive a programme of work, in partnership with the primary sector, to:

- accelerate access to new markets and market segments in existing markets by anticipating industry requirements and preparing relationships, regulations and procedures;
- guide trade with Asia and our other emerging markets onto a solid and enduring footing;

- build capabilities and skills to support and maintain relationships and market access with key partners.

PRECISION PRODUCTION & INVESTMENT

Emerging technologies are rapidly bringing more precision to how we farm, how we fish, how we conduct our forestry and how we add value to our primary products. Making the most of new technology is crucial to our future productive capacity, our environment, our brand and the social licence the New Zealand public extends to our primary industries.

By 2019/20, MPI will drive a programme of work, in partnership with the primary sector, to:

- improve access to technology and natural resources required to support precision production, processing and the exporting of a wider range of value-added products;
- ensure the primary sector has access to skills and capital to support farming systems change;
- amplify the contribution the primary industries make to regional economic, social and environmental development.

PROVENANCE AND TRACEABILITY

In the upper echelons of the food market today, consumers will pay more to know where their food was made, how it was made, who made it and what those producers believe and practise. In the future, it is likely that traceability and transparency will be the price of entry to premium markets and the major retail chains that service them.

By 2019/20, MPI will drive a programme of work, in partnership with the primary sector, to:

- strengthen the requirements for food traceability;
- improve the interface between public and private systems allowing the tracing of products through supply chains;
- enable the primary industries to leverage their

supply chain integrity and transparency with new assurances.

ENDURING RELATIONSHIPS

MPI works where the economy meets the environment, industry meets with government, the international impacts on the domestic, consumers act on producers, and communities sit down with government. To bridge these intersections, MPI

needs to build enduring relationships with its various partners, stakeholders, the public and its staff.

By 2019/20, MPI will deliver a programme of work to:

- improve our interactions with partners, stakeholders and customers;
- ensure MPI, its regulatory systems and operational activities are widely trusted by our partners, stakeholders and consumers internationally and domestically;
- ensure MPI is an employer of choice, with a highly engaged and adaptable workforce that moves across the organisation.

INTEGRATED INFORMATION, INSIGHT & KNOWLEDGE

MPI's management of data and information is central to its credibility. If we are to grow and protect New Zealand, we need to improve our information, how we analyse it and how we use it to target our activities and interventions. It is

important that MPI ensures data and information are easily accessible to industry and other partners and stakeholders where appropriate.

By 2019/20, MPI will deliver a programme of work to:

- align our data and information so they are available and useful for staff and stakeholders to make informed decisions and improve performance;
- ensure everyone in MPI recognises their role as a custodian of information.

What we are going to do

MPI has identified an initial Strategic Portfolio of initiatives that are aligned to our seven priorities and which, along with running our core services, will move us in the right direction. MPI's Senior Leadership Team is committed to delivering these initiatives, which will help evolve MPI's systems and processes. Funding will continue to be reprioritised for these initiatives to ensure that they are delivered. The Senior Leadership Team will be monitoring the portfolio to ensure progress.

A STEP in the right direction

To deliver on our strategy, MPI must evolve as an organisation. To help guide our evolution, four simple design principles have been developed encompassing the organisation we want to be – Smart, Trusted, Enabling and Productive. As MPI implements its initiatives to achieve its strategic priorities we intend to apply these principles in what we build and change within MPI.

We aim to be:

- **SMART** in how we use intelligence, information and knowledge to reduce complexity across our business;
- **TRUSTED** by the public and consumers;
- **ENABLING** so we are easy to do business with, and also within;
- **PRODUCTIVE** to meet demand growth within fixed baselines.

There is a strong inter-relationship between these principles and MPI's values of Respect, Connect, Trust and Deliver.

Improving our performance with the Performance Improvement Framework

MPI has made substantive improvements as a result of the 2013 Performance Improvement Framework review. MPI will continue to build on these improvements in order to meet service delivery expectations, gain trust and increase our standing as a thought leader. A further Performance Improvement Framework review is currently underway and scheduled for completion late 2015.

Leadership, direction and delivery

MPI has strengthened its leadership, direction and delivery through changes to the way we operate. Some of these improvements include:

- alignment of our organisational structure to strengthen MPI's core functions;
- establishment of three systems boards and two enabling boards to support delivery across the systems;
- increased staff engagement with our strategic story to build cohesion across our organisation and alignment of individual work programmes to our priorities.

People development

With a strong focus on developing people capability, MPI's goal is to be recognised as the leading organisation in the public sector for its integrated approach to the training, development and career progression of its people. Some of our key achievements are:

- implementation of our Career and Capability Development Programme, including career pathways, leadership assessments and Career and Performance Boards;
- successful piloting of a graduate programme in 2014, with a full programme to be rolled out in 2015;
- introduction of "Touchstone" staff groups, with strong regional representation, to test new ideas and initiatives, work on common goals and build better connections across MPI.

External relationships

Improving our external relationships remains a focus for MPI in order to communicate and demonstrate our value and reduce user effort. Key achievements in this area include the following.

- A stakeholder research survey was conducted to improve our understanding of the service experience of MPI's customers and perceptions of the organisation and its regulatory systems.
- A Strategic Advisory Group was established to provide the Director-General with direct access to high quality industry perspectives on the context MPI is operating in.
- Our new website was launched, which is orientated to the needs of customers.

Financial and resource management

A concerted effort has gone into improving MPI's financial and resource management, for example:

- better understanding of demand and cost pressures in future years;
- looking to align resource allocation within MPI to our strategic outcomes;
- building of evaluation capability to ensure new programmes are set up with the necessary criteria, measures and data gathering for ongoing review and evaluation;
- ensuring our support costs are comparable with the median of our peer group of medium-sized agencies;

- developing intervention logic and measures for existing major programmes of spend, such as the Primary Growth Partnership and partner or grant funding;
- establishing a combined view of risk (both bottom up and top down) in order to address risks in the long term;
- formalising the system risk approach, through the new governance structures and new roles established to provide better risk information.

Better Public Services

MPI actively supports BPS and All-of-Government initiatives through our engagement on governance, leading initiatives and providing review and input as required. We will continue our support by:

- monitoring BPS activity, such as the Accelerator process on Result 9, to gain insight on adoption of new methods to improve existing and new services within MPI;
- adopting the digital-by-default direction (Result 9, Result 10 and ICT Strategy Action Plan) for implementing improvements – for example, adopting the web channel for digital connections as we implement the new Food Act;
- ensuring that our key business applications recognise the New Zealand Business Number;
- participating in across-government common ICT capability areas to support establishment and adoption within MPI, such as Telecommunications as a Service, and completing our implementation of Electronic Content Management as a Service;
- enhancing our capability to share our data to support economic growth through participation in the Open Data Programme and our continued release of data;
- making available our common processes and learnings to central agencies for adoption and sharing across government – for example, Human Resources Career Pathways and Career Boards, and the Security Awareness Programme.

The ongoing focus of our BPS support will continue to change as we look at initiatives that are relevant to our customers and MPI direction.

Procurement

Through the BPS programme, MPI is focusing on achieving greater efficiencies and building capability in the area of contract procurement.

Information and communication technology

ICT operates in a changing environment in which the organisation's work drives demand for ICT services and initiatives. MPI uses service design approaches to design, develop, iterate and refine its digital services.

MPI has a strategy and detailed plan to invest in data warehouse, geospatial and business intelligence capability within the next four years. MPI will create a catalogue of its information strategic assets and a whole-of-life approach for use of this catalogue from within MPI and by the public sector.

ICT has an important role within MPI and this is recognised through the "Integrated information, insight and knowledge" priority. We are aiming to become more sophisticated in how we use information to target and simplify our activities.

Property

MPI's Property Strategic Plan has been signed off by the Property Management Centre of Excellence. The strategy includes a work programme through until June 2017, which is being delivered as agreed.

The programme includes a focus on:

- moving, over time, to regional co-location to provide a single "face" for MPI, including opportunities to co-locate with other agencies;
- ensuring that MPI's accommodation is durable and cost-effective;
- commissioning the National Biocontainment Laboratory, built to international standards, to ensure that New Zealand has the capacity to deal with a large-scale biosecurity emergency situation;
- work with other agencies to ensure we share premises where appropriate.

Asset management and capital intentions

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

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

MPI's four core systems – biosecurity, food safety, primary production and trade – are key drivers of capital intentions. The service delivery and

information flow can only be achieved by upgrading, enhancing and maintaining MPI's core infrastructure. This will drive the focus of MPI's capital programme over the next four years. The capital programme includes:

- construction of the National Biocontainment Laboratory at Wallaceville;
- reviewing and rationalising leasehold and property requirements;
- rationalising ICT infrastructure, including investment into the security infrastructure;
- developing systems that meet future needs of the organisation through MPI's Information Systems Strategic Plan, including aligning with the cross-government ICT Strategy and Action Plan;
- maintaining motor vehicles and vessels at an appropriate level to enable front-line staff to perform their work effectively.

Risks to sustainability and delivery

In preparing this document, MPI has made a number of assumptions about risks that may happen over the next four-year period and their potential impacts on the delivery of these strategic intentions. The key assumptions are outlined below.

KEY ASSUMPTION	RISK (LIKELIHOOD)
MPI forecasts of emerging pressures are robust (driven by increasing service demand, inflation, and wage growth).	Domestic, international or global events increase emerging pressures beyond forecasts. <i>(Possible)</i>
New processes are in place to review cost-recovery fees.	Unresolvable issues identified in first principles review of the cost-recovery system; insufficient resourcing for system services. <i>(Possible)</i>
MPI can recruit, develop and retain people with the required skills and experience.	MPI does not recognise and address capability or capacity weaknesses. <i>(Unlikely)</i>
MPI's investment and funding decisions are essential to the delivery of additional growth required to achieve the primary industries export goal.	MPI-managed investments (grants and science) and other initiatives do not yield expected returns for the primary sector. <i>(Possible)</i>
There will be sustained long-term market access and market development in Asia, and other emerging markets, for New Zealand's products.	MPI model for engaging with Asia and other emerging markets does not adequately address lessons from recent trade issues. <i>(Possible)</i>
MPI can maintain adequate levels of core services across its systems and undertake response and recovery from exceptional events that could seriously damage New Zealand's primary industries.	A biosecurity, food safety, climatic event occurs which requires funding and resource beyond what MPI can re-prioritise to achieve. <i>(Possible)</i>

Resilience to withstand and recover from shocks

The term "resilience" refers to MPI's capability to withstand and recover from shocks that could impact on its ability to deliver its strategic intentions. MPI's (self-assessed) rating for resilience remains at three – "resilient to some eventualities but needs strengthening in some areas to be within risk appetites". By 2017/18, MPI intends to move to an overall rating of two – "resilient in most eventualities, mainly within risk appetites".

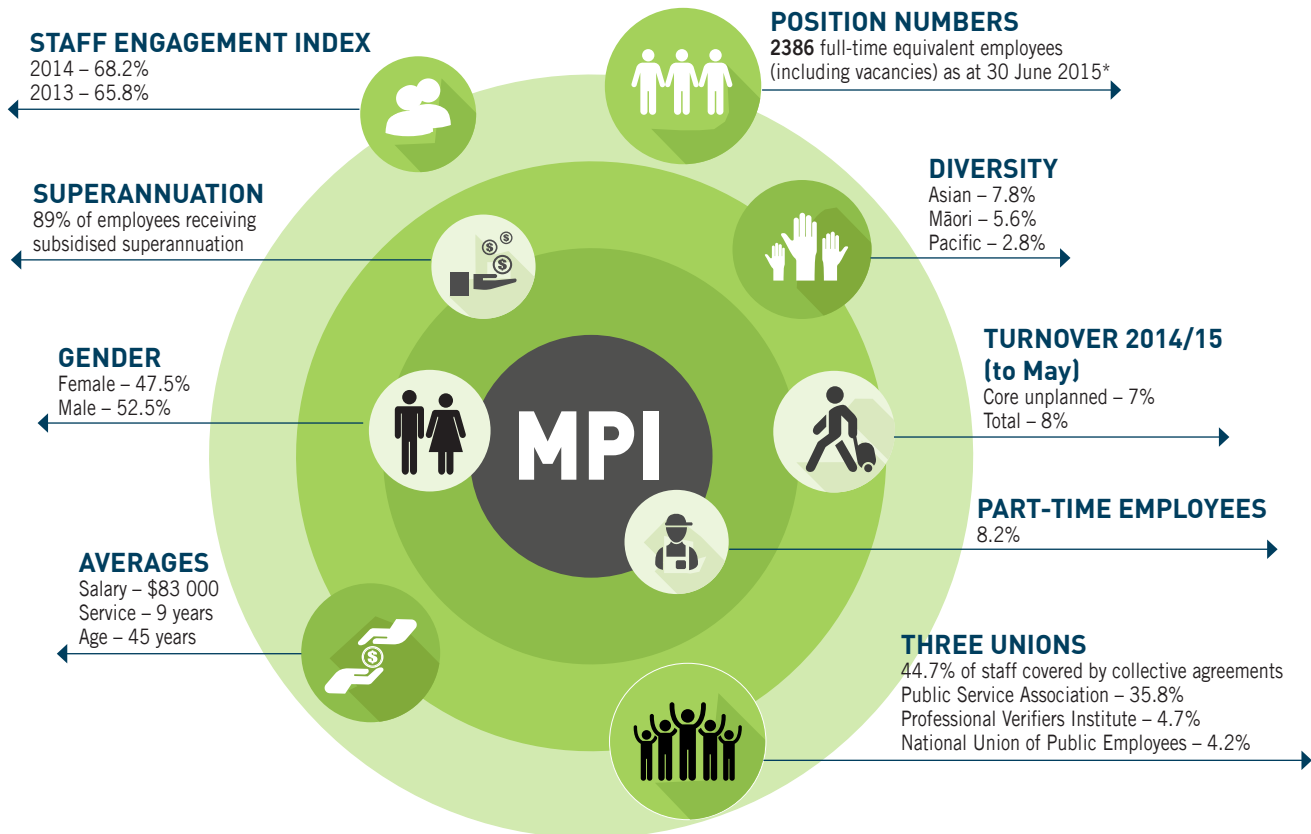
Progress towards achieving this improved rating is positive. The consolidation of MPI's structure around its core functions, strengthened leadership of the four systems and strengthened situational awareness have all served to enhance MPI's resilience. Ongoing work that will contribute to achieving the desired rating includes:

- implementing MPI's People Capability Strategy;
- refreshing MPI's Information Security Framework;
- enhancing MPI's situational awareness and understanding of our operating environment;
- improving capability in organisational planning and financial management.

ORGANISATIONAL

CAPABILITY AND WORKFORCE DELIVERY

MPI at a glance



*MPI has recently added resources in border clearance (quarantine officers/detector dog handlers), compliance (food and animal welfare inspectors) and verification (includes red meat industry verifiers).

Capability improvement achievements

MPI has made a number of changes to improve staff and organisational capability. Several strategies and frameworks have been progressed including:

- Information Systems Strategic Plan;
- Information Security Framework;
- Business Continuity Management Framework;
- National Property Strategy;
- People Capability Strategy.

Building people capability through better training and providing clear career pathways within MPI are current areas of focus. MPI also participated in the government-wide review of procurement effectiveness. This was the first time MPI was reviewed and it received the highest rating of any agency's first review.

A connected and aware organisation

In 2014, MPI undertook an alignment of our structure; governance; people and capability; and business processes to strengthen MPI's core functions against a continuing background of tight fiscal constraints. The alignment resulted in six branches being established along with three system governance boards and two enabling governance boards.

The alignment strengthened capability in a number of ways:

- Situational awareness and responses are strengthened with a larger response function.
- All trade functions are placed together alongside our policy capability, growing our overseas posts and a larger market access function.
- The profile of science is elevated with a cross-MPI perspective.
- Our ability to forge closer stakeholder links is strengthened.
- To complement the functional structure, governance boards are charged with driving decision-making with a cross-MPI, whole-of-system perspective.
- A new service design team is charged with ensuring that the lessons we learn are built into improved ways of doing things and a focus on improved service delivery.

We will continue to improve the join-up across the organisation and operate more effectively and efficiently.

Developing people capability

MPI's People Capability Strategy includes a strong forward-looking workforce development focus as well as strengthening the basics. The key areas for capability development are currently:

- our Career and Capability Development Programme to strengthen our people capability and help staff have a rewarding career at MPI;
- leadership development, which focuses strongly on developing and leading high performing teams that work effectively across MPI;
- our International Access Capability Strategy with the objective to develop an internationally capable organisation and a pipeline of talent for our increasing offshore footprint in support of the Business Growth Agenda and goal of doubling exports;
- our response capability work programme, which focuses on a standardised approach to how we manage responses across the entire spectrum of threats, and how we address skill and capability shortages in specialist response areas;
- continuing to grow our regulatory and policy capability through initiatives such as secondments with external stakeholders, graduate recruitment initiatives, career pathways work and ongoing enhancements to our training offerings to support smarter regulation across MPI;
- developing infrastructure to support implementation, such as centralising MPI's Training and Development capability into Human Resources and development of an MPI-wide Learning Management System.

Through these initiatives, we will be able to minimise risks to capability development. These risks include single points of failure in critical capabilities, attracting new capabilities and the ability to respond to serious events.

Equal employment opportunities

Equal employment opportunity principles are incorporated in all relevant MPI policies and practices and are reviewed regularly to ensure these preclude any bias in their operation. Our work-life initiatives play a role in enabling our people to perform to their best while recognising their commitments outside of work.

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