



Briefing for Incoming Ministers

October 2017

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Foreword

This document is the Ministry for Primary Industries' (MPI's) overarching Briefing for Incoming Ministers (BIM). We provide you with a succinct overview of MPI's current role and the work we do to grow and protect New Zealand.

This briefing sets out:

- the role of Ministers;
- the challenges and opportunities for the food and primary sector;
- the current role of MPI; and
- key policy and operational issues for you to be aware of.

We will also provide a range of second order briefings capturing key information relevant to your specific portfolio responsibilities, including areas that need immediate attention.

MPI will be pleased to provide you with support and further information on these or any other matters relating to your responsibilities.

We look forward to learning about your priorities and vision for the food and primary sector and the communities it is part of, so we can begin building a programme of work to deliver on your priorities.

My Senior Leadership Team and I welcome the opportunity to meet with you to discuss where you would like to start.

Martyn Dunne CNZM
Director-General

The role of Ministers

As Minister you will play a significant role in how New Zealand's food and primary sector operates. Ministers have oversight of agriculture, biosecurity, food safety, animal welfare, fisheries and forestry systems as well as playing a leading role in regional development and trade. An overview of these systems is set out in pages 7 – 10 and more detailed briefings will be provided for each of these areas.

Ministers are responsible for administering 43 Acts of Parliament and approximately 300 pieces of delegated legislation, such as regulations and orders-in-council, as well as several thousand tertiary instruments. Appendix 1 sets out key legislation by portfolio.

Ministers are able to make recommendations to Cabinet for regulations and policy over a wide range of matters including setting limits on the use of fisheries resources, enabling MPI and industry bodies to recover the cost of their services, determining offences, approving plans and strategies, and declaration of medium scale adverse events.

Some of the Acts provide for the responsible Minister to issue delegated legislation, such as Fisheries notices. Under the Biosecurity Act 1993, the Minister also has emergency powers if a biosecurity emergency is declared.

Ministers have responsibility for appointing members to a number of statutory boards and entities. These are set out in Appendix 2.

MPI currently supports Ministers in their role by issuing a wide range of delegated legislation, including rules, notices and standards that support the operation of the primary industries. For example, overseas market access requirements which define the country specific requirements exporters need to meet.

In addition, MPI currently supports the delivery of the Government's priorities through a range of non-regulatory levers including funding programmes that support innovation; economic intelligence, exporter advisory and information services; a social marketing function; a footprint of regional policy advisors, who also assist with adverse events; and regional economic development teams.

Ministers are responsible for Vote Primary Industries and Food Safety, which totals \$913 million in 2017/18, and contains all of the appropriations that are currently administered by MPI. Details of appropriations are set out in Appendix 3.

The food and primary sector at a glance

The food and primary sector (the sector) operates across the entire value chain from the paddock, orchard, forest or ocean, through to the processing, packaging, and transportation system, all the way to the market, and ultimately to consumers across the globe.

The economic impact of the sector is considerable. Last year the food and primary sector accounted for 10.6 percent of New Zealand's Gross Domestic Product (GDP). Over 80 percent of the food New Zealand produces is exported, and 78 percent of merchandise exports (54 percent of total exports) are generated by the sector.

The activities of the sector cover 52 percent of New Zealand's land mass, and 4.1 million square kilometres of ocean. It requires the sector to play a critical role in the sustainability of

these resources and in New Zealand's broader environmental performance including protecting biodiversity.

The sector also contributes to the health of all New Zealanders through the provision of a safe and suitable food supply, supported by a robust food safety system.

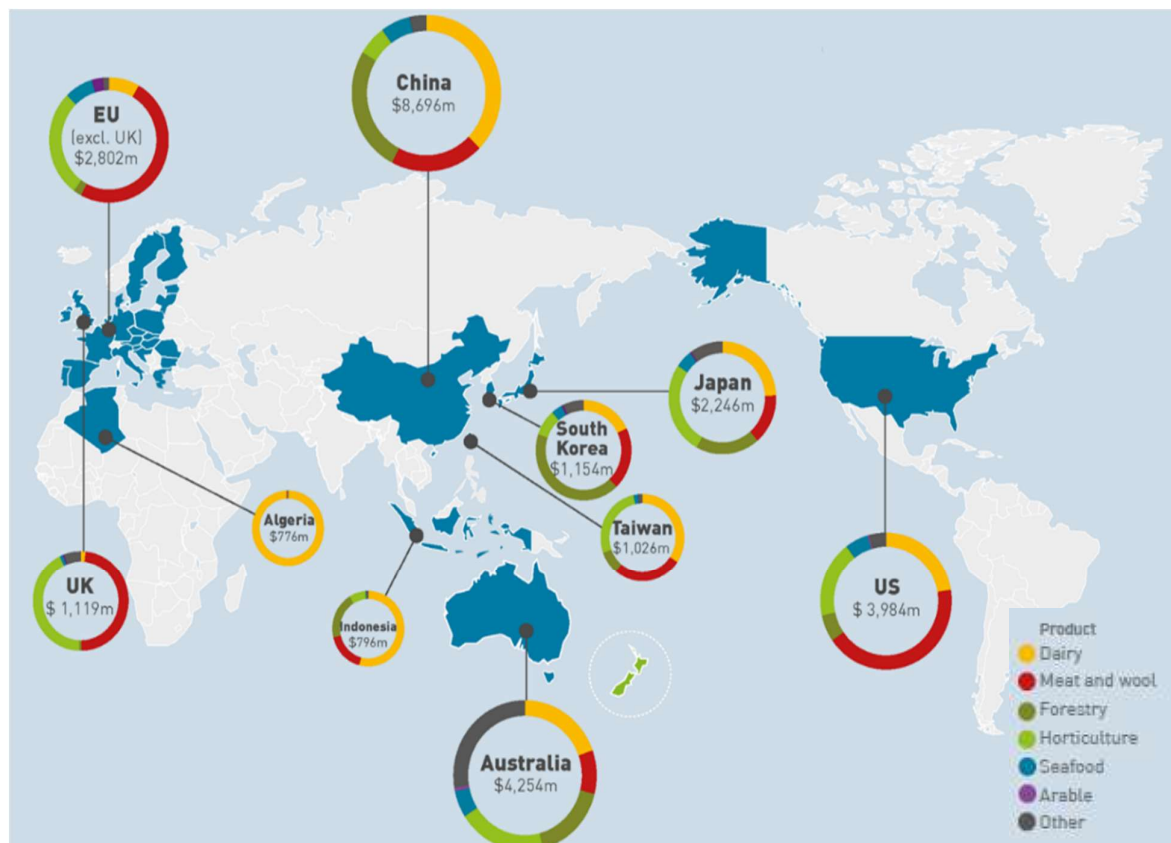
Approximately 350,000 people are employed by the sector. In some regions, the sector employs up to one in every three people, making it a critical part of social and regional development and local communities.

For Māori, the sector forms just over half of their estimated \$50 billion asset base. Māori are reported to own over 30 percent of fishing quota, 30 percent of land under plantation forests, 10 percent of kiwifruit and dairy production, and 25 percent of sheep and beef production.

The food and primary sector is also integral to New Zealand's trading and diplomatic relationships, exporting to more than 205 countries and territories. It is an important contributor to New Zealand's international reputation, attracting tourists and investment.

Over the last 10 years, the value of New Zealand's primary sector exports has grown by 44 percent. The sector's returns are forecast to increase by an average of 4 percent a year, reaching \$44.6 billion by the year ending June 2021.

Top 10 Export Destinations



Challenges and opportunities for the food and primary sector

The outlook for New Zealand's food and primary sector is positive. But the sector will need to lift its environmental performance, sustain consumer trust, and adapt to the impacts of technology, trade dynamics, climate change, and rapidly changing consumer preferences.

This section sets out at a high level the emerging challenges and opportunities facing the food and primary sector. More detail is available in your second order briefings on specific systems.

Promoting food safety, protecting animal welfare, and preserving biosecurity remains our core business

New Zealanders expect that the food they eat is safe and suitable, animals are treated well, and New Zealand's environment is protected from the harmful impacts of pests and diseases.

New Zealand has a world-leading food safety system which is based on international best practice science, risk assessment and management. Nevertheless, food is a leading source of preventable infection, and foodborne illness is an ongoing issue for the food safety system. MPI estimates there are around 200,000 cases of foodborne illness in New Zealand every year^[1]. Ongoing focus on, and improvement of, our food safety system and related research and innovation is needed to protect the health of New Zealanders, and minimise the number of foodborne illnesses.

In the animal welfare system societal expectations of animal welfare are increasing. External markets have high expectations of New Zealand as a trusted provider of food and animal products, and overseas buyers audit New Zealand farms for compliance against animal welfare standards. The visibility of animal welfare continues to increase.

In the biosecurity system, increasing volumes and diversity of trade and tourism, and the increasing complexity of global supply chains, are exposing New Zealand to more and different risks. International visitor numbers were 3.65 million in the year ended June 2017 and are expected to grow to 4.9 million by August 2023. The value of imported goods has risen 22 percent since 2008 to \$51.1 billion.

In addition, as a result of climate change, New Zealand will become more exposed to the risk of new pests and diseases that can establish here. If they become established, this could have implications for native biodiversity as well as the markets the sector can access and where we have advantage over our competitors.

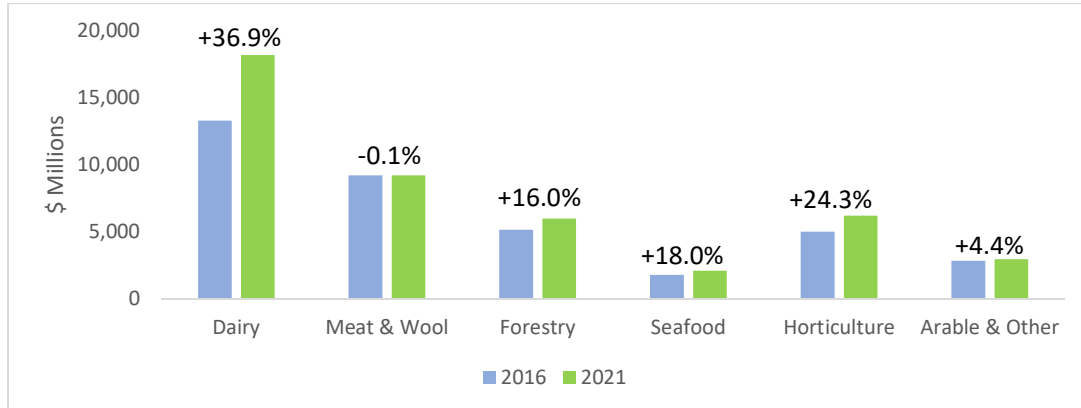
Advances in technology and scientific knowledge are creating a rapidly developing range of new opportunities to help manage food and biosecurity risks and monitor animal welfare. New Zealand will need to be smart in adopting them.

^[1] MPI estimate based on national monitoring data and applying published assessments of disease under-reporting.

The outlook for growth is positive

Long-term, global food demand is expected to increase significantly, driven by a rising global population and the emerging middle classes of Asia. The economies of our major trading partners are growing, which leads to increased purchasing power for imported primary sector products. Opportunities are emerging in Southeast Asia and the Middle East in particular to further broaden New Zealand's customer base.

Projected growth in the value of primary sector exports by sector 2016–21



The best opportunities for growth lie in increasing the value of what the food and primary sector produces and lowering the costs of accessing markets.

Evidence of value-led growth is becoming more visible across the food and primary sector. Currently, some in the sector are leading the way in value-led growth and responding to consumer demand by offering targeted and diverse products across a wider range of markets. For example, trade data shows that New Zealand has the second highest import prices in the US and the UK among major wine trading partners, behind only France.

Continuing value-led-growth will require ongoing investment in research and product development, changing practices across the supply chain, and a continued commitment from businesses to make changes.

The key challenge is to grow sustainably

The food and primary sector relies on access to, and the long-term use of, natural resources and these resources are under increasing pressure. There is a growing tension between the provision of arable land for food production, and land for housing supply, for example in Pukekohe. In the marine and coastal environment, there is increasing competition between commercial and recreational activities and infrastructure requirements.

In addition, over the last two decades, New Zealand agriculture has become more productive and in some cases more intensive. Changes in consumer demand patterns and increased use of fresh water and new technology have contributed to land use changes. This has particularly placed stress on fresh water.

Climate change is now impacting land productivity, the marine environment, and the frequency of severe weather events. Agriculture and forestry are New Zealand's largest source and sink of emissions respectively and will need to play their part in meeting New Zealand's commitments to reducing global emissions.

The primary sector is responding and MPI is working with high-performing farmers in the dairy sector to transform into more efficient and sustainable production with reduced environmental impacts, improved animal welfare and increased profitability.

There are also opportunities to use precision agriculture techniques to reduce water use and, in some cases, there are profitable alternative uses of land depending on a range of factors such as soil type and climate. A good alternative land use in many circumstances is forestry. New Zealand's current level of afforestation is low relative to historic rates. Currently regional councils' plans determine the pace of land use change.

In fisheries there is a significant opportunity to increase value and sustainability. We can do this through better use of new fishing methods and information and technology to improve precision in limit setting, compliance and the transparency of the system.

Work in the regions is also stimulating a range of sustainable growth programmes. For example, MPI is helping farmers lift their on-farm performance, environmental performance and profit by sharing knowledge through the Extension 350 Programme. MPI is providing \$1.44 million of co-funding over six years to support this \$3.36 million project.

Environmental and productivity gains are reliant on continuing to attract the right skills into the food and primary sector. The sector employs approximately one in six New Zealanders and in some regions this is up to one in three. It is estimated by 2025, the sector will provide opportunities for 93,000 more workers with post-school qualifications from a diverse range of backgrounds.

In addition to these natural resource challenges there are emerging challenges in the areas of trade, new products and routes to market.

Trade

Despite New Zealand exporters being able to export to a wide range of markets, a relatively narrow range of those markets account for a high proportion of our export earnings. For example, China accounts for 24 percent of total primary sector exports and the top 10 markets account for 74 percent of exports. Consumer trends and economic, political and production changes can significantly affect exporters access to offshore markets and the competition they face in them. Considerable MPI resources are therefore focussed on maintaining and enhancing current market access. There are also opportunities to expand trade to a broader range of markets to reduce volatility, particularly in the face of risks of increased global protectionism and increased competition. MPI works closely with the primary sector to identify and prioritise market access work to enable these opportunities to be realised.

New products and channels to market

Producers also face new areas of competition from the emergence of entirely new products (e.g. plant-based meat) that compete with traditional agricultural products. There are also new routes to market companies need to compete in. While also an opportunity, the rise of e-commerce is disrupting traditional retail channels, particularly in markets like China. This creates different supply chains, which may require changes to regulatory systems, and will fundamentally shape how companies develop and position their products with consumers.

There is an opportunity to increase public participation in managing risks

The food and primary sector cannot succeed without the support and participation of the public and consumers.

In many cases, the public is best placed to both manage the practical risks to biosecurity, animal welfare and food safety, and provide early indications of emerging issues.

New approaches are proving effective in nudging public participation. For example, a prototype 3D hologram fruit fly at Auckland Airport is raising public awareness of biosecurity risks. There are a wide range of opportunities to go further.

The next section of this briefing sets out how MPI currently works across the systems to address these challenges and maximise the opportunities.

The current role of MPI

Currently MPI has 2,580 full time equivalent staff working out of 25 locations around New Zealand and in 13 overseas locations. These people work in a range of environments – from airports and beaches to laboratories, abattoirs and fishing vessels.

MPI currently has a workforce deployed at the border and around the regions and coastlines of New Zealand, to protect New Zealand from biological risk, ensure food is safe for consumers, support the sustainable use of our resources, facilitate sector innovation and regional economic development, support communities through significant natural disasters, and enforce regulations when necessary.

MPI currently has strong policy and regulatory functions, and a trade focussed function that supports ongoing market access for the primary sector.

MPI's approach to protect New Zealand has been developed through a series of defining events since 2012 including:

- in 2013 when meat exports to China were delayed due to export certification problems;
- in 2013 when MPI was notified of a potential botulism contamination incident in whey protein concentrate manufactured in New Zealand that had since made its way into global supply chains;
- in 2015 when MPI, Police and other agencies managed the 1080 infant formula blackmail threat;
- in 2015, responding to high profile biosecurity threats including the Queensland fruit fly incursion and the emergence of the brown marmorated stink bug as a significant risk; and
- over the past 12 months MPI has concurrently run three major responses, each drawing in more than 100 people, addressing the Myrtle Rust, *Bonamia ostreae*, and *Mycoplasma bovis* issues.

MPI has learned valuable lessons from these incidents that have helped us to build stronger systems, infrastructure and capability for responding to threats to biosecurity, human health and trading relationships.

Overview of MPI's Current Work

MPI currently works across seven systems:



Agriculture and regional development

MPI works to support growth for New Zealand's primary industries in a sustainable manner. MPI's current role covers policy development and regulatory responsibilities across our key production sectors: dairy, forestry, horticulture, viticulture, meat and wool, and seafood.

Work is focused on lifting primary sector productivity within resource limits, establishing frameworks for industry structures, supporting resilience, providing information and intelligence to the sector, stimulating innovation and supporting regional and Māori economic development. MPI works with the Ministry for the Environment and local government to set the national frameworks for sustainable agriculture, and is the joint-lead with the Ministry for the Environment on water policy.



Animal welfare

MPI is currently responsible for New Zealand's animal welfare system that establishes the obligations owners and people in charge of animals must meet in caring for animals. Animal welfare is of fundamental concern to New Zealanders and increasingly to other consumers around the world. MPI is responsible for the regulation and enforcement of animal welfare standards. The system encompasses all animals from livestock and companion animals to wild animals.

MPI works in partnership with the Royal Society for the Prevention of Cruelty to Animals (RSPCA), which focuses on the welfare of companion animals.



Biosecurity

The biosecurity system protects New Zealand from imported pests and diseases that could harm the food and primary sector, New Zealand's environment and biodiversity, and the health of New Zealanders. The biosecurity system seeks to push biosecurity risk offshore through the use of import standards and offshore auditing, mitigate risk at the border through the checking of goods, craft and people entering New Zealand, maintain vigilance inside New Zealand through a surveillance programme, and finally to identify and respond to pest incursions when they do occur to eradicate or manage them. MPI works in partnership with the food and primary sector, the Department of Conservation, and border agencies, regional councils, and the public.



Fisheries

MPI currently operates New Zealand's fisheries management system, which provides New Zealanders with sustainable access to wild fisheries for tangata whenua, recreational and commercial fishers. MPI monitors the sustainability of fish stocks and sets limits on commercial catches that maintain the balance between commercial and other uses. MPI enforces those limits and the rules associated with the system. MPI works with other agencies on broader marine management initiatives, including the proposed Marine Protected Areas (MPA) reform programme which is led by the Ministry for the Environment. In doing so, MPI seeks to balance competing economic, social and cultural interests in those fisheries, and works closely with coastal communities.

MPI works closely with Māori (who also hold significant commercial interests), to give effect to their customary rights, and maintain the special relationship between tangata whenua and their customary food gathering areas.

MPI also works to support the growth of aquaculture in New Zealand, supports the Ministry of Foreign Affairs and Trade (MFAT) in New Zealand's participation in international fisheries forums, and has responsibilities within international marine management regimes.



Food safety

New Zealand's food safety system protects the health of New Zealanders and supports New Zealand's food exports. Foodborne illness can cause significant harm to individuals and place significant cost on the health system and businesses. New Zealand's food safety regime enables consumers to buy food with confidence.

New Zealand exports over 80 percent of the food produced, so the same system that keeps our own citizens safe is also a key driver of value in our exports.

MPI's current role in the food safety system includes setting the regulatory requirements for New Zealand's domestic food safety system and food exports, and working with Australia, with which New Zealand shares a joint food standards system. MPI audits and monitors the system, administers and provides verification to support assurances to export markets, enforces food safety requirements, and ensures imported food is safe for consumers.



Forestry

MPI currently works with the forestry sector to protect and promote New Zealand's forests and forest products. MPI does this by developing policy and legislation to support the sustainable development of the sector; implementing and enforcing regulation of indigenous forestry; promoting sustainable forest management; administering the Emissions Trading Scheme, forestry programmes and grants; afforestation policy and incentives; and supporting strategic engagement across the sector, at a national and regional level.

MPI's Crown Forestry business unit manages 14,294 hectares of Crown-owned, commercial forest, most of which is on Māori-owned land. Crown Forestry works to manage these assets to their best commercial advantage, while at the same time working to remove the Crown from the business of commercial forestry.

As well as negotiating directly with landowners in respect of Crown forests on Māori land, Crown Forestry also works closely with the Office of Treaty Settlements in the Ministry of Justice to prepare Crown Forestry assets planted on Crown land for offer to iwi as part of the Treaty of Waitangi settlement process.



Trade

Working with the Ministry for Foreign Affairs and Trade, MPI negotiates access to overseas markets for New Zealand's primary products, and acts as the competent authority for overseas regulators on New Zealand's primary sector exports.

Approximately 80 percent of New Zealand's food and primary sector exports depend on MPI's facilitation, certification and verification activities to get goods into international markets, supported currently by a network of 19 offshore positions in 13 countries.

MPI also contributes to the development and implementation of bilateral Free Trade Agreements and the establishment of international standards.

Scope of MPI's operational activity

Animal welfare

1000 
animal welfare enquiries
responded to each year

133 
infringement notices were issued
during the last bobby calf season

Biosecurity

3.65 
million
passengers arrived in New Zealand in
the year ended June 2017

58,300 
consignments inspected by
quarantine officers last year

Fisheries

105 
fisheries compliance staff

12 
regional Iwi Fisheries Forums
in place or being established

Food safety

500,000 
chemical residue tests on food
products by MPI each year

196,600 
export certificates for food products are
issued by MPI each year

Forestry

\$120 
million
of New Zealand carbon units issued to forest
owners in the first half of 2017

\$55.7 
million
currently invested by MPI in forestry-related
activity (excluding the Emission Trading Scheme)

Trade

19 
MPI offshore positions in 13
locations worldwide

55% 
food and primary sector exports went to
destinations with whom New Zealand has
an active free trade agreement

Sustainable economic development

1 in 6 
New Zealanders are
employed in the food and
primary sectors

10 
regions are actively
supported by MPI to achieve
their growth objectives

Additional Key Areas of Work

Water

MPI and the Ministry for the Environment currently jointly lead the Freshwater Programme of work on freshwater management. Staff are located within the joint Water Directorate in the Ministry for the Environment. Other agencies, such as Treasury, also contribute staff to the Directorate to work on specific streams of work. MPI administers the Irrigation Acceleration Fund which is intended to help realise the potential for irrigation infrastructure to contribute to sustainable economic growth throughout New Zealand. MPI also funds water management studies.

Climate Change

MPI currently leads the development of domestic and international agriculture and forestry policy on climate change, and supports the Ministry for the Environment and Ministry of Foreign Affairs and Trade in leading overall domestic climate change policy across the government. MPI operates the forestry aspects of the Emissions Trading Scheme under delegated authority from the Environmental Protection Authority.

MPI funds climate change research for the land-based sectors which covers agricultural mitigation, forest sinks, impacts and adaptation, and technology transfer. MPI also funds research on the effects of climate change on the ocean and the subsequent risks and opportunities for the seafood sector.

Regional Economic Development

MPI, with the Ministry of Business, Innovation and Employment, currently co-leads the Regional Growth Programme supporting regions to address regional challenges and realise key economic opportunities as identified within each region's action plan. MPI's current role is to work across the regions supporting the Ministry for Business, Innovation and Employment, Senior Regional Officials and Regional Bodies with primary industry projects, with a focus to increase jobs and incomes. We do this by facilitating sector partnerships, assisting with project management, and aligning our activities and investments to maximise the impact of the projects.

We have a particularly strong focus on Northland. Ben Dalton (MPI's Deputy Director-General Sector Partnerships and Programmes) as the Senior Regional Official for Northland takes a very active role across government agencies to coordinate and leverage the collective effort, and directly facilitate key projects.

Working with Māori

As the vision of tangata whenua is intergenerational and long-term, Māori are key contributors to New Zealand's current and future economy. Māori are reported to own over 30 percent of fishing quota, 30 percent of land under plantation forests, 10 percent of kiwifruit and dairy production and 25 percent of sheep and beef production.

MPI supports regional economic development and invests in programmes that support Māori to sustainably develop their primary sector assets, to own more of the value chain, and address challenges such as access to capital, infrastructure, water, and expertise. MPI also has to meet specific obligations established through Treaty settlements or legislation.

MPI recognises that early engagement with Māori can also ensure MPI properly understands how policy proposals will impact on Māori, identify stronger solutions, and reduce delays. To achieve this, MPI is working to strengthen its relationships with Māori across the board.

MPI also has specific obligations to provide for the fishing rights and interests of iwi. Treaty Settlement Protocols establish the process for engagement with iwi. To give effect to these Protocols, MPI is developing regional iwi fisheries fora as the primary platform for engaging iwi on fisheries matters.

Regulatory Stewardship

As one of New Zealand's largest regulators, MPI currently has an ongoing programme to continually improve the performance of its regulatory systems, including drawing on international best practice. The annual Regulatory Stewardship Strategy guides this work.

Managing our Budget

MPI's work is financed through a single Vote: Vote Primary Industries and Food Safety. Departmental output expenses include:

- border and domestic biosecurity risk management;
- development and implementation of policy advice;
- fisheries enforcement, monitoring and management;
- animal welfare;
- protection of consumers from foodborne disease;
- maintaining and enhancing New Zealand's reputation as a trusted supplier of safe and suitable food;
- assurances to consumers;
- responses to food related incidents; and
- development and implementation of food related standards.

Detail on these appropriations is set out in Appendix 3.

Crown Entity Monitoring

MPI monitors the performance of the Crown Irrigation Investments Limited and the New Zealand Walking Access Commission. Details of these Crown Entities are provided in Appendix 5.

Focusing on the Future

MPI has been reviewing the immediate and longer term strategic picture, and three months ago completed a review of its organisational strategy. As a result of this review, MPI has rebalanced its priorities and resources to focus on the four mutually reinforcing outcomes of:

- **Growth:** New Zealand's food and primary sector grows the value of its exports.
- **Sustainability:** New Zealand's natural resources are sustainable in the primary sector.
- **Protection:** New Zealand is protected from biological risk and our products are safe for all consumers.
- **Participation:** New Zealanders participate in the success of the primary industries.

These four outcomes contribute to the delivery of MPI's ambition *to ensure New Zealand is the most trusted source of high value natural products in the world*. The framework attached as Appendix 6 describes the current MPI Strategy in more detail.

Key policy and operational Issues (to December)

Legislative and Regulatory Work Programme

MPI has a range of primary legislation and regulation currently under development including the Food Safety Law Reform Bill, the Maori Fisheries Act and Animal Welfare Regulations that will require your attention. More detail about this work is provided in the second order briefings.

The most significant of these is the Dairy Industry Restructuring Act (DIRA). This Act regulates the activities of Fonterra to promote the efficiency and contestability of the New Zealand dairy industry, and in doing so underpins and drives the economic performance of the dairy industry. DIRA will expire in the South Island if not amended in legislation before 31 May 2018.

A Bill has been drafted that prevents the DIRA from expiring in the South Island, and makes other fairly minor amendments to the regime. The Bill is currently before the House awaiting its first reading, but there is very limited time for it to pass into law in time to prevent the DIRA from expiring in the South Island.

Mānuka Honey

Overseas markets have raised concerns about the lack of a mānuka honey definition over a number of years. China has requested New Zealand government certification to confirm mānuka honey authenticity as soon as a definition is available and other markets, such as the UK, are also raising the issue. Without a definition from New Zealand, markets will likely act to either impose their own, more restrictive, requirements or refuse access for New Zealand honey.

MPI is leading work to provide a rigorous, independent and transparent definition of mānuka honey. MPI is also working on strengthening the systems that will ensure the traceability and authenticity of honey exports and assure the quality of domestic mānuka honey.

Future of Our Fisheries

The Future of Our Fisheries is a major work programme to strengthen and future-proof the Fisheries System. The programme was developed following a 2015 Fisheries Management System review, and a public consultation process in 2016. Three advisory groups were established to provide input into the programme representing iwi, industry, Environmental Non-Governmental Organisations and others. The Future of Our Fisheries responds to the considerable social and economic change over the 31 years since the Quota Management System was developed, and the 21 years since the Fisheries Act 1996 was passed. It also responds to requests from stakeholders to relook at aspects of how the system currently operates.

Biosecurity Responses

As at 17 October, MPI is managing 33 responses, comprising 16 active and 17 steady state responses.¹ This includes the following three medium-large scale responses:

1. *Bonamia ostreae*, affecting farmed oysters in Stewart Island and Marlborough Sounds.

¹ MPI is also managing 9 "steady state" National Interest Pest Responses focused on weed control.

2. Myrtle Rust, a fungal disease affecting both native and introduced plants in the *Myrtaceae* family, including pōhutukawa and mānuka. The focus of this response remains on eradication, but planning for transitioning to long term management has started.
3. *Mycoplasma bovis*, a cattle disease affecting cows in the South Island.

Marlborough Sounds Salmon Relocation

MPI, on behalf of the previous Minister for Primary Industries, consulted the public on a proposal to relocate up to six salmon farms in the Marlborough Sounds using the Minister's powers under section 360 of the Resource Management Act 1991. The Minister established an independent advisory panel to consider feedback on the proposal and advise how to proceed. The relocation was proposed to enable compliance with benthic (seabed) environmental standards and improve environmental outcomes, without sacrificing economic returns and jobs. The panel delivered its report in August 2017 and a decision is required as to how to proceed from here.

Litigation

There are several court proceedings currently underway, the most significant of which is the Psa-V litigation.

A group of kiwifruit growers and post-harvest operators are suing the Crown for approximately \$380 million for what they allege is negligence in allowing the bacterial kiwifruit vine disease Psa-V into the country. MPI does not accept the allegations and is defending the litigation. The High Court is currently hearing the case and it is likely that a decision will not be issued until next year.

Cost Recovery

MPI is undertaking a first principles review of its cost recovery arrangements. The review aims to ensure MPI takes a principled approach to cost recovery, improves alignment with the Treasury and Office of the Auditor-General's guidelines, and promotes a consistent and transparent approach across all our systems and functions. Subject to Ministers' and Cabinet agreement, MPI aims to consult on an initial package in early 2018 with proposals for improvements to cost recovery arrangements and adjustments to charges. This will allow time to implement changes by 1 July 2018.

MPI's Financial Situation

MPI is facing a number of cost pressures and will provide you with further briefing on these. Treasury expects any budget bids to be submitted by early December.

Shared Issues

Water

Communities highly value fresh water for its recreational aspects and it has deep cultural meaning for all New Zealanders. Equally, clean and plentiful fresh water underpins a vibrant growing economy that gives New Zealand's primary sector, manufacturing industries and tourism an international competitive advantage.

Addressing the quality and quantity of our fresh water is critical to our long term economic and environmental interests. For the primary sector this provides opportunities as well as

challenges, for example the opportunity to leverage improving fresh water quality to differentiate products in international markets and increasingly move to higher value trade.

Climate Change

The Paris Agreement is a new global agreement which commits all countries to take action on climate change. Under this Agreement, New Zealand submitted a Nationally Determined Contribution to reduce greenhouse gas emissions by 30 percent below 2005 levels by 2030. This economy-wide mitigation commitment applies from 2021, includes all sectors and all greenhouse gases, and identifies special accounting rules for forestry and land use.

Climate change policy for New Zealand's land sector needs to consider how to both reduce global emissions and sustainably grow the economic return from our natural resources. The challenge is to develop policies that mutually reinforce these objectives and minimise any trade-offs between them.

Marine Protected Areas Reform

The Ministry for the Environment is leading reform of the Marine Reserves Act 1971 in collaboration with MPI and the Department of Conservation. This reform would provide more efficient, collaborative and flexible marine protection processes, and hasten progress towards establishing a representative Marine Protected Area network in line with New Zealand's international protection obligations. Following public consultation on policy options and iwi engagement in 2016, agencies will seek direction from Ministers on potential reform before the end of 2017.

Appendix 1: Key Legislation

MPI currently administers more than 43 statutes and approximately 300 legislative instruments. The statutes administered by MPI include the following:

Agriculture

- Agricultural and Pastoral Societies Act 1908
- Animal Welfare Act 1999
- Commodity Levies Act 1990
- Dairy Industry Restructuring Act 2001
- Hop Industry Restructuring Act 2003
- Irrigation Schemes Act 1990
- Kiwifruit Industry Restructuring Act 1999
- Meat Board Act 2004
- Ministries of Agriculture and Forestry (Restructuring) Act 1998
- Ministries of Agriculture and Forestry (Restructuring) Act 1997
- Ministries of Agriculture and Forestry (Restructuring) Act 1995
- New Zealand Horticulture Export Authority Act 1987
- Pork Industry Board Act 1997
- Primary Products Marketing Act 1953
- Public Works Act 1981 (Part XIX)
- Taratahi Agricultural Training Centre (Wairarapa) Act 1969
- Veterinarians Act 2005
- Walking Access Act 2008
- Wool Industry Restructuring Act 2003

Biosecurity

- Airports (Cost Recovery for Processing of International Travellers) Act 2014
- Animal Control Products Limited Act 1991
- Biosecurity Act 1993
- National Animal Identification and Tracing Act 2012
- Plants Act 1970

Fisheries

- Aquaculture Reform (Repeals and Transitional Provisions) Act 2004
- Driftnet Prohibition Act 1991
- Fisheries Act 1983
- Fisheries Act 1996 (except sections 56 to 57 J)
- Fisheries Industry Board Repeal Act 2001
- Fisheries (Quota Operations Validation) Act 1997
- Kaikōura (Te Tai o Marokura) Marine Management Act 2014
- Māori Commercial Aquaculture Claims Settlement Act 2004
- Māori Fisheries Act 2004
- Treaty of Waitangi (Fisheries Claims) Settlement Act 1992

Food Safety

- Agricultural Compounds and Veterinary Medicines Act 1997
- Animal Products (Ancillary and Transitional Provisions) Act 1999
- Animal Products Act 1999
- Food Act 2014
- Wine Act 2003

Forestry

- Forestry Encouragement Act 1962
- Forestry Rights Registration Act 1983
- Forests Act 1949
- Forests (West Coast Accord) Act 2000

In addition, MPI has responsibilities under other legislation that it does not administer, such as:

- Climate Change Response Act 2002 (forestry sector);
- Hazardous Substances and New Organisms Act 1996 (MPI is the enforcement agency for new organisms);
- Public Works Act 1981 (irrigation schemes).

Appendix 2: Boards and Entities

Minister for Primary Industries

The Minister for Primary Industries is responsible for appointing members of the statutory boards and entities listed below:

- Agricultural and Marketing Research and Development Trust (AGMARDT)
- Biosecurity Ministerial Advisory Committee
- Kiwifruit New Zealand (KNZ)
- National Animal Ethics Advisory Committee (NAEAC)
- National Animal Welfare Advisory Committee (NAWAC)
- New Zealand Dairy Core Database Access Panel
- New Zealand Horticulture Export Authority
- New Zealand Meat Board
- New Zealand Pork Industry Board
- Investment Advisory Panel – Primary Growth Partnership
- Taiapure – Local Fishery Management Committees
- Taratahi Agricultural Training Centre (Wairarapa) Trust Board
- Telford Farm Training Institute
- Veterinary Council of New Zealand
- New Zealand Walking Access Commission

Appendix 3: Vote and Appropriations

MPI's work is financed through a single Vote: Vote Primary Industries and Food Safety.

Total Expenditure Appropriations for 2017/18 (full details of out-years provided below)

Figures as per Budget 2017. These will next be updated through the October Baseline Update.

Appropriation type Budget 2017	2017/18	2018/19	2019/20	2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
Total Departmental Multi-Class Appropriations (MCAs)	529,382	499,857	501,595	502,407
Development and Implementation of Food Safety Policy Advice MCA: To provide both policy and operational advice and support to Ministers in discharging their policy and operational decision-making responsibilities with regards to food safety.	10,383	9,827	9,827	9,827
Development and Implementation of Primary Industries Policy Advice MCA To provide both policy and operational advice and support to Ministers in discharging their policy and operational decision-making responsibilities with regards to primary industries.	124,412	113,848	113,513	112,843
Border and Domestic Biosecurity Risk Management MCA: To improve biosecurity risk management by providing operational support to prevent harmful organisms from crossing the borders and working to reduce the unwanted harm caused by organisms already established in New Zealand.	217,216	206,848	208,958	209,861
Food Safety MCA To protect consumers from foodborne disease and maintain and enhance New Zealand's reputation as a trusted supplier of safe and suitable food.	114,277	110,801	110,551	111,121
Sustainable Economic Development and Trade MCA To efficiently manage New Zealand's primary production and natural resources in a sustainable manner.	63,094	58,533	58,746	58,755
Total Non-Departmental MCAs	46,135	22,600	22,711	21,270

Appropriation type Budget 2017	2017/18	2018/19	2019/20	2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
Aquaculture Settlements For the recognition of settlements negotiated under the Māori Aquaculture Commercial Claims Settlement Act 2004.	21,800	—	—	—
Provision for Fisheries Debt Write Downs	1,000	1,000	1,000	1,000
Subscriptions to International Organisations For New Zealand's membership of primary industry-related international organisations.	3,208	3,208	3,208	3,208
Grants and Programmes MCA For the administration of schemes, grants, programmes and assistance which are designed to achieve the outcome of innovation and sustainable resource management within the primary sector.	20,127	18,392	18,503	17,062
Total Non-Departmental Output Expenses	104,274	101,772	105,435	102,539
Climate Change Research For obtaining science, research, technology, capacity and capability in climate change related to the primary land-based sectors.	3,105	2,260	2,260	2,260
Control of Bovine TB For the Crown's contribution to implementing the National Bovine Tuberculosis Pest Management Plan.	26,000	24,000	24,000	24,000
Support for Walking Access For the operation of the New Zealand Walking Access Commission	1,789	1,789	1,789	1,789
Administration and Management of Crown Forestry Assets and Operations MCA To achieve the outcome of obtaining the best return on the Crown's interest in forestry assets whilst seeking opportunities for the Crown to divest its interest in those assets.	73,380	75,981	77,386	74,490
Total Non-Departmental Benefits or Related Expenses	1,650	1,650	1,650	1,650
Rural Veterinarians Bonding Scheme	1,650	1,650	1,650	1,650

Appropriation type Budget 2017	2017/18	2018/19	2019/20	2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
For the provision of payments to veterinary professionals agreeing to work in understaffed, rural areas, in accordance with government approved criteria and guidelines.				
Non-Departmental Capital Expenditure	136,600	—	—	—
Crown Irrigation Investments Limited (MYA Expense) For the Crown's investment in Crown Irrigation Investments Limited.	136,600	—	—	—
Total Non-Departmental Other Expenses	45,042	98,554	82,276	109,652
Afforestation Grant Scheme (MYA Expense) For grants to private landowners for afforestation purposes.	3,900	3,900	3,900	3,900
Primary Growth Partnership (MYA Expense) For the primary, food and forestry sector investment in education and skills development, research and development, product development, commercialisation, market development and technology transfer, in partnership with relevant industry groups, including research related to greenhouse gases via the New Zealand Agricultural Greenhouse Gas Research Centre.	50,300	59,319	58,449	95,122
Water Storage and Irrigation Investment Proposals (MYA Expense) For the preparation of proposals for irrigation schemes to an investment ready stage.	25,472	16,000	2,500	500
Global Research Alliance on Agricultural Greenhouse Gases (MYA Expense) For the Global Research Alliance on Agricultural Greenhouse Gases.	11,005	9,205	7,297	—
Forestry and Other Economic Development, and Erosion Control (MYA Expense) For forestry and other economic development and erosion control in the Tairāwhiti region.	4,615	10,130	10,130	10,130
Total	913,333	724,433	713,667	737,518

Appendix 4: MPI Current Structure

MPI's Leadership Team

As at 2 October 2017



Martyn Dunne
Director-General



Dan Bolger
Marine



Roger Smith
Operations



Ben Dalton
Sector Partnerships
and Programmes



Bryan Wilson
Regulation and
Assurance



John Ryan
Corporate
Services



Deborah Roche
Policy and
Trade



Nick Maling
Acting
Office of the
Director-General

Marine

Dan Bolger is the Deputy Director-General (DDG) Marine.

The Marine Branch has recently been established as a temporary structure, and will be reviewed in April 2018. The Branch works to ensure that fisheries resources are managed in a way that provides the greatest overall social, cultural and economic benefit to New Zealanders, while ensuring sustainability of our fisheries and managing impacts of fishing on the wider aquatic environment. The Marine Branch delivers MPI's ongoing fisheries management processes and decisions, and procures and oversees the science that underpins these decisions. MPI is currently implementing digital monitoring of commercial fisheries – this is a major change for fishers and for MPI, and the temporary Branch structure enables focused executive oversight of the programme. The DDG Marine is the chair of MPI's Fisheries System Governance Board.

Operations

Roger Smith is the Chief Operations Officer (COO).

The Operations branch has a critical role in preventing harmful organisms crossing New Zealand's borders. It manages border and compliance activities as well as preparing for, and responding to, any biosecurity incursions that may occur. The branch also manages MPI's centralised intelligence, planning and co-ordination group which was established to manage food, biosecurity and animal welfare responses consistently and effectively. The COO is the Chair of the Biosecurity Governance Board for MPI.

Sector Partnerships and Programmes

Ben Dalton is the Deputy Director-General (DDG) Sector Partnerships and Programmes.

The Sector Partnerships and Programmes (SPP) branch delivers MPI's non-regulatory interventions to promote sustainable economic growth, innovation, regional development, and support MPI's regulatory systems. SPP administers funds such as the Primary Growth Partnership, the Sustainable Farming Fund, Afforestation Grants Scheme, and the Māori Agribusiness programme. Along with the Policy and Trade branch, SPP acts as a hub for MPI's sustainable economic development functions, especially with regard to regional economic development, partnering with Māori and aquaculture. The DDG is the Senior Regional Official for Northland as part of the Regional Growth Programme.

Regulation and Assurance

Bryan Wilson is the Deputy Director-General (DDG) Regulation and Assurance.

The Regulation and Assurance branch supports primary producers and consumers by implementing the full range of MPI's legislative and regulatory frameworks. This is the branch in which the core of MPI's regulatory functions sits. It provides the requisite confidence, transparency and trust to domestic and overseas consumers, overseas regulators and the food and primary sector as to the credibility, integrity and strength of our regulatory settings and systems for biosecurity, food safety and primary production (including animal welfare). The DDG is Chair for the Food Safety Governance Board and Acting Chair for the Science Advisory Governance Board.

Corporate Services

John Ryan is the Deputy Director-General (DDG) Corporate Services.

The Corporate Services branch provides support services and maintains systems and work practices that enable MPI to deliver its core functions. The branch consists of a human resources function that looks after systems and work practices that attract, develop and retain MPI's employees, a business technology and information services function that enables technology and information needs, a cost recovery team to ensure a consistent approach to where and how MPI charges for services, a finance, property and procurement function that takes care of our workspace, MPI's finances and reporting needs and a security and privacy function that ensures MPI practices meets government requirements and are prepared for a business continuity event. The DDG is the Chair of the Information Security and Infrastructure Governance Board for MPI.

Policy and Trade

Deborah Roche is the Deputy Director-General (DDG) Policy and Trade.

The Policy and Trade branch provides sector-level strategic thinking, policy advice and analysis, and oversees government-to-government relationships to maximise export opportunities. The branch incorporates market access functions, and leads MPI's involvement in New Zealand's trade system and our offshore footprint. It has a strong focus on sustainable economic growth, resource management and engaging on key issues of interest to New Zealand's primary sector. The DDG is the chair of the Sustainable Economic Development and Trade Governance Board for MPI and Deputy Chair for the Food Safety and Fisheries Governance Boards. Deborah is also a Director on the OSPRI Board, the industry-government body which manages the National Animal Identification and Tracing (NAIT) and TB-Free programmes.

Office of the Director-General

Nick Maling is the Acting Deputy Director-General (DDG) Office of the Director-General.

The Office of the Director-General branch provides direction-setting and support services across MPI, and direct support to MPI's Director-General. The branch's advice and services span strategy, planning and performance, service design, project and portfolio management, legal services, communications and marketing, assurance, internal audit and governance functions, Ministerial processes, and Official Information Act requests. In addition, the branch has responsibility for the commercial Crown Forestry operation.

Departmental Science Adviser

(Recruitment underway after retirement of incumbent)

The Departmental Science Adviser position was created in 2012 and is intended to influence and provide science leadership and oversight. The position helps to ensure the integrity of MPI's science and science advice and that MPI has appropriate research standards and quality assurance systems in place for science. The Departmental Science Adviser is the Chair of the Science Advisory Board for MPI.

Appendix 5: Crown Entity Monitoring

Crown Irrigation Investments Limited



Crown Irrigation Investments Limited (CIIL)

is a Crown-owned company that was established to co-invest in off-farm water storage and distribution schemes which are expected to be commercially viable in the long term, and to exit those investments once this is achieved.

CIIL has a mandate to invest in irrigation schemes that are expected to contribute economic and environmental benefits to New Zealand. It does this by supporting schemes when they are construction ready – both through direct (loan) investment and collaborating with those schemes to identify funding approaches and sources of capital. CIIL also administers grant funding for feasibility studies for regional-scale schemes.

CIIL is accountable for its performance to the Minister for Primary Industries and the Minister of Finance. MPI supports the Minister for Primary Industries by monitoring the performance of CIIL.

New Zealand Walking Access Commission

The New Zealand Walking Access Commission is a small Crown entity responsible for leading and supporting the negotiation, establishment, maintenance and improvement of walking access over public and private land. It was created by the Walking Access Act 2008 after extensive public consultation. The overall vision of the Commission is “...to enhance free, certain, enduring and practical walking access to the outdoors, and to strengthen our access to culture and heritage.”



The Commission is accountable for its performance to the Minister for Primary Industries. MPI supports the Minister for Primary Industries by monitoring the performance of the Commission.

Appendix 6: MPI Strategy

GROWING AND PROTECTING NEW ZEALAND



OUR AMBITION

New Zealand is the most trusted source of high value natural products in the world

OUR OUTCOMES



Growth

New Zealand's food and primary sector grows the value of its exports.

Sustainability

New Zealand's natural resources are sustainable, in the primary sector.

Protection

New Zealand is protected from biological risk and our products are safe for all consumers.

Participation

New Zealanders participate in the success of the primary industries.

OUR PRIORITIES



EASE OF BUSINESS

people and business-focused regulations and services

MARKET SUCCESS

market access, insight and assurances

SUSTAINABLE PERFORMANCE

sustainable primary sector resource use, supported by science

REALISING POTENTIAL

building long-term capability and optimising the way we work

LEADERSHIP

enabling action in the primary and government sectors

NEW ZEALANDERS

informed, engaged and supportive

WE DELIVER THROUGH STEWARDSHIP OF OUR SYSTEMS



AND HOW WE WORK



RESPECT

Value people, value our work

CONNECT

Work together, build partnerships

TRUST

Give responsibility, take responsibility

DELIVER

Act with purpose, achieve results

