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Primary Thinking

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Primary Thinking:

GETTING BEYOND THE COMMODITY CULTURE

The recently released MAF report on the meat industry highlights some systemic failures around its culture that are stymying its performance. But the problem doesn't stop with meat. Much of our primary sector is similarly constrained.

New Zealand's meat industry is founded on the natural benefits of our isolation, climate and our commitment to pastoralism. At 15% of our merchandised exports, the sector is a cornerstone of our economy. We have jealously guarded these advantages and our world-leading traceability, food safety and sustainability has given New Zealand a preferred supplier position to many countries with stringent requirements in these areas.

Despite these advantages, the conclusion drawn by the Ministry of Agriculture & Fisheries in its new report 'Meat: the Future' is that without significant change the New Zealand meat industry is on shaky ground. The industry itself acknowledges this and would like to see itself become 'a vibrant sector that places New Zealand at the forefront of high-quality, sustainably-produced meat, rewarding farmers for meeting consumer expectations in both traditional and new markets'. Nice sentiments, however, 87% of the respondents believe the culture within the meat sector is a constraining factor on its performance and its future.

These conclusions were partly based around the fact that our natural advantages, however strong, will not last forever. Developing nations will erode our position as their own primary industries seek to grow – taking advantage of cheaper labour and lower costs of production. Merging for the sake of size alone is largely an accountant's solution. The scale of underlying problems tends to grow in proportion to the new scale of the organisation and become harder to shift.

There is no argument against the fact that any kind of innovation in these industries will require considerable investment. With the current slim margins across the meat industry, capital is naturally thin on the ground. However this becomes circular logic – no profit, so no investment, and no investment, so no profit. At some point, the cycle must be broken.

That's not to say the outlook is all dark and gloomy. The vibrant future the industry desires is achievable. But it must change its behaviours and focus must shift from process to product. Rather than buy its way out with further production efficiency, the industry must think its way out of its current situation. As a nation, we have to start thinking of ourselves as the world's delicatessen, not its wholesaler. Premium cuts will always occupy the premium price-range; but just like the corner deli, it is seeking to add value right from hors d'oeuvres to children's lunches that will return real value to New Zealand's food industries.

This requires some fresh thinking. The accountant's solutions are not going to deliver what is wanted. The industry needs the thoughts of foodies, chefs and others who truly see the value in food, not the dollars in meat. The same could be said of many of our primary industries. The success of the Envy™ and Jazz™ apple varieties mentioned elsewhere in this newsletter attests to the possibilities of such thinking.