



PNZ Strategy & Business Transformation Plan 2021



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Potato Industry Strategic Targets 2021

1. Double the value of fresh & processed exports by 2025

- Aligned with objectives of the government's business growth agenda
- Implies volume and value growth

2. Enhance the value of the domestic market by 50% by 2025

- Implies value growth on stable volumes above CPI

3. Zero net nutrient and GHG emissions by 2035

- Aligned with the objectives of the government's emission targets
- To be achieved in order of priority via reduction, mitigation, and offsetting

Industry Targets in detail

Target 1: Double the value of fresh & processed New Zealand based exports by 2025.

The 2013 Strategy provides a benchmark for the current understanding of the NZ potato industry in terms of volume and value. The 2013 value of exports was \$110.5m. With the 2019 value of exports at \$128,211 million, there has been a 16% increase in export value. Current annual growth rate is 2.67%. An annual growth rate of 12.06% to 2025 is required to achieve target. This is an achievable goal. However, there is a concern that export value has not increased for the year ended 2019. Strong efforts must be undertaken to achieve this goal.

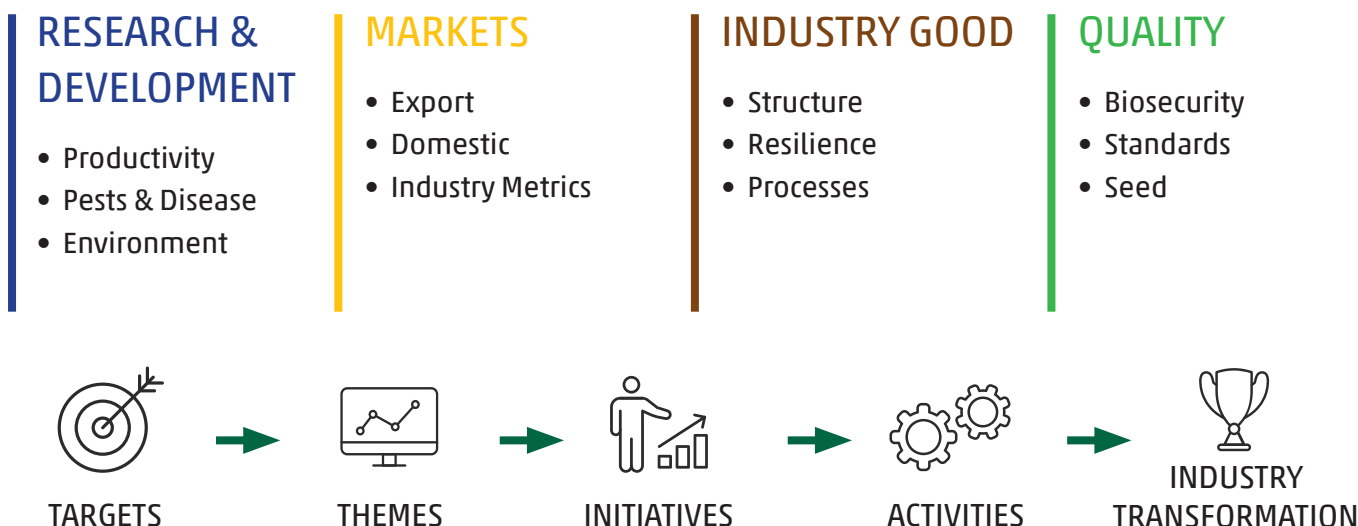
Target 2: Enhance the value of the domestic market in New Zealand by 50% by 2025.

The 2013 Strategy provides a benchmark for the current understanding of the NZ potato industry in terms of volume and value. The 2013 value was estimated at \$665 million. The current domestic market is valued at \$959 million (an increase of 44%). An annual target growth rate of under 1% is required, the current growth rate is 7.37%. Therefore, we are well on target to reach this goal.

Target 3: Zero Net Nutrient & GHG Industry Emissions by 2035.

The industry has adopted environmental targets that align with domestic and international targets. This ensures that the industry maintains its social and regulatory license. The tactics will include a mix of reduction, mitigation and off setting. The order of priority of these tactics will be reduction, mitigation and only as a last resort where all other tactics have failed then off setting.

2021 Potato Industry Strategic Themes and their initiatives



2021 Potato Industry Transformational Plan: Themes, Initiatives & Activities

Theme 1: Research & Development

Drive value chain optimization, by focusing on farm and processing innovations including; pest and disease management; plant breeding; emission reductions and mitigation; process innovations to increase manufacturing productivity; new product innovations; and the utilisation of waste streams.

R&D Initiatives

1. Productivity

Key responsibility: Internal including R&D technical committee

Key Objective: Increase productivity and profitability across the value chain while reducing emissions.

Business Plan Activities:

- 1.1 Identify key areas for optimising the value chain
- 1.2 Seek industry-government partnerships to leverage funding
- 1.3 Develop a 6-year R & D strategic plan
- 1.4 Implement accounting & R&D management systems to meet R&D tax credit scheme
- 1.5 Facilitate collaborative international R & D programme for liberibacter resistance/tolerance

- 1.6 Evaluate the domestic breeding programme given the industry strategic targets
- 1.7 Process productivity projects
 - 1.7.1 PNZ-57. Spectral Imaging & NIR
 - 1.7.2 PNZ-42. Pulse electric field project.

2. Pests & Disease

Key responsibility: R&D and Communications

Key Objective: Ensure growers have the tools necessary to manage existing and potential pests and diseases.

Business Plan Activities:

- 2.1 Publish up to date protocols and methods for pest and disease control
- 2.2 Ongoing investment in testing agrichemicals and alternative management plans
- 2.3 Establish pest and disease resistance programs
- 2.4 Carry out the following projects and report progress:
 - 2.4.1 PNZ-74 PMTV Seed Surveillance
 - 2.4.2 PNZ-80 Powdery Scab Management
 - 2.4.3 PNZ-82 Potato Tuber Moth

3. Environment

Key responsibility: R&D and Communications

Key Objective: Ensure the industry has the capability to measure, monitor and improve water, nutrient and bioactive use efficiency. Carry out research that allows the industry to maintain and grow access to land, water, nutrients, and bioactive resources.

Business Plan Activities:

- 3.1 Carry out the following projects and report on progress.
 - 3.1.1 PNZ-62. Future proofing vegetable production
 - 3.1.2 SVS-79 Sustainable Vegetable Systems Project
- 3.2 Develop zero waste and zero emissions initiatives
- 3.3 Develop a PNZ Sustainability Strategy document to include methodologies for Zero Emissions, and to inform workstream 4 of SVS, whilst meeting Communications Officer's Professional Development in academic course (Masters in Management (Sustainability)).

Theme 2: Markets

Targets both export and domestic markets to achieve industry targets.
It includes industry metrics, i.e. measurement of emissions across the potato value chain.

Market Initiatives

4. Export

Key responsibility: Administration, Communications and Bio-Regulatory Committee

Key Objective: Secure market access and maintain international competitiveness. Underpin international marketing with evidence proving produce and product provenance and environmental good practice.

Business Plan Activities:

- 4.1 Identify and prioritise market opportunities
- 4.2 MPI engagement for market access
- 4.3 Develop information systems to underpin international marketing
- 4.4 Undertake international trade data analysis to calculate NZ industry competitive ability
- 4.5 Identify and report domestic barriers to international trade competitiveness and communicate with the govt. ie impact of regulatory compliance.

5. Domestic

Key responsibility: Communications

Key Objective: Publish 'good news' stories and nutritional facts about the New Zealand potato industry, products and their value to the primary sector, through key stakeholder engagement.

Business Plan Activities:

- 5.1 Develop and execute an annual education and communications strategy and plan
- 5.2 Drive industry engagement through effective delivery of key messaging
- 5.3 Co-ordinate newsletters, media and social media activity and track outcomes
- 5.4 Work with strategic partners to develop appropriate resources and provide support
- 5.5 Annual November Means New Potatoes or equivalent PR campaign
- 5.6 Promote NZ grown fresh potatoes
- 5.7 Promote NZ grown and processed potato products.

6. Industry Metrics

Key responsibility: Communications

Key Objective: Research, collate and communicate market and industry metrics for fresh potatoes and processed potato products.

Business Plan Activities:

- 6.1 Research & publish export values weekly
- 6.2 Research & publish processed values monthly
- 6.3 Research & publish annual market value & volume statistics via the annual report.

Theme 3: Quality

Key Responsibility: The Government-Industry Agreement (GIA) is a partnership between industry and government. Under this agreement PNZ operates an Operational Agreement (OA) on joint funding of readiness and response activities.

PNZ is responsible for coordinating engagement with various bodies that determine rules and regulations that apply to domestic and export standards and jurisdictions.

Key Objectives: :

1. Maintaining biosecurity readiness and response capability
2. Quality standards
3. Seed assurance

Quality Initiatives

7. Biosecurity

Key responsibility: Technical Manager and Bio-Regulatory Committee

Key Objective: Carry out biosecurity readiness activities and respond as per the Operational Agreement.

Business Plan Activities:

- 7.1 Undertake a biosecurity monitoring and surveillance programme for sector risk organisms
- 7.2 Develop and undertake activities as agreed in the operational agreement and GIA deed of partnership
- 7.3 Pest Management Plan for the PMTV incursion (reviewed annually)

8. Standards

Key responsibility: Bio-Regulatory Committee, Technical Manager and Communications

Key Objective: Quality assurance of fresh table potatoes for export and domestic markets.

Business Plan Activities:

- 8.1 Work with growers and retailers to develop clear categories and quality standards for domestic table potatoes
- 8.2 Revise export grading standards in 2021, then every 3 years undertake a regional survey to monitor export quality against the voluntary export grade standards
- 8.3 Develop an export code of best practice
- 8.4 Initiate PNZ-81 Fiji Storage Project
- 8.5 Visit and report on Fijian market, subject to Covid-19 travel restrictions

- 8.6 PNZ-78. Agchem Strategy Project
- 8.7 Publish potato Grower Guides including MRL, Biosecurity Guide, Pest & Disease handbook, Seed Rules etc.

9. Seed Quality

Key responsibility: Technical Manager, Seed Authority and Communications

Key Objective: Provide assurance that seed lines meet minimum standards for disease freedom and trueness to type.

Business Plan Activities:

- 9.1 PNZ-37. Pest and Disease Surveillance Survey
- 9.2 Ensure registration & training of seed inspectors
- 9.3 Update Seed Authority rules as required
- 9.4 Contract signed with IVAs for seed inspection
- 9.5 Investigate options for administration of the seed certification scheme and the provision of the seed certification database
- 9.6 Annual Seed Authority Newsletter
- 9.7 Create potato variety dataset.

Theme 4: Industry Good

This theme seeks to ensure overall industry good and accountability to members through three strategic initiatives; structure; resilience; and processes. This theme is concerned with how industry good is governed, particularly with regards to responsible use of the Potatoes Commodity Levy; organizational structure and management; and accountability to stakeholders. This theme seeks to build industry participants' capability and capacity, in order to build resilience.

Industry Good Initiatives

10. Structure

Key responsibility: Board, Administration and Communications

Key Objective: Ensure the right structure is in place to provide accountability to the members.

Business Plan Activities:

- 10.1 Annually review the terms of reference for the Subcommittees and Technical Panels for adoption by Potatoes NZ
- 10.2 Ensure regular financial reporting against budget
- 10.3 Develop a Resilience plan
- 10.4 Develop work programme to give effect to members' request for mid-term levy review
- 10.5 Develop joint activities with other product groups to support vegetable industry transformation
- 10.6 Annually review organisational composition and structure.

11. Resilience

Key responsibility: Administration, Technical, Communications, CEO and Board

Key Objective: Develop ongoing education and wellness programs to develop industry capability, capacity, and resilience.

Business Plan Activities:

- 11.1 Support and promote horticulture training at a local and national level
- 11.2 Support and promote good health and safety practices
- 11.3 Undertake on farm biosecurity training and development activities
- 11.4 Identify and support training of potential horticultural leaders
- 11.5 Annual Governance training for the Potatoes NZ board
- 11.6 Develop an HR, professional development, and wellness plan for PNZ Staff

- 11.7 Review Trade and Associate member fees and membership criteria
- 11.8 Investigate feasibility of grower consent co-operatives
- 11.9 Protect domestic industry from unfair trade practices by investigation of anti-dumping safeguard measures
- 11.10 Establish transformational plan for industry embracing zero waste and zero emissions
- 11.11 Maintain growers' license to operate by engaging with all Regional Plan Changes and participating in submissions and hearings processes.

12. Processes

Key responsibility: Administration, Technical, Communications, CEO and Board

Key Objective: Clear direction to the industry and accountability to members. Where appropriate provide mandated advocacy for growers.

Business Plan Activities:

- 12.1 Develop a membership database that allows integration of web, email, and data for all PNZ activities
- 12.2 Develop a tracking & tracing database for all potato crops
- 12.3 Develop self-auditing levy system
- 12.4 Verify active PNZ memberships for valid voting
- 12.5 Align all industry good activities using levy money under the single governance structure of Potatoes New Zealand Incorporated
- 12.6 Establish carbon-zero operations for PNZ Inc.
- 12.7 Seek regular feedback from growers and industry, to identify issues that the membership wishes to address.

2019 Potato Industry by Volume

	Total 2019	Seed 2019	Table 2019	Processed 2019
Area (ha)	10,417	1,117	3,300	6,000
Production (MT)	533,030	21,230	151,800	360,000

	2019
Seed (MT)	
Export	27
Domestic Sales	21,203
Total	21,230
% of total Grown	4%


	2019
Table Potatoes (MT)	
Export	20774
Domestic Sales*	105,000
Foodservice*	5,000
Total	130,774
% of total grown	25%

* assumed

	2019
Crisps (MT)	
Raw Potatoes	58,457
Domestic Mfg	12,860
Import	887
Total	13,747
Export	837
Retail	12,910
Total	13,747
% of total grown	11%

	2019
Frozen/Fries (MT)	
Raw Potatoes	301,543
Domestic Mfg	156,289
Import	18,606
Total	174,895
Export	77,062
Retail	27,423
Total	174,895
% of total grown	57%

Notes: 2018 & 2019 figures have been updated as of July 2020.



2019 Potato Industry by Value

	Total 2019	Seed 2019	Table 2019	Processed 2019
Area (ha)	10,417	1,117	3,300	6,000
Production (MT)	533,030	21,230	151,800	360,000

	2019
Seed (\$000)	
Export	\$25
Domestic Sales	\$16,962
Total	\$16,988
% of total Grown	2%

	2019
Table (\$000)	
Export	\$20,774
Domestic Sales	\$192,325
Foodservice	\$30,000
Total	\$243,099
% of total grown	22%

	2019
Crisps (\$000)	
Export	\$5,781
Retail*	\$211,779
Total sold	\$217,561
% of final industry value	20%

*assume extra 10% value above Scan Data


	2019
Frozen/Fries (\$000)	
Export	\$101,631
Retail*	\$86,130
Food Service	\$422,462
Total Sold	\$610,223
% of final industry value	56%

*assume extra 10% value above Scan Data

	2019
Domestic	\$959,659
Export	\$128,211
Total Industry Value (\$000)	\$1,087,871

2019 Total Industry Value: \$1,088 million p.a.

Notes: 2018 & 2019 figures have been updated as of July 2020. Currency is NZD.



2013-2019 Potato Industry by Volume

Total					Seed				Table				Processed			
	2013	2017	2018	2019	2013	2017	2018	2019	2013	2017	2018	2019	2013	2017	2018	2019
Area (ha)	10,328	10,306	10,344	10,417	1,182	1,123	1,160	1,117	3,516	3,278	3,278	3,300	5,631	5,905	5,906	6,000
Production (MT)	493,872	496,900	527,190	533,030	22,453	21,337	22,042	21,230	161,736	150,788	150,788	151,800	309,683	324,775	354,360	360,000

Seed (MT)	2013	2017	2018	2019
Export	300	20	26	27
Domestic Sales	22,200	21,280	22,016	21,203
Total	22,500	21,300	22,042	21,230
% of total Grown	5%	4%	4%	4%


Table Potatoes (MT)	2013	2017	2018	2019
Export	29,862	27,025	24,919	20,774
Domestic Sales*	105,000	105,000	105,000	105,000
Foodservice*	5,000	5,000	5,000	5,000
Total	139,862	137,025	134,919	130,774
% of total grown	28%	28%	26%	25%

Crisps (MT)	2013	2017	2018	2019
Raw Potatoes	66,215	71,649	52,205	58,457
Domestic Mfg	13,243	15,763	11,485	12,860
Import	570	1,496	1,068	887
Total	13,813	17,259	12,553	13,747
Export	1,891	1,276	586	837
Retail	11,922	15,983	11,967	12,910
Total	13,813	17,259	12,553	13,747
% of total grown	13%	14%	10%	11%

Frozen/Fries (MT)	2013	2017	2018	2019
Raw Potatoes	243,468	253,126	302,155	301,543
Domestic Mfg	126,728	127,610	156,128	156,289
Import	14,484	19,204	19,123	18,606
Total	141,211	146,813	175,250	174,895
Export	59,554	66,574	73,478	77,062
Retail	20,269	25,306	26,343	27,423
Total	141,211	146,813	175,250	174,895
% of total grown	49%	51%	57%	57%

* assumed

Notes: 2018 & 2019 figures have been updated as of July 2020.



2013-2019 Potato Industry by Value

Total					Seed				Table				Processed			
	2013	2017	2018	2019	2013	2017	2018	2019	2013	2017	2018	2019	2013	2017	2018	2019
Area (ha)	10,328	10,306	10,344	10,417	1,182	1,123	1,160	1,117	3,516	3,278	3,278	3,300	5,631	5,905	5,906	6,000
Production (MT)	493,872	496,900	527,190	533,030	22,453	21,337	22,042	21,230	161,736	150,788	150,788	151,800	309,683	324,775	354,360	360,000

Seed (\$000)	2013	2017	2018	2019
Export	\$310	\$30	\$29	\$25
Domestic Sales	\$17,762	\$17,053	\$17,613	\$16,962
Total	\$18,071	\$17,082	\$17,642	\$16,988
% of total Grown	2%	2%	2%	2%

Table (\$000)	2013	2017	2018	2019
Export	\$18,020	\$29,487	\$22,909	\$20,774
Domestic Sales	\$119,000	\$217,963	\$201,688	\$192,325
Foodservice	\$24,000	\$30,000	\$30,000	\$30,000
Total	\$161,020	\$277,449	\$254,597	\$243,099
% of total grown	21%	28%	23%	22%

Crisps (\$000)	2013	2017	2018	2019
Export	\$15,518	\$8,182	\$4,684	\$5,781
Retail*	\$143,335	\$179,709	\$195,332	\$211,779
Total sold	\$158,853	\$187,891	\$200,016	\$217,561
% of final industry value	20%	19%	18%	20%

Frozen/Fries (\$000)	2013	2017	2018	2019
Export	\$76,650	\$91,605	\$101,673	\$101,631
Retail*	\$66,802	\$78,132	\$82,694	\$86,130
Food Service	\$294,664	\$329,605	\$452,575	\$422,462
Total Sold	\$438,115	\$499,342	\$636,941	\$610,223
% of final industry value	56%	51%	57%	56%


*assume extra 10% value above Scan Data

	2013	2017	2018	2019
Domestic	\$665,563	\$852,460	\$979,900	\$959,659
Export	\$110,497	\$129,304	\$129,295	\$128,211
Total Industry Value (\$000)	\$776,060	\$981,764	\$1,109,195	\$1,087,871

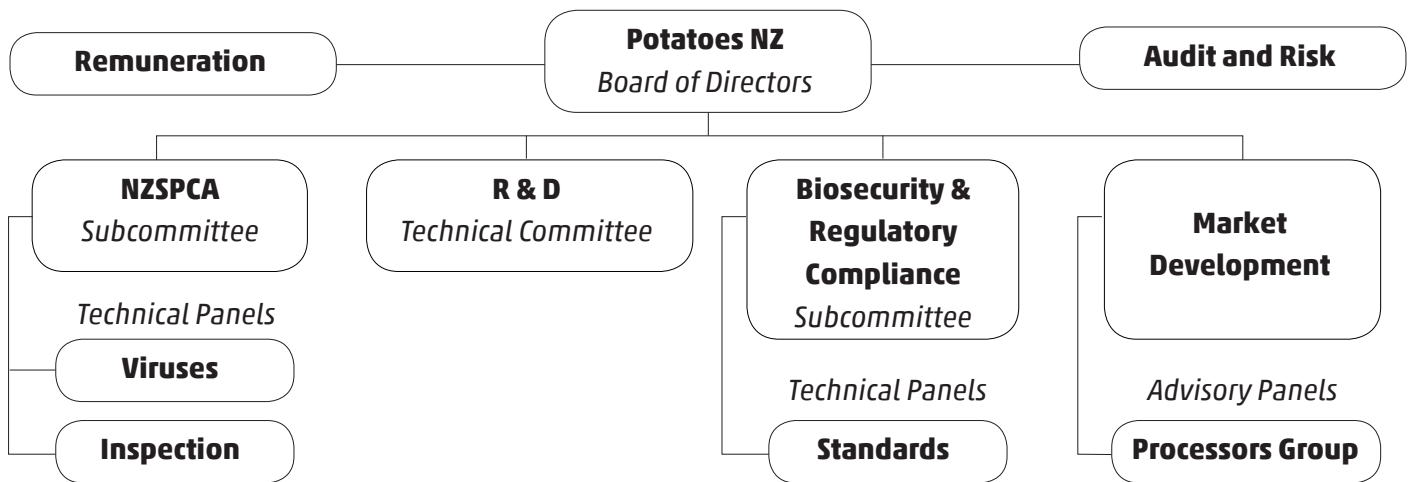
2019 Total Industry Value: \$1,088 million p.a.

*assume extra 10% value above Scan Data

Notes: 2018 & 2019 figures have been updated as of July 2020. Currency is NZD.



Aligned to the themes, the industry governance and management has the following structure



Timeline and reporting

- Report against actions at Board meetings
- Review Strategy and Business Transformation Plan annually at November/December Board meeting
- Approve Strategy and Business Transformation Plan at February Board meeting
- Communicate Strategy and Business Transformation Plan at biennial industry conference
- Communicate Strategy and Business Transformation Plan annually via newsletter and send a printed version to Growers
- Report annually against Strategy and Business Transformation Plan actions in the annual report
- Report regularly to growers on Business Transformation Activities in newsletters, NZ Grower Magazine and other industry/trade publications.

A list of current and completed R&D projects can be found on our website <https://potatoesnz.co.nz/research-and-development/research-projects/>

Risk Mitigation Strategies

The following risk mitigation strategies have been adopted to counter the current and future risks to industry transformation.

1. Build Organisational Capacity & Capability

Identify key activity areas and develop internal capability through employing staff

2. Utilise Contractors When Appropriate

Contractors should only be used on an annual or as needs basis, and strict KPI's applied. Care must be taken to ensure that contractors do not develop a monopoly situation

3. Reduce Overhead & Operating Costs

Focus on grower needs. Maintain a virtual organisational model that reduces office overheads and focus on activities in the regions that deliver value to growers. Where needed engage with central Government and national organisations, only where and when it adds value to growers, achieves organisational strategies or helps complete actions.

4. Build Information Systems

Continue the development of the Biosecurity, Emissions & Levy Information System (BELIS).