

AFIC STRATEGY WORKSHOP

“NZ self-sufficiency in milling wheat by 2025”.

WHEN: Wednesday 13 February 2019

PARTICIPANTS:

AFIC Members –Alison Stewart, Charlie Blair, Brian Leadley, Bruce Peden, George Gerard, Ivan Lawrie, Karen Williams, Lindsay Dick, Mark Ross, John Corbett, Rebecca Redmond, Thomas Chin, Tom Bruynel, Warrick Nelson

Angela Clifford (EatNZ), Andy Wilson (PGW Grain), Edward Luisetti (Luisetti Seed), Mark Lawrence (Seedlands- Farmer’s Mill), Peter Burton (Midlands Seed), Ralph Thorogood (Goodman Fielder), Krishna Sami (Mauri), Syd Worsfold (ex-Chair United Wheat Growers)

Facilitator: Ian Whitehouse

Summary

1. There was strong support from all participants for the goal of New Zealand being self-sufficient in milling wheat by 2025. The workshop was positive with people open about sharing information. Everyone said they learnt something. A list of actions was agreed to be progressed in the next three months.
2. The millers indicated there was strong demand currently for quality New Zealand-grown milling wheat. Countdown has committed to only using NZ-grown wheat in the products it bakes in-store in all its NZ supermarkets.

ACTION: Millers will communicate to South Island growers by the end of March (in time for autumn planting) the milling wheat that they want to buy and to North Island growers in time for spring planting.

3. To achieve the goal, storage and transport issues must be addressed to enable bulk transport of wheat to Auckland.

ACTION: A working group was formed to investigate options, particularly shipping, and report to AFIC by May 2019 (*Ivan Lawrie, Bruce Peden, Syd Worsfold, Brian Leadley, Krishna Sami, Karen Williams*).

Opportunities to be taken to talk with the Minister of Regional Development (Hon, Shane Jones) about the need to support new regional storage and transport infrastructure to enable NZ to be self-sufficient in milling wheat (*Ed, Angela and others*).

4. To achieve the goal, a long-term demand must be created for NZ-grown milling wheat that is based on more than just price.

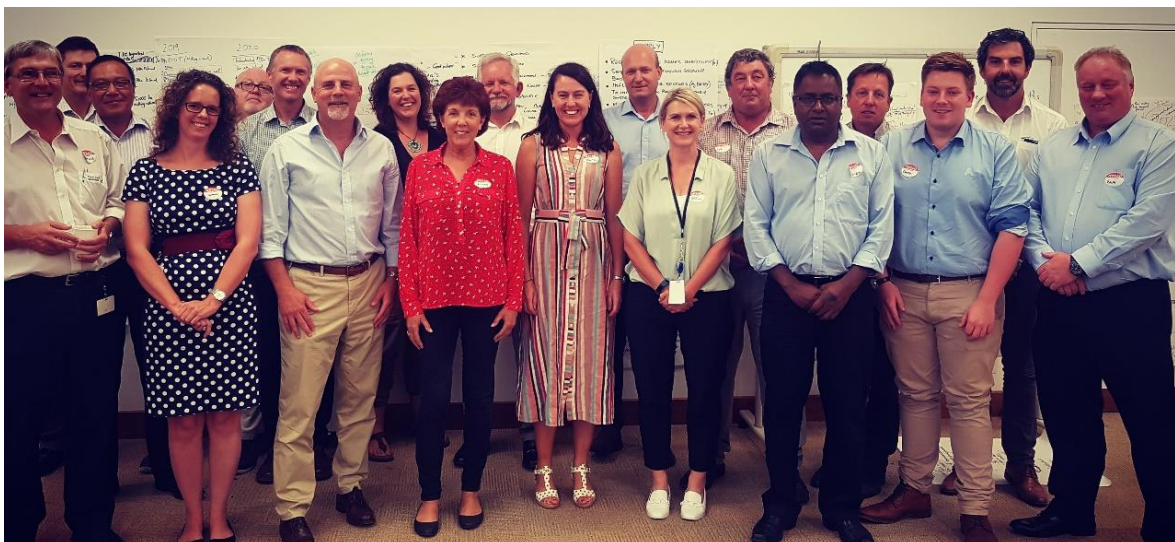
ACTION: A working group was formed to identify the value proposition (i.e. the “why”) for NZ-grown milling wheat and develop initial marketing and communication plans (*Alison, Karen, Andy, Angela, Charlie, Antonia, Mark, Ivan and someone from the bakers – Ralph to follow up*). The working group will bring recommendations to AFIC by June 2019 including whether there is a need for a market-facing organisation to be set up to advocate for the sector (“GrainsNZ”) analogous to HortNZ.

5. There is need to develop longer-term supply agreements that would ensure a sustainable supply of NZ-grown milling wheat.

ACTION: A working group was formed to develop the framework (or template) necessary for a long-term supply arrangement and then discuss this with each of the millers (*Karen Williams, Philippa Rawlinson, Thomas Chin and someone from NZGSTA*).

6. To achieve the goal, a lot more milling wheat will need to be grown – at least 25,000 ha (probably 30,000ha).

ACTION: The upcoming FAR regional grower meetings to include a summary of this workshop including strong commitment to the goal of NZ self-sufficient in milling wheat and the good demand currently for milling wheat (*Alison Stewart*).



L to R: Warrick Nelson, Peter Burton, Thomas Chin, Antonia Miller, John Corbett, George Gerard, Ivan Lawrie, Angela Clifford, Alison Stewart, Bruce Peden, Karen Williams, Ed Luisetti, Rebecca Redmond, Syd Worsfold, Krishna Sami, Mark Lawrence, Charlie Blair, Andy Wilson, Ralph Thorogood. (abs- Brian Leadley/ Tom Bruynel, left early)

Record of discussion

Participants worked in groups in three sessions:

- An initial identification of what things needed to be addressed to achieve the goal;
- Identifying demand issues that needed to be resolved;
- Identifying supply issues that need to be resolved.

Ivan Lawrie has a folder of photographs of the A1 sheets from the group discussions. The key points from these are provided below.

Key discussion points on demand issues

- a. Demand is already there for NZ-grown milling wheat as supply from Australia impacted by drought.
- b. Examples of demand for NZ-grown wheat:
 - Countdown's commitment to only using NZ-grown wheat in its in-house bakeries in all their NZ supermarkets;
 - Farmers Mill;
 - Demand from bakers for NZ-grown purple wheat.
- c. Milling wheat is a commodity. Growers, grain merchants and millers are all price-takers.
- d. Need to create a long-term demand for NZ-grown wheat that is based on more than price.
- e. Need to identify the reasons why people should buy NZ-grown milling wheat. Ideas for why we should value NZ-grown wheat include:
 - Locally grown (fresh, good for NZ – food sovereignty)
 - Sustainably produced (good for the environment – part of integrated resilient farming systems, greenhouse gas footprint/climate change impact, biosecurity impact)
 - Nutrition (grain is good – though caution about how this is pitched)
 - Food security (traceability).
- f. Noted that about 10% of customers are now vegetarian/flexitarians.
- g. Ideas suggested for creating more demand for NZ-grown milling wheat:

- Advocacy – it was noted that the grains sector had not had a strong voice in Wellington as policy for country-of-origin labelling was developed and grain-based products had been excluded from country of origin labelling legislation. It was suggested that the grains sector needed an advocacy body (“GrainsNZ”) like the dairy, horticulture and other sectors. It was felt that other sectors were having more influence with government and consumers (such as supermarkets) in promoting NZ-grown products. It was suggested that GrainsNZ could become the “champion” for NZ-milling wheat and provide the marketing platform. Suggested it could be funded by the industry, it could use AIMI information, have different marketing strategies for different group (e.g. a “best bakers” campaign), and gather market intelligence (who buys what?).
- Education: Is there an opportunity to get the message to school children, such as through food technology classes – bake a NZ-grown loaf of bread. Is there an opportunity for baking apprenticeships?
- Work with key influencers/big buyers – to get them to understand the value of using NZ-grown milling wheat.

Key discussion points on supply issues

- h. The millers were clear that there is demand for NZ-grown milling wheat. They indicated that they were buying all the milling wheat grown in NZ (provided it met their specifications).
- i. Recognition that there is a need for supply-chain arrangements that lead to growers and millers having medium/long-term supply agreements to give a level of certainty to growers so they will keep growing milling wheat year-on-year. Price is a commercial discussion between a miller and a grower, however, the supply-chain arrangements need to be clear on when information will be available (such as price, quality specifications, volumes) so farmers know this before they sow crops (by March for autumn sowing and later for spring sowing).
- j. To meet the goal of self-sufficiency in NZ milling wheat a lot more needs to be grown in both the North and South Island and this means there are substantial logistics challenges to overcome.
- k. Wheat will need to be transported from South Island and from lower North Island to Auckland. For this to be cost effective, bulk transport is needed. One of the millers said that transporting wheat by containers is not an option for them. Shipping would seem to be the best option for getting wheat from the South Island. There is no (storage) infrastructure in place at Timaru or Lyttelton ports to enable wheat to be shipped in bulk. Bulk transport by rail may be an option in North Island as road transport is very costly.

- l. To meet the demand a lot more storage will need to be built – on farm and regionally (at consolidation points such as ports). There is little infrastructure left in place from when more milling wheat was grown.
- m. It was noted that seed volumes will need to increase to match the increased demand.
- n. In the longer-term new cultivars may be needed (that will grow in new wheat-growing areas and to meet specific demands).
- o. There is a need to understand the likely future demand for wheat-based products (such as NZ-grown noodles). This is work-in-progress through the bakers' liaison group.
- p. It was suggested that targets be set for the extra volume of NZ-grown milling wheat:
 - 2021 – 100,000 tonnes
 - 2023 – 200,000 tonnes
 - 2025 – 400,000 tonnes.