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BRIEFING ON REVISIONS TO THE SUSTAINABLE PASTORAL AND FOOD INNOVATION INITIATIVE CABINET PAPER

Date:	22 February 2008	Priority:	High
Security Level:	Budget: Sensitive	Document Number:	B1161

Action sought

Minister	Action sought	Deadline
Minister of Agriculture	Note the contents of this brief; and Note that you may wish to share this brief with Hon Hodgson, Hon Dr Cullen and Hon Mallard prior to Cabinet Business Committee (CBC) on Monday, 25 February 2008.	Prior to CBC on Monday, 25 February 2008

Does the paper have financial implications?		No
Risks	N/A	Level of Risk N/A

Ministry Contacts

	Name	Position	First Contact	Telephone	
				(work)	(after hours)
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BRIEFING ON REVISIONS TO THE SUSTAINABLE PASTORAL AND FOOD INNOVATION INITIATIVE CABINET PAPER

Purpose

1. *This brief updates you on revisions made to the Sustainable Pastoral and Food Innovation Initiative Cabinet paper, in light of discussion at the Cabinet Policy Committee (POL) meeting on 13 February 2008, and in preparation for Cabinet Business Committee (CBC) on 25 February 2008.*

Key Points

2. Text has changed throughout the paper to reflect the three specific issues raised by POL (structure of the partnership, criteria for investing and longer-term objectives), as well as emphasising even more that sustainability is fundamental for transforming the pastoral and food sectors.
3. In most cases the changes involve:
 - more detail about and illustrative examples of the issues POL discussed; but
 - being clearer that specific decisions about these issues cannot be provided in this paper, but must be developed jointly between government and industry in partnership.
4. The paper now describes the process that officials are actively setting in train to establish the partnership, which will address the issues raised by POL. In particular:
 - the “Pastoral and Food Establishment Group” (PFEG), which includes senior government officials and key industry investors, will have its inaugural meeting shortly after the paper is approved by Cabinet; and
 - the report-back to POL with implementation recommendations from PFEG is pushed back until 31 May 2008, to ensure that PFEG has enough time to do meaningful work on these issues.

Recommendations

5. We recommend that you:
 - a) **Note** the contents of this brief; and

Noted

- b) **Note** that you may wish to share this brief with Hon Hodgson, Hon Dr Cullen and Hon Mallard prior to CBC on Monday, 25 February 2008.

Noted

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Jim Anderton
Minister of Agriculture

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BACKGROUND AND ANALYSIS

Background

6. You, Hon Hodgson and Hon Dr Cullen brought a paper to Cabinet Policy Committee (POL) on 13 February 2008 about the proposed Pastoral and Food Innovation Initiative. POL invited you and Hon Hodgson and Hon Dr Cullen, in consultation with Hon Mallard, to resubmit a revised paper to Cabinet Business Committee (CBC) on 25 February 2008, "in light of discussion at the meeting, and in particular with more detailed information on the criteria to be used in selecting investments, the structure of the proposed partnership, and longer term objectives" [POL Min (08) 1/4 refers].
7. This brief outlines the revisions to the Cabinet paper (which officials have provided to your office separately) and describes broadly how the changes reflect the discussion at POL.

Analysis

8. Text has changed throughout the paper to reflect the three specific points above, as well as emphasising even more that sustainability is fundamental for transforming the pastoral and food sectors. The Ministry for the Environment has also been added to the officials' steering group for this project.
9. An overview of how the paper has been revised is below.

Structure of the proposed partnership

10. The concept of the Partnership is now introduced directly in the Executive Summary (paragraphs 5 and 7-8). The paper also now states more explicitly that this will be a new way for government and industry to work together, which is necessary to achieve transformation. An illustrative example of how the Partnership could work is described in paragraph 47. Because this way of government and industry working together is uncharted territory for New Zealand, however, the structure of the proposed partnership needs to be developed between government and industry.
11. There is now more detail in the paper about the 'Pastoral and Food Establishment Group' (PFEG) (paragraphs 47-49 and recommendation 12), the group of senior government officials and key industry investors that will be responsible for developing the shape and nature of the Partnership. The inclusion of the Commercial: In confidence appendix with industry commitments also gives a flavour for who key industry partners in this initiative are likely to be. The paper now mentions that PFEG will be convened shortly after the paper is approved by Cabinet, and it also pushes out the report-back to POL on PFEG's work on implementing the Partnership to 31 May 2008 in order ensure that PFEG has sufficient time to do meaningful work.

More detailed information on the criteria to be used in selecting investments

12. The paper now states more explicitly that criteria for investing also need to be developed by the Partnership between government and industry, because officials feel that it could undermine the Partnership and the trust between partners to attempt to specify any definite priorities and criteria for investing at this point. To address POL's question, more analysis, description and explanation have been added around the principles (paragraphs 24-27) that the Partnership should use to develop and refine its strategic priorities and criteria for investing.

Longer term objectives

13. Sustainability has been included more explicitly in the text, including its addition at the front of the name of the proposed initiative. This is not a change of focus for the initiative; it is about affirming the fundamental importance of sustainability, which is integral to the transformation of the pastoral and food sectors. The Ministry for the Environment has also been added to the officials' steering group for the initiative.
14. The paper now mentions officials' current work on how to recognise a transformational proposal in the context of this initiative (paragraph 25, second bullet point) and on how to achieve additionality of investment, rather than reprioritising existing activities (paragraph 26, first bullet point). In addition, text has been added throughout the paper with more examples and details of what sustainable, transformed pastoral and food industries could look like. One relatively detailed illustrative example of a possible investment programme and its (hypothetical) outcomes has been added to the section "What will success look like?" (paragraph 61 in particular), although it also makes clear that the Partnership ultimately will decide its own vision and strategic goals.

Conclusions

15. Text has been added throughout the paper to address POL's issues. In most cases this involves:
 - more detail about and illustrative examples of the issues POL discussed; but
 - being clearer that specific decisions about these issues cannot be provided in this paper, but must be developed jointly between government and industry in partnership through a process that officials are actively setting in train.