

## *Deryck Shaw: Solutions to problems may lie at home*

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With the jobs summit coming and a focus on short-term pragmatic solutions to our economic woes, we should not lose sight of the opportunity for some strategic thinking around key New Zealand industry sectors.

New Zealand has often been plagued by thinking that we should take a moral high road in the case of specific industry development. We need to put New Zealand's interests first. Sure, these can be founded on principles, but we often look overseas for the solutions to our problems when the solutions are at home.

While no industry is immune to the effects of the global recession, we should look at what industry sectors have performed well (and consequently attracted investment) and the characteristics of these sectors.

While it is difficult to generalise – and no industry is perfect – there are many examples of specific industries outperforming the market average.

What are these industries? Two examples would be dairy and kiwifruit. Some of the characteristics of these industries are that they are both vertically integrated (and therefore allow investment decisions to be closely aligned to industry knowledge at all levels – from production to manufacturing to distribution and sales and marketing).

And both industries have also achieved some scale in activity and operate as global leaders.

What are the underperforming industries in New Zealand? Key ones of scale would be sheep, beef, wool, forestry and timber.

All industries have been plagued by short-term decision making, a lack of industry cohesion and poor industry returns as evidenced by closures, takeovers and a lack of investment.

Given the nature of the challenges in resolving the issues it is highly likely that only legislative intervention would provide the base of the reforms required to set these industries on a clear course. This will require a bold step from a new Government that would give rise to significant unrest, but could be the tonic that the country needs to regain its once prized high standard of living.

While the tourism industry is not vertically integrated its activities marketing internationally help produce the same outcomes, with Tourism NZ managing the brand and overseas promotions and working closely with industry partners, such as the regional tourism organisations and Air New Zealand.

At a broader level some key issues to consider are:

- \* Taking a strategic look at the resource and infrastructure requirements needed to support industry sectors. This may be best undertaken at a regional level since much of the planning of resources is undertaken at this local level.

This would ensure that issues, such as water allocation in Canterbury and South Canterbury, can be considered in a strategic context.

Consider that internationally. Consumers are attracted to and in some cases will pay a premium for products that are closer to nature and reflect sustainable practice.

This is also an area that is likely to be subject to greater regulation in the future. Most agricultural and horticulturally based industries would benefit by ensuring that industry practice and brand values reflect consumer demand.

- \* Consider recycling of materials, which not only helps the environment and waste but also provides entrepreneurial opportunities for new product developments.

- \* Provide greater linkages between Crown institutions and universities with commercial opportunities to provide ongoing value.



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\* Encourage greater levels of collaboration between organisations – examples are in local government – to achieve greater alignment between district/city and regional needs.

There are many New Zealanders committed to development of industries around the country who on an ongoing basis undertake many of the activities outlined above. The greater opportunity is to embed this thinking in Brand New Zealand.

The Government will no doubt have a number of accelerated infrastructural developments. These need to be considered in the opportunity that there is to leverage greater value out of these from the economy.

Also, the Government could ensure that specific infrastructure critical to regional development is considered in this process.

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