



EVENT BRIEFING

Meeting with representatives from Arable Food Industry Council and Foundation for Arable Research, 23 July 2025

Date:	22 July 2025	Priority:	Medium
Security classification:	In Confidence	Tracking number:	BRIEFING-REQ-0017771

Action sought		
	Action sought	Deadline
Hon James Meager Minister for the South Island	Meet with representatives of the Arable Food Industry Council and Foundation for Arable Research.	23 July 2025

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Karl Woodhead	General Manager Strategy, Planning and Performance, Kānoa – Regional Economic Development & Investment Unit (Kānoa)	Privacy of natural persons	
Cory Hagenaars	South Island Lead Advisor, Kānoa	Privacy of natural persons	✓

The following departments/agencies have been consulted

Minister's office to complete:

☐ Approved

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Comments



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Purpose

To provide background and supporting information for your meeting with representatives of the Arable Food Industry Council and Foundation for Arable Research on 23 July 2025.

Recommendations

The Ministry of Business, Innovation and Employment (MBIE) recommend you:

- a **Note** the information in this briefing to support your meeting with representatives of the Arable Food Industry Council and Foundation for Arable Research.

Noted

Karl Woodhead
General Manager Strategy, Planning and Performance
Kānoa – Regional Economic Development & Investment Unit, MBIE

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Hon James Meager
Minister for the South Island

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Summary

1. On Wednesday, 23 July 2025, from 4.30pm to 5.00pm, you will meet with Brian Leadley, (Chair, Arable Food Industry Council (AFIC)), Phil Jackson (Vice Chair, AFIC), and Ivan Lawrie (General Manager of Business Operations, Foundation of Arable Research), in your office.
2. The purpose of the meeting is to discuss the New Zealand Grown Grains Initiative, which aims to enhance consumer awareness and industry uptake of New Zealand grown grains.
3. This meeting is also an opportunity to engage with key stakeholders in the South Island grain sector, understand the strategic goals of the certification trademark, and hear their perspective on the current challenges and opportunities in the industry.

Background

South Island grain sector

4. New Zealand's arable sector contributes over \$2 billion to New Zealand's economy through grain, high value seed, and other crop production. It plays a crucial role in national food security, with favourable growing conditions supporting the cultivation of grain crops such as wheat, barley, and oats. In 2023, arable farmers produced around 427,000 tonnes of wheat, including 100,000 tonnes of milling wheat. Despite this, approximately 70 per cent of New Zealand's wheat supply is imported from Australia¹.
5. The South Island is the centre of New Zealand's grain production, benefiting from higher-than-average yields² and well-established harvest and storage infrastructure. Arable crops are grown across approximately 180,000 hectares, with the majority located in the Canterbury and Southland regions. While most of the wheat grown here is processed into flour, only a small share of consumers use flour made from locally grown wheat.
6. The South Island grain sector includes a network of growers and supporting infrastructure. However, limited supply chain integration and underinvestment in processing facilities are constraining growth, reducing profitability, and limiting the sector's ability to scale effectively.
7. Additional challenges facing the South Island grain sector include:
 - Aging rail networks, limited port capacity, and high road freight costs³.
 - Limited local processing infrastructure.
 - Competition from imported grain and flour which undermines domestic market share.

Foundation for Arable Research

8. The Foundation for Arable Research (FAR) is an applied research organisation funded by New Zealand arable farmers through a commodity levy. FAR undertakes research, development, and extension activities across the arable sector, focusing on crops such as cereals, maize, and seed crops.

¹ Australia's wheat exports benefit from economies of scale, bulk shipping infrastructure, and favourable climate conditions.

² The South Island, particularly Canterbury, Otago, and Southland regions, produces on average 10 tonnes of grain per hectare compared to the North Island's 8 tonnes of grain per hectare significantly reducing expected profitability.

³ Transport costs of grain from Christchurch to Auckland costs approximately \$105 per tonne, making South Island grown wheat less competitive than imported alternatives.

9. FAR collaborates with government agencies, universities, and industry partners to improve productivity, sustainability, and market access. FAR also advocates for arable sector interests in policy development and funding programmes.

New Zealand Grown Grains Initiative

10. FAR is leading the development of the New Zealand Grown Grains Initiative (the Initiative) in partnership with Eat New Zealand⁴. The Initiative aims to enhance consumer awareness and industry uptake of locally grown grain products.
11. Key components of the Initiative include:
- A certification trademark to identify products made with 100 per cent New Zealand grown grain.
 - An audit process to verify supply chain integrity.
 - Support for growers, processors, and manufacturers to meet demand for locally sourced and sustainable food products.
12. Commercial Information

Benefits of the Initiative

13. Economic value is supported through the Initiative's focus on using New Zealand grown grain in domestic processing, which reduces reliance on imported products. This may improve grower returns and create access to premium markets both locally and internationally.
14. Environmental sustainability is supported through local sourcing, which lowers emissions associated with long-distance transport and promotes land management practices that enhance soil health and water efficiency.
15. Strategic resilience is enhanced by increasing New Zealand's ability to produce essential food staples independently of global supply chains. This strengthens long-term food system resilience and reduces vulnerability to international disruptions.
16. FAR estimates that increasing domestic grain use by 50 per cent could improve grower returns with limited impact on consumer pricing⁵.

Challenges impacting the Initiative

17. While the Initiative has sector support, its effectiveness is hindered by infrastructure constraints such as unreliable rail, rising freight costs, and limited port capacity (eg Timaru, Lyttelton, Dunedin). These challenges reduce competitiveness when supplying processors and export markets.

Rural negativity and industry fragmentation

18. Some rural communities remain cautious about the economic viability of investing in grain production, viewing it as potentially less profitable compared to alternative land uses.
19. This is compounded by resistance to change, concerns about compliance, and a perceived disconnect between growers and urban consumer expectations. Inter-industry competition

⁴ A national food movement dedicated to connecting people to New Zealand's land and ocean through food. It leads cross-sector initiatives to build resilient food communities, promote regenerative food systems, and elevate New Zealand's culinary identity.

⁵ For example, a 20 to 30 cent increase per loaf of bread.

also places arable farmers in a minimised position compared to higher-profile sectors such as dairy and horticulture, affecting lobbying power and policy positions.

Farmers Mill Limited

20. Farmers Mill Limited is located in Timaru and was established to mill 100 per cent locally grown wheat from the South Island to support the regionally grown grain supply. Its grower owned model has enabled direct relationships between producers and processors, helping to stabilise pricing and promote local-based branding.

Acquisition of Farmers Mill Limited by George Weston Foods (NZ) Limited

21. As of July 2025, Farmers Mill Limited is in the process of being acquired by George Weston Foods (NZ) Limited⁶, trading as Mauri New Zealand. The acquisition is subject to clearance from the Commerce Commission, with a decision expected by 7 August 2025.
22. The Commerce Commission is assessing whether the proposed acquisition would substantially lessen competition in the flour market. It will only grant clearance if satisfied that the acquisition is unlikely to have the effect of substantially lessening competition in the market. This includes potential impacts on regional processing capacity, grower margins, and the viability of initiatives like the New Zealand Grown Grains certification trademark.
23. In parallel, stakeholders across the grain sector have raised concerns about the broader implications of the acquisition, including:
 - The future of grower ownership and local control over processing infrastructure.
 - Potential changes to supply chain relationships and pricing structures.
 - Impacts on the South Island grain sector's resilience, particularly considering existing logistical challenges and competition from imported flour.
 - A possible reduction in market diversity and weakened incentives for using locally grown grain, especially if sourcing decisions become centralised.

Grainstor Limited

24. Grainstor Limited is the South Island's largest grain storage facility and is closely linked to Farmers Mill Limited through shared leadership and logistics. Phil Jackson also serves as General Manager of both Grainstor Limited and Farmers Mill Limited, overseeing operations across both entities.
25. Grainstor Limited plays a key role in collecting, storing, and distributing grain from South Island growers, and its infrastructure enables enhanced traceability for the Initiative. This is particularly important given the logistical challenges of transporting grain to the North Island.

Opportunities for Government engagement

26. The four areas below were highlighted in a letter from Phil Jackson indicating that targeted Government support could make a difference in:
 - *Infrastructure investment:* Upgrades to port and rail networks could improve grain transport efficiency and reduce costs.

⁶ A wholly owned subsidiary to Associated British Foods and one of Australia and New Zealand's largest food manufacturers. It has flour mills in Auckland, Wellington, and Christchurch, and supplies flour to industrial food manufacturers, bakeries, and supermarkets across New Zealand.

- *Local grain use:* Procurement policies in public institutions could increase demand for New Zealand grown grain.
- *Industry engagement:* Support programmes could build urban-rural understanding and promote the value of product origin and sustainability.
- *Research and innovation:* Investments in yield improvement, climate resilience, and processing technologies could enhance competitiveness.

27. As these matters do not fall within your responsibilities as Minister of the South Island, we recommend you defer any issues raised under local grain use to the Minister for Economic Growth, issues under industry engagement to the Minister of Agriculture, and issues under research and innovation to the Minister of Science, Innovation and Technology and to the Minister for Economic Growth.

About the audience

	Brian Leadley, Chair, AFIC Brian has served as Chair of the Arable Food Industry Council since at least 2024 and represents the interests of New Zealand's arable sector. He is also co-director of Bradley Fields Limited, a 430-hectare arable and lamb finishing farm in Dromore, Canterbury. Brian previously served as Vice Chair of the Federated Farmers Arable Industry Group and as Chair of United Wheatgrowers New Zealand.
Incorrect image 	Phil Jackson, Vice Chair, AFIC In addition to his role as Vice Chair of the Arable Food Industry Council, Phil is also General Manager of Grainstor Limited and Farmers Mill Limited. Phil also serves on the board of the New Zealand Flour Millers Association and contributes to national coordination efforts through his involvement in the Seed and Grain Readiness and Response (SGRR) committee. Phil has over 20 years of management experience across the agricultural and flour milling sectors.
	Ivan Lawrie, General Manager of Business Operations, FAR Ivan has served as General Manager of Business Operations of the Foundation for Arable Research since 2020. He oversees strategic partnerships, industry engagement, and operational delivery across New Zealand's arable sector. Ivan also chairs the SGRR national committee, leading coordinated biosecurity efforts, including responses to black grass incursions in Canterbury.