AON

Local Perspectives on Global Risks

Navigating Volatility in New Zealand's Food, Agribusiness and Beverage Sector

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Executive Summary

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Aotearoa New Zealand's food, agribusiness and beverage (FAB) sector is central to the country's economy and enjoys a worldwide reputation for high-quality products. As one of the most globally connected industries in NZ, it's highly exposed to the changing dynamics of international trade. Organisations in the sector are also facing significant challenges from a changing climate, and rapid take-up of technology across their operations and supply chain.

Aon's 2025 Global Risk Management Survey identified supply chain failure, cyber attack, climate change, weather and natural disasters, regulatory or legislative change, and increasing competition among the top 10 risks facing FAB organisations worldwide. In NZ, these six risks are having a significant impact on the local FAB sector. Geopolitical volatility - while not a top 10 risk - is an active force in the operating environment and has strong influence on all risks in this report, including an additional risk specific to the NZ context: access to talent.

Drawing on perspectives from Aon NZ specialists across cyber, marine, trade credit, risk engineering, risk consulting and human capital, this report examines each of these risks through a local lens, grounding them in the realities experienced in NZ's FAB sector.

Together these risks present major and overlapping challenges that demand a connected response from organisations, and the whole industry. Treating them separately in risk management and insurance programs puts organisations at risk of leaving significant exposures unaddressed.

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The Risk Landscape for FAB in New Zealand

NZ's FAB sector is a cornerstone of the national economy. Agriculture, dairy, meat, horticulture, viticulture and processed food make up a significant share of export earnings, and the sector employs hundreds of thousands of people. As a trusted country-of-origin brand in international food trade, NZ products are in demand across global markets.

This competitive advantage and reach is also a structural vulnerability. FAB businesses rely on stable trade routes and export markets, and NZ's distance from global customers increases disruption impacts. At the same time, other characteristics of the sector are changing. Ownership is gradually shifting away from smaller family-run businesses to large corporates, which is bringing in different approaches to assessing and managing risk.

What the data shows:

Aon Global Risk Management Survey: FAB Sector Rankings

Top 10 Risks 2025		Top 10 Future Risks (in 3 years' time (2028))	
1	Commodity Price Risk/Scarcity of Materials	1.	Commodity Price Risk/Scarcity of Materials
2,	Business Interruption	2.	Cyber Attack/Data Breach
3.	Supply Chain/Distribution Failure	3.	Climate Change
4.	Cyber Attack/Data Breach	4.	Business Interruption
5.	Climate Change	5.	Economic Slowdown/Slow Recovery
6.	Weather and Natural Disasters	6.	Increasing Competition
7.	Economic Slowdown/Slow Recovery	7.	Regulatory/Legislative Changes
8.	Damage to Reputation or Brand	8.	Geopolitical Volatility
9.	Regulatory/Legislative Changes	9.	Supply Chain/Distribution Failure
10.	Increasing Competition	10.	Weather and Natural Disasters

Conditions in New Zealand: The 6 FAB risks standing out for local organisations

Aon's 2025 Global Risk Management Survey includes supply chain failure (#3), cyber attack (#4), climate change (#5), weather and natural disasters (#6), regulatory or legislative changes (#9) and increasing competition (#10) as six of the 10 most critical risks facing the FAB sector globally. This report examines these risks through a NZ lens. Access to talent, while not a named top 10 risk globally, is also a vulnerability that demands attention from NZ FAB business leaders.

Looking ahead, the top 10 future ranking for global FAB businesses includes rising risks — cyber attack/data breach, climate change, increasing competition and regulatory/legislative change — that are all already active and material in the NZ operating environment.

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> As a globally connected industry operating from the end of the world's supply chains, New Zealand's FAB sector experiences global risk more acutely. The risks in this report are not future concerns - they are active now."
>
> **Stephen Price**
> **FAB Practice Leader, Aon New Zealand**

Geographic isolation:

distance from primary markets compounds supply chain and climate disruption

Long narrow island geography:

a single weather or seismic event can affect the entire supply chain simultaneously

FX exposure:

adds cost pressure to both imports and exports

Technology adoption:

cyber maturity is lagging technology uplift across operations and supply chain

Changing regulatory environment:

across areas including land management, cyber, food safety standards and more.

Ownership is changing:

consolidation and corporate investment are changing risk management across the sector.

1. Supply Chain and Distribution Failure: The Price of Distance

NZ grows and produces from the bottom of the world for export across the globe. Dairy, meat and horticulture goods travel vast distances to reach markets in Asia, Europe and North America. “That distance has always been a feature of doing business here,” says Darren Pattle, General Manager Marine at Aon New Zealand. “What’s changing is the combination of conditions across global supply chains that are driving up costs and uncertainty, increasing awareness of the risks associated with long-distance trade and how geopolitical instability can compound them.”

Geopolitical instability is driving a more volatile supply chain

Geopolitical instability and shifting trade policy are a major hazard for supply chains. Conflict in affected regions has diverted a significant volume of global shipping around the Cape of Good Hope, adding weeks to marine voyages. For perishable goods exporters, that extra time can compromise cargo quality and premium pricing. “These geopolitical events are not temporary disruptions,” says Pattle. “They represent a structural change in the risk environment for NZ exporters.”

Insurers’ first response was to withdraw war and strikes cover for vessels travelling through high-risk maritime zones. “Some insurers have reintroduced cover on a voyage-by-voyage basis, with higher premiums and restricted conditions,” says Pattle. “With these ongoing changes in insurance conditions and pricing, regular review of marine programs is critical to ensure clients are aware of how exposures can change when trading through geopolitically sensitive regions, and how this may be reflected in cover and pricing.”

Even before closure of the Straits of Hormuz, US tariff volatility had added further complexity to FAB sector supply chains, introducing cost and uncertainty that flow through to pricing, margins and market access. “Foreign exchange movements compound this pressure on NZ FAB businesses,” says Jeroen Schomaker, Executive Director at Aon New Zealand. “The same currency fluctuations that affect the value of export earnings are also a key determinant in the cost of fertilisers and equipment sourced from global suppliers.”

Trade credit and brand risk are compounding uncertainty

NZ exporters typically face payment cycles of 60 to 90 days on export sales. This creates a significant risk to working capital at a time when supply chains are already under pressure. “Exporters facing those payment gaps are even more vulnerable in the context of rising non-payment risk from customers in economically-stressed markets,” says Neil Bhikharidas, General Manager Trade Credit Solutions at Aon New Zealand. “Being able to access up to 90 percent of invoice value upfront can be critical for managing cash flow. When that advance payment is backed by a trade credit policy that protects against buyer default, lenders are a lot more willing to engage.”

Product contamination and recall costs are also driving interest in risk transfer solutions. “We’re seeing clients explore product contamination and recall cover who wouldn’t have considered it before,” says Rebekah Nichols, Associate Director at Aon New Zealand. “The margin FAB businesses used to have to self-insure and absorb just isn’t there anymore.”

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> New Zealand producers have built a genuine price premium in global markets and protecting that premium helps maintain margin. When that premium is at risk due to delays compromising product quality or timely delivery, it poses a significant threat to that margin defence.”
>
> **Darren Pattle**
> **General Manager Marine, Aon New Zealand**

2. Cyber Attack and Data Breach: The Gap Between Investment and Protection

The technology platforms NZ FAB operators rely on to manage supply chain complexity - logistics software, packhouse automation, cold-chain monitoring, digital ordering systems - are critical in driving cost efficiencies and keeping operations running. Digital connectivity underpins production and delivery at every level of the value chain, but that investment has not been matched by a proportional uplift in cyber risk awareness, management or transfer.

Just 12 percent of NZ SMEs - which make up 97 percent of businesses in the country - carry cyber insurance, and only 7 percent feel prepared to respond to a cyber event[1].

In the past, the majority of insurance programs in the sector have focused on protecting physical assets. With technology now as embedded in the sector as land, livestock and infrastructure, business leaders need to prioritise cyber exposure across their own operations and their entire supply chain.

The supply chain is the emerging attack surface in the FAB sector

A cyber event targeting a packhouse operator, logistics platform or software provider can expose growers, processors and exporters to business interruption as an indirect result of an attack. A ransomware incident for major UK retailer Marks & Spencer (M&S) in 2025 provides a clear example of these consequences for FAB businesses. When M&S suspended automated ordering systems, suppliers with time-sensitive goods found themselves without a buyer for their product. Here in NZ, a series of breaches affecting shared health sector platforms demonstrates how third-party incidents can expose multiple organisations to compliance consequences without any breach of their own systems.

“Insurance cover for FAB businesses needs to reflect where exposure actually sits,” says Duncan Morrison, Cyber Practice Leader at Aon New Zealand. “Dependent business interruption, where operations are disrupted by a cyber event affecting a third party, and third-party technology risk are often not captured in cyber risk programs.”

“What we’re seeing is that businesses can have genuinely strong internal cyber controls and still experience significant disruption from an event in their supply chain,” says Morrison. “Understanding that full exposure across the supply chain is the starting point for a program that actually protects operations.”

Regulations are expected to increase responsibility for cyber defences

Announced in February 2026, the NZ Government’s four-year cyber resilience strategy signals increasing expectations for commercially significant industries. “The FAB sector’s scale and economic importance as a food exporter means it is likely to be subject to higher standards under future legislation,” says Morrison. “Boards need to be asking whether current risk management and insurance programs can be expected to meet cyber security and data protection obligations as they become clearer.”

> “There is a gap between the value of what organisations have from a technology perspective and the protection they’re getting, either from the insurance market or risk management controls.”
>
> **Duncan Morrison**
> **Cyber Practice Leader, Aon New Zealand**

[1] Aon 2025 Global Risk Management Survey

3. Climate Change and Weather: An Evolving Risk Profile

FAB is an industry that is highly exposed to NZ's changing climate profile. Cyclones, flooding, drought, and rainfall are all increasing in frequency or severity and Aon's 2026 Climate and Catastrophe Insight report recorded three extreme weather events in NZ in 2025 alone, resulting in approximately $120 million in insured losses. This quantum of loss is now the baseline for the FAB sector to consider when determining their risk management approach for weather events like these.

Three extreme weather events in NZ in 2025 resulted in approx

$120

million in insured losses.

New Zealand's geography amplifies weather impacts

As long, narrow islands with an agricultural economy that depends on a limited number of roads, rail links and port connections, a single major event can impact production, processing and logistics. Cyclone Gabrielle in 2023 brought with it a warning of the scale of disruption a single weather event can cause. Crop losses, infrastructure damage and supply chain breakdown combined to affect operators across the entire FAB value chain.

"When Cyclone Gabrielle came through it knocked out around 60 percent of the region's grain supply," says Woodrow Bould, Director, Aon Global Risk Consulting at Aon New Zealand. "FAB businesses who had contingency grain suppliers lined up discovered their primary and back up suppliers had all been affected. What looked like diversification turned out to be concentration."

The Kaikoura earthquake in 2016 offered an important lesson in how damage to transport infrastructure can drive business interruption. Closure of road and rail routes disrupted the FAB sector for months even though many businesses were not directly impacted by the earthquake.

Standard insurance programs often leave critical gaps

Bould explains how standard insurance programs can leave businesses exposed when events like these occur. "Property Damage and Business Interruption policies have two important components. The event itself (peril) and the property insured both matter. Growing crop, livestock and land are exclusions that often become relevant for wide-area damage claims such as cyclone and earthquake. Many businesses aren't aware that these exclusions exist and do not have a plan to address the uninsured component of their losses."

Proactive risk engineering can help businesses identify these gaps, design controls and build a more accurate picture of retained risk.

"When an industry experiences a large loss, insurers can respond by tightening appetite to cover or requiring specific controls," says Hayden Picard, Director Risk Engineering at Aon New Zealand. "Risk engineering gets ahead of that and puts businesses in a much better position to mitigate losses and secure cover at sustainable rates."

Where standard programs leave gaps, parametric solutions - which pay on the basis of a defined trigger such as wind speed or rainfall measurement - are becoming more relevant. In Australia, where cyclones have long been a feature of the FAB risk landscape, parametric cover is now a more common risk transfer solution.

> "Businesses are typically optimistic about their risk. Having a specialist come in and challenge assumptions — on supplier concentration, on what a policy actually covers — is how businesses move from feeling prepared to being prepared."
>
> **Woodrow Bould**
> **Director, Aon Global Risk Consulting, Aon New Zealand**

4. Regulatory and Legislative Change: A Multi-layered Risk Environment

The regulatory environment for NZ's FAB sector is becoming significantly more complex. The proposed Resource Management Act (RMA) reforms, tightening export market standards, global ESG reporting obligations and emerging cyber legislation are among the compliance changes influencing the economic and risk profiles of businesses across the sector.

Regulatory reform is changing risks for land use and farm management

Regional environmental compliance targets are creating challenges for primary producers, particularly in dairy farming. "The changes have major impacts for investment and expansion decisions as farmers and lenders price in regulatory risk and higher compliance costs," says Dave Sutherland, General Manager South Island at Aon New Zealand. "In sensitive catchments and areas subject to major system changes, some operators are facing regulatory requirements that have the potential to change the economics of their business."

"Insurance programme, business interruption assumptions and revenue projections all need to be reviewed to match the new business model, including environmental liability exposure, sums insured for new environmental infrastructure and nutrient and water management strategies."

Recent RMA changes have also impacted the environmental component of insurance cover, particularly in the forestry industry. "Some businesses aren't aware that changes to the RMA mean certain environmental fines are no longer insurable," says Nichols. "This is where environmental liability cover is an important line of defence by providing protection that helps prevent a breach escalating to the point where uninsurable consequences apply."

The compliance burden for food safety and sustainability is growing

Export market access has always depended on meeting the food safety and labelling requirements of importing countries. NZ FAB businesses are now facing tighter standards that can be applied selectively as non-tariff trade barriers. "FAB exporters need to be tracking changes in importing country standards as actively as they track domestic regulation," says Schomaker.

Obligations for NZ producers and manufacturers to disclose sustainability data are also on the rise. The EU Corporate Sustainability Reporting Directive is extending compliance requirements to large agrifood companies, which has consequences for NZ exporters with EU customers. "We are seeing more NZ businesses having to provide sustainability and ESG data across a number of export markets," says Nichols. "They need to prove they meet the required environmental standards for product, packaging and recycling."

Together, these accumulating compliance obligations are accelerating structural change, as smaller operators struggle to absorb the burden that larger corporates can better manage across different businesses and product lines.

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> Regulatory change in the FAB sector affects more than what you're allowed to do. It can shift the entire structure of a business and that has impacts for everything downstream including insurance programs, business funding and continuity planning."
>
> **Dave Sutherland**
> **General Manager South Island, Aon New Zealand**

5. Increasing Competition: A Volatile Landscape, Globally and Locally

The ownership structure of the FAB sector in NZ is undergoing a period of major change. The traditional model of family-owned farms and independent processors is giving way to larger corporate structures, and offshore investment is growing. “Foreign governments and corporates are acquiring NZ primary assets to secure guaranteed continuity of supply into home markets,” says Sutherland.

“As offshore ownership increases in New Zealand’s primary sector, operational and risk decisions are being made by people who may not have direct experience of local business conditions. This introduces potential for a risk management gap which makes local high-quality expert advice more important.”

Global market trends are putting producers under pressure

Consumer trends are also putting pressure on profitability and business models in key FAB categories. A global decline in alcohol consumption is reshaping the economics of production across the beverage sector with NZ grape growers lacking the demand and cashflow to make harvesting viable.

Wine producers are retooling for low and no-alcohol production in response, but this strategy also carries risks. “This change in product has impacts for equipment and output but also for compliance,” says Nichols. “When you remove the alcohol, you lose its preserving and sterilising properties, changing the food safety risk profile for the product. The liability changes are something both operators and insurers are still working through.”

“Barley and hops growers are navigating the same demand-side pressure,” says Nichols. “As the craft beer market shrinks, retained silos of unsold grain are prompting conversations about diverting product to stock feed or other uses.”

One of NZ’s most valuable export products has experienced first and second order impacts from imitation by international competitors. When products claiming to be Mānuka honey appeared in global markets, the NZ Government responded with significant changes in certification and testing to protect integrity and price premium. This introduced new compliance costs for producers already challenged by competition for market share.

Less room for manoeuvre as margins reduce

Increased competition for export market share means quality, compliance and reliability of supply are now critical for operational and financial stability. Persistent cost pressure from shipping, energy, compliance and inputs is squeezing margins across the sector, leaving less room to absorb disruption.

“Margin that once acted as a financial buffer has been eroded by successive years of cost increases,” says Nichols. “Unexpected and costly events that were once absorbed internally now require insurance programs and this is revealing gaps in cover that weren’t as critical when margins were stronger.”

> “It’s becoming clear to NZ producers that the cost of getting something wrong is going up and the margin to absorb it is going down. As a result, we’re seeing a shift toward businesses actively seeking to protect themselves.”
>
> **Rebekah Nichols**
> **Associate Director, Aon New Zealand**

6. Access to Talent: A Workforce on the Move and in Demand

NZ's small labour market, large and geographically dispersed primary sector, and persistent competitive pressure from Australia all combine to create a challenging talent landscape.

Brain drain and frontline turnover are tightening talent supply

Australia's higher average salaries are creating ongoing loss of skilled and experienced staff at every level of the FAB sector, from technical and trade roles to food manufacturing professionals. Turnover is typically highest where work is physically demanding, wages are based on awards and there are limited options for career progression.

"It's not just the pay gap," says Anson Davies, Health Solutions Leader for Aon New Zealand. "FAB businesses compete for people on roster certainty, housing, transport, training and sense of purpose. When organisations do not invest in their employee value proposition, they will struggle to retain employees."

"High turnover at the lower-wage end of the sector is more than a matter of cost," says Davies. "It creates potential for exposure to food safety and health and safety risks. Less experienced workers in high-risk production environments can have negative impacts that show up in claims and product quality."

Reliance on seasonal and migrant labour requires active management

For horticulture and viticulture businesses, seasonal labour supply is a top-tier operational risk. Many cannot harvest without Recognised Seasonal Employer (RSE) and migrant workers, an issue that COVID exposed clearly. "Immigration policy changes, health events, competition from Australia's Pacific Labour Schemes and tightening standards on worker care and accommodation are all impacting availability of seasonal and migrant labour," says Davies. "Larger exporters are diversifying their labour strategy and investing in technical efficiency, with smaller growers still relying on what has always worked, with limited contingency if it doesn't."

"For dairy, viticulture and produce clients, security of labour supply is one of the most material operational risks they face during peak periods," says Davies. "Getting produce to market on time is non-negotiable and anything that disrupts labour supply for harvesting, processing and delivery has direct financial consequences."

Digital skills and social licence are raising the stakes

For many FAB businesses using automation and operational technology, digital skill gaps can have direct impacts on business interruption and cyber risk exposure. When technical issues cause delays or worse, a lack of in-house capability can impede response and recovery. For operations that have yet to automate, the risk is more strategic and long-term. Failing to build the skills pipeline now could limit a successful outcome from adopting productivity-enhancing technology.

Global buyers and export market regulators are also increasing scrutiny of labour practices in supply chains, including fair pay and conditions for migrant workers and gender equality. "FAB exporters that fail to meet standards are putting reputation and access to markets at risk," says Davies. "Workforce risk is having a major influence on production, food safety risk and market access risk. This is why it is as prominent a risk in the NZ FAB sector as supply chain, cyber, climate and regulatory change."

> "Businesses in the FAB sector building genuine workforce resilience are thinking about what the job actually feels like - the roster, the location, the progression, the purpose - and managing it effectively as they would any operational risk."
>
> **Anson Davies**
> **Health Solutions Leader, Aon New Zealand**

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Taking a Connected Approach to Risk

The risks in this report are interconnected, meaning each one is more significant than it would be in isolation. Investing in technology in response to competitive pressure creates cyber exposure, cyber risk and competition drive regulatory change and rising regulatory costs drive structural change in the sector.

Many organisations believe they are well prepared across risks they have identified as material with insurance programs, risk registers and continuity plans designed for each one. But as Angus McCullough, Head of Commercial Risk Solutions for Aon New Zealand notes, there is a persistent gap between perceived readiness and actual resilience. “Real-world events are exposing that gap, often in the moment, when an over-reliance on a single supplier, limited visibility across operations or a decision-making bottleneck becomes suddenly visible,” he says.

> “Plans designed for isolated, sequential disruptions are being overwhelmed by events that overlap and cascade.”
>
> **Angus McCullough**
> **Head of Commercial Risk Solutions**
> **Aon New Zealand**

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A Connected View Supports Better Risk Strategies and Decisions

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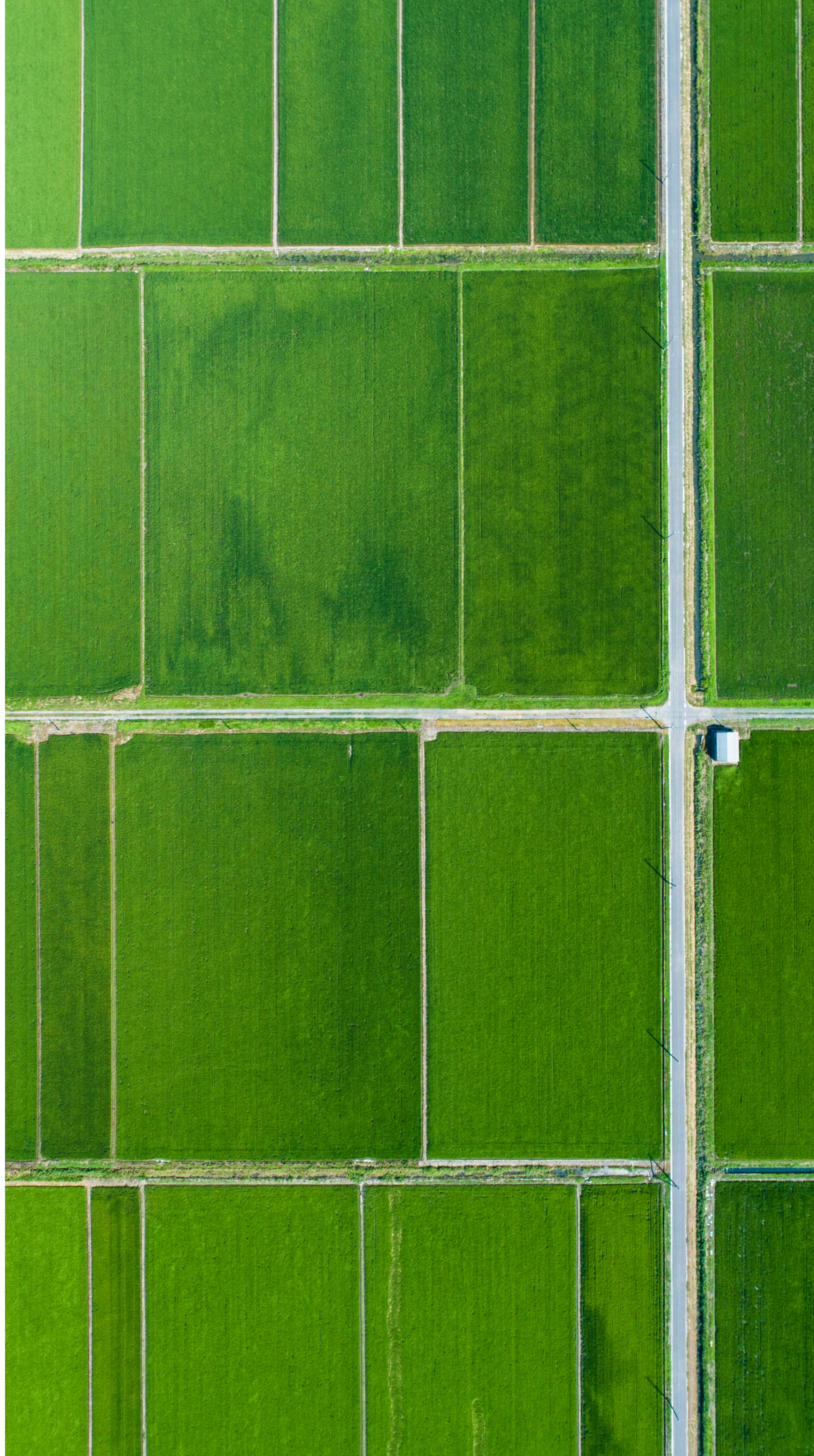
Closing the protection gap requires resilience to be embedded in how a business operates. In practice, this means:

- **Reviewing insurance programs against current operations,** paying particular attention to business interruption indemnity periods, weather exclusions and supply chain exposure.
- **Mapping cyber exposure across the full supply chain** and ensuring coverage reflects where risk actually sits, including dependent business interruption and third-party technology risk.
- **Stress-testing business continuity plans against realistic NZ-specific scenarios** in isolation and when combined — including cyclone, earthquake, a major cyber event or a shipping route disruption.
- **Engaging specialist risk engineering** to assess physical hazards and translate findings to inform better controls and better conversations with insurers.
- **Exploring alternative and parametric risk transfer** where standard programs leave gaps, particularly for weather-related exposures and supply chain disruption.
- **Treating workforce risk as central to the enterprise risk profile** rather than an HR concern.

Aon New Zealand brings connected capability across cyber, marine, trade credit, property, climate, specialised risk consulting, and people risk, to offer NZ FAB businesses a complete view of their exposure, and a partnership that enables better decisions across an organisation's full risk profile.



About Aon

Aon plc (NYSE: AON) exists to shape decisions for the better — to protect and enrich the lives of people around the world. Through actionable analytic insight, globally integrated Risk Capital and Human Capital expertise, and locally relevant solutions, our colleagues provide clients in over 120 countries with the clarity and confidence to make better risk and people decisions that help protect and grow their businesses.

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Contact Us

Talk to Aon today for tailored advice and solutions to help protect your business against emerging risks in the food, agribusiness and beverage sector.

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