

Agri-Gate

Ministry for Primary Industries
Manatū Ahu Matua



News from the Primary Growth Partnership

ISSUE 22 | OCTOBER 2015

Michael's Desk



Michael Jamieson speaks at the PGP Annual Meeting

Welcome to our October edition of Agri-gate. The highlight this month has got to be our 2014/15 PGP Annual Meeting and Expo on 15 October at the Westpac Stadium in Wellington.

This year more than 200 people attended the Expo, including Minister for Primary Industries Hon Nathan Guy, PGP programme partners, primary industry and business representatives, government agencies, the Investment Advisory Panel (IAP) and media.

The Expo was a great opportunity to showcase some of the great innovations being delivered by PGP programmes, including sampling the amazing food products from some of our programmes. This year, the Expo was extended to include stands

from the Sustainable Farming Fund and the Ministry of Business, Innovation and Employment.

Callaghan Innovation and New Zealand Trade and Enterprise were also in attendance as well as many Branches from MPI, recognising government's broader role in investing in primary industry value chains.

We also had some fantastic speakers at the conference from New Zealand and overseas, talking about business innovation, internationalisation and consumer insights, data, and people and capability. I'd like to thank our 11 speakers for their time and their high quality presentations. I certainly found them interesting and valuable.

As well as exhibitions by our current PGP programmes, MPI released a new handbook at the Expo called "Over the Fence: Designing extension programmes to bring about practice change".

Extension is all about enabling behaviour and practice change, as well as encouraging uptake of technology, in a way that makes a positive difference. MPI commissioned AgResearch to develop the handbook as a guide for people developing or implementing extension programmes. It's particularly aimed at people who are implementing a Sustainable Farming Fund (SFF) project or people who plan to apply for MPI support through the various funding programmes, including the PGP. A copy of the handbook is available on our website.

I'd like to thank everyone involved in this year's Annual Meeting

and Expo for making the day a success.

Innovators' Awards

Earlier this month Fonterra's Research and Development Centre picked up the Innovation Excellence in Research Award at the New Zealand Innovators Awards for their 'Milk fingerprinting' technology. This technology was enabled by the Transforming the Dairy Value Chain PGP programme. Milk fingerprinting can rapidly measure milk and gather a unique fingerprint from that sample, which can be used to identify variations in milk from farm-to-farm, during different seasons and even at the paddock level. This technology allows Fonterra to selectively collect milk for products that meet specific customer specifications. I'd like to congratulate Fonterra, and the Transforming the Dairy Value Chain programme, for their win.



Minister for Primary Industries Hon Nathan Guy speaks at the PGP Annual Meeting



MPI Director-General Martyn Dunne and Firstlight Foods Ltd Managing Director Gerard Hickey

New funding balance for PGP programmes

As you'll know PGP investment enables and incentivises valuable industry growth and innovation that might not otherwise occur. At the Annual Meeting the Minister for Primary Industries announced a shift in the Crown's investment share in new PGP programmes from 50 percent to 40 percent, while overall annual funding will be remaining the same.

The new Crown investment of 40 percent in PGP programmes will apply to funding approved for new programmes from 1 December 2015. It doesn't affect current PGP programmes, or programmes that have PGP investment approved by MPI by 1 December 2015. We're working with those seeking new PGP investment to provide guidance on the application process.

It's important to note that the minimum amount that industry will need to co-invest in a PGP programme won't change – this will still be \$500,000 over the lifetime of the programme, so \$71,500 per year for a seven year programme.

MPI is making administrative changes to make the PGP more accessible to industry following the implementation of Crown's new investment share. These are:

- introducing simpler reporting requirements;

- providing assistance to applicants for business case development; and
- exploring opportunities to assist smaller sub-sectors to access the PGP.

Progress reviews

PGP programmes must demonstrate that they're beyond business as usual, and have the potential to deliver significant economic and non-economic benefits. PGP programmes are therefore ambitious, often high-risk, and required to adapt over their lifetime to respond appropriately to new knowledge, challenges and opportunities.

Programmes must undergo at least one progress review during their lifetime. These progress reviews provide an independent view on how programmes are tracking towards their goals, and to get an opinion on future performance.

We've completed progress reviews for two more of our PGP programmes – Marbled Grass-fed Beef and Farm^{IQ}.

Progress review of Farm^{IQ} programme

The progress review of the Farm^{IQ} programme concluded that the outcomes from Farm^{IQ} are ambitious, but still remain credible in light of today's red meat industry.

It concluded that good progress is being made and we're seeing the benefits of many of the projects within the programme. This includes the development and commercial release of the Farm Management System (FMS), an online farm information hub that connects farmers more directly with their processor and consumers as well as helping them to drive farm performance.

Farm^{IQ} has also developed the BeefEQ grading system, a platform for providing guarantees to consumers about eating quality and also premium payments to farmers who supply meat that matches consumer preferences.

The single nucleotide polymorphism (SNP) chip technology developed by Farm^{IQ} is already being used across the sheep industry to identify productivity traits.

The review has suggested some actions which the programme is progressing. This includes how to encourage the achievement of long-term outcomes through broad farmer uptake, which was a focus of the programme prior to the progress review.

Progress review of the Marbled Grass-fed Beef programme

The reviewers of the Marbled Grass-fed Beef programme concluded that it's providing positive farmer returns which, combined with the programme's supply chain strategy, should create an opportunity for growth. They also concluded that these results should provide a source of positive testimonials which can be used to build further interest in the programme.

The reviewers also noted positive progress in the increase of Wagyu cross animals from 4,500 to 7,800 (73 percent) over the first two and a half years of the programme, which the reviewers noted as being "commendable".



New Zealand Merino's New Zealand Sheep Industry Transformation Project (NZSTX) stand

They noted that the genetics objective of the programme, which is identifying the best available genetics for economically producing large volumes of marbled beef, is making “good progress and will help to build a useful base of information about the genetic value of Wagyu cross”.

Copies of the summary reports for both progress reviews are available on the respective programme pages on our website.

The reviewers have provided recommendations, which MPI and the respective partners are considering in detail including how we can take action where required.

World Congress of the International Federation of Agricultural Journalists

Finally, this month I presented at the World Congress of the International Federation of Agricultural Journalists in Hamilton. There was strong interest in the PGP from those in the room and it was a great opportunity to talk about the PGP, its objectives and achievements to date to a wider audience.

Michael Jamieson
Acting Director PGP



Fonterra's Andrew Fletcher tucks into pikelets and cream at the Transforming the Dairy Value Chain stand



A crowd gathers at the PGP Expo

From the Chair



It was wonderful to see so many of you at the PGP Annual Meeting and Expo earlier this month. It was a real showcase of programmes and reminded all of us there of the achievements and benefits that are being delivered across the primary industries and for New Zealand. Once again it was obvious to me that it is the people that make the

difference. I believe that the mix at the Annual Meeting and Expo provided like-minded people with the opportunity to hear different perspectives, contribute to intelligent discussion, and celebrate innovation and what's possible through collaborative investment.

As a further showcase of PGP achievements, we also released our 2014/15 PGP Annual Report at the meeting. This is different to past annual reports, and profiles each programme and its achievements to date. This is a deliberate step to help further increase the visibility and transparency of the PGP. MPI has published the annual report on its website, and I'd encourage you to read it if you haven't already and share it with others. On a similar note, if you know of any others who would be interested in receiving a monthly copy of Agri-gate, please email pgp@mpi.govt.nz.

I'd like to echo Michael's comments and thank everyone involved in making the Annual Meeting and Expo a success.

As recently announced the PGP is changing slightly with a shift to 40 percent for the Crown's investment in new PGP programmes from 1 December 2015. Overall funding for the PGP will remain the same, so I do encourage anyone with new ideas that would benefit from PGP investment to contact MPI at the early stage for some guidance and information.

I thought I'd finish by providing another case study of PGP-enabled achievement, and in particular spill-over benefits. As part of the Transforming the Dairy Value Chain PGP programme, LIC are conducting ground-breaking genetic research into New Zealand's dairy herd, which is now also helping some of the country's sickest children.

LIC is researching gene-sequencing and the possible benefits it might bring in genetic gains for the dairy industry. It is estimated those gains are worth about \$300 million a year to the industry and wider economy. This work caught the eye of Auckland University scientists, including Professor Russell Snell, who are studying genetic disorders in humans and are involved in the PGP gene-sequencing project because of the work around genetics. The basis of this research is trying to find the genes involved in a particular function. The exact same methodology can be applied to bovine research as genetics and their functions are largely the same across species. The research being carried out under the PGP has enabled Professor Snell and his team to advance their work.

I don't confess to be an expert in this research, but to me, it is a truly exciting development, and one that will make a difference for many. A fabulous spill-over benefit of the PGP.

Joanna Perry
Chair, Investment Advisory Panel



New Zealand Avocado's Jen Scouler and Avocado Industry Council's Ashby Whitehead at the NZ Avocados Go Global stand

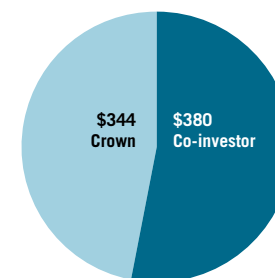
Overview of Primary Growth Partnership Investment

Sector	Programme Name and Co-investor	Total Crown and co-investor investment \$ million	Sector total \$ million	Estimated benefits \$ million (per annum)
Wool	NZ Sheep Industry Transformation (NZSTX) NZ Merino	34	30	250
Dairy	Transforming the Dairy Value Chain Dairy NZ/Fonterra	170		2700
	New Dairy Products and Value Chains Whai Hua Limited Partnership	4	174	9
Fishing & Aquaculture	Shellfish – The Next Generation Shellfish Production and Technology NZ (SPATnz)	26		81
	Precision Seafood Harvesting Precision Seafood Harvesting (PSH)	48	74	44
Meat	FoodPlus – Redefining Meat Horizons ANZCO	77		630
	Marbled Grass-fed Beef Grass-fed Wagyu Ltd	23		80
	Red Meat Profit Partnership Red Meat Profit Partnership (RMPP)	64		194
	Integrated Value Chain for Red Meat FarmIQ	151		1100
	Targeting New Wealth with High Health	25		TBA
	NZ Deer Industry Passion2Profit	15	356	TBA
Pastoral	A New Vision for Pastoral Agriculture PGG Wrightson Seeds	15		200
	ClearView Innovations Ballance AgriNutrients	20		348
	Precision Application of Fertiliser in Hill Country Ravensdown Fertiliser Co-op Ltd	10	44	120
Bee Keeping	High Performance Manuka Plantations Manuka Research Partnership (NZ) Ltd (MRPL)	3	3	1200
Forestry	Innovative Steep-land Tree Harvesting Future Forests Research (FFR)	7		100
	Use of Fumigants for Log and Wood Product Exports Stakeholders in Methyl Bromide Reduction (STIMBR)	2.6 (actual cost)		TBA
	From Stump to Pump Phase 1 (feasibility study) Norske Skog Tasman Ltd (NSTL)/Z Energy	3.6 (actual cost)	13	TBA
Wine	Lifestyle Wines New Zealand Winegrowers	17	17	285
Horticulture	NZ Avocados Go Global Avocado Industry Council	9	9	210
Total			724	

Please note that the figures in this table have been rounded. Therefore the total Crown and co-investor investment for each sector may differ to the sum of the individual programmes.

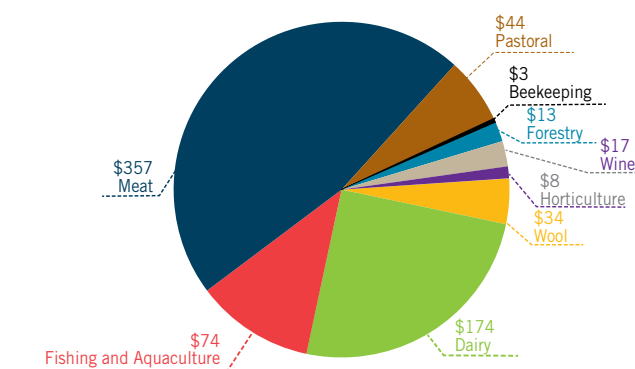
As at 30 September 2015, there were 18 programmes underway and two completed.

Crown/co-investor committed investment (in millions)



Crown/co-investor committed investment by sector (in millions)

Total \$724 million



Total government funding paid to programmes as at 30 September 2015 was \$162.8 million.