

# Agri-Gate

Latest news about MPI's Investment Programmes

Ministry for Primary Industries  
Manatū Ahu Matua



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## Justine's column



Welcome to our December Agri-gate, our last edition, in what has been an action-packed year. At this time of the year, it's good to reflect on the last 12 months and acknowledge all of the work by everyone involved in the various investment programmes, such as the Sustainable Farming

Fund, Irrigation Acceleration Fund and Primary Growth Partnership (PGP).

In this edition of Agri-gate, you'll find examples of some of the highlights from 2017.

### PGP Annual Meeting

During the morning of 30 November, we held our PGP Annual Meeting in Wellington attended by Minister of Agriculture, Hon Damien O'Connor, Ministry for Primary Industries (MPI) Director-General, Martyn Dunne, partners from both current and recently completed PGP programmes, members of the independent PGP Investment Advisory Panel and others.

Henry Gordon-Smith, an expert in urban agriculture and vertical farming, water issues and emerging technologies from New York, also joined us, to share his insights into urban agriculture, including vertical farming and new technologies.

The Annual Meeting was an opportunity to acknowledge the PGP programmes completed in 2016/17, including their key successes, and share their lessons with all of our PGP programmes.

At the annual meeting, we released our PGP Annual Report for 2016/17, which reports on PGP programme achievements during the year. It's available on our website ([mpi.govt.nz/pgp](http://mpi.govt.nz/pgp)), and includes contributions from Hon Damien O'Connor, Martyn Dunne, PGP Investment Advisory Panel Chair John Parker, along with case studies on some of the value-added products developed by PGP programmes, such as the SPATNZ PGP programme which is using hatchery-based selective breeding to generate a consistent supply of high quality Greenshell™ mussels.

### Food & Fibre Innovation Conference and PGP Expo

On 30 November we also held our MPI Food & Fibre Innovation Conference at the TSB Bank Arena in Wellington, themed 'Innovation – from Vision to Action', along with our annual PGP Expo. The conference provided the opportunity for those working in New Zealand's food and fibre industry to come together, network, learn and share ideas.

We talk more about the conference and PGP Expo in this edition of Agri-gate.



Food and Fibre Innovation Conference delegates listen to Ian Proudfoot, Head of Global Agribusiness at KPMG, about the world of agri-food innovation.



People checking out the PGP site at the PGP Expo on 30 November.

## Awards a-plenty

PGP programmes continue to receive well-deserved recognition for their work and innovations.

In October, Spring Sheep Milk Co. won the Exporter award and the Supreme award at the New Zealand Food Awards. We're proud to partner with Spring Sheep Milk Co. in the Sheep – Horizon Three PGP programme which aims to create a high value, commercially viable and environmentally sustainable New Zealand sheep dairy industry serving up delicious and nutritious products and delivering returns for farmers.

PGP programmes also had success at the New Zealand Innovation Awards. Since 2014, PGP programmes have picked up five of these awards and a supreme award.

This year The Omega Lamb Project, which has created a new class of lamb products with higher levels of polyunsaturated fat and healthy Omega-3 oils, won the Innovation in Food and Beverage Award. It was also Highly Commended in the Innovation Excellence in Research category.

The SPATnz PGP programme took home the Innovation in Agribusiness and Environment Award for its work towards



Members of The Omega Lamb Project, SPATnz, Sheep – Horizon Three and the Ministry for Primary Industries at the Innovation Awards.

selective breeding of high performance Greenshell™ mussels at commercial scale, a breakthrough for our aquaculture industry.

I'd like to congratulate these three PGP programmes for their success.

## Celebrating forestry innovations

The Steepland Harvesting PGP programme wrapped up earlier this year in June. Programme partner Forest Growers Research held a special event in Wellington in November, attended by Minister of Agriculture, Hon Damien O'Connor, and Minister of Forestry, Hon Shane Jones, members of the forestry industry and others.

This event celebrated the innovations developed by the programme to improve worker safety and increase the productivity of forest operations on steep slopes. In addition to the seven new products developed and commercialised by the programme, it has been a catalyst for increasing mechanisation across the forestry sector from 23 percent of all harvesting operations to more than 57 percent. This has removed around 165 workers from the hazardous forestry roles.

By 2019, the programme is expected to deliver more than \$113 million in economic benefits for New Zealand.

## FarmIQ gains further investment

Earlier this month, Farmlands Cooperative Society Ltd joined Landcorp Farming Ltd, Silver Fern Farms Joint Ventures Ltd and Veterinary Enterprises Group Ltd as shareholders in FarmIQ Systems Ltd, a company born out of the FarmIQ PGP programme. Landcorp also increased its shareholding.

This is a vote of confidence for FarmIQ Systems Limited, which develops and markets software for farming and agribusiness. The FarmIQ software developed under the PGP programme means the red meat industry now has one of the most integrated farm management systems available.

FarmIQ currently has more than 1600 active sheep, beef,

deer and dairy farm customers, and more than 3700 users. A number of companies are using the software to achieve integration through their business.

## Sheep – Horizon Three open day

More than 80 people attended a recent Farm Open Day organised by the Sheep – Horizon Three PGP programme. This event was held over two days, and included a workshop to share key learnings and ideas, and a tour of programme partner Spring Sheep Milk Co.'s Taupo sheep milking operation, where the team discussed some of the research outcomes from the Sheep – Horizon Three PGP programme to date.

There was a large amount of interest and positive feedback from those at the Farm Open Day wanting to enter the sheep milk industry.

Congratulations to the Spring Sheep Milk Co. team for a successful two days.



Spring Sheep Milk Co.'s sheep milking operation.





Scenes from the Open Farm Day as part of the Sheep – Horizon Three PGP Programme.

## Controlling erosion in Gisborne

In November, MPI approved \$7.44 million of funding from the Erosion Control Funding Programme (ECFP) for the Tairāwhiti/Gisborne region. This funding will allow landowners of 32 properties in the region (representing 4,893 hectares) to plant trees or retire land to regenerate native bush to bring the land back to a productive and sustainable state.

The Tairāwhiti/Gisborne region has the worst eroding land in the country, due to its geology and the increasing

frequency of adverse weather events. On average, 8 percent of New Zealand's land is prone to severe erosion, but in the Tairāwhiti/Gisborne region, this has hit 26 percent.

Severe erosion causes long term damage to land productivity, infrastructure, water quality and rural businesses and communities. This is estimated to cost New Zealand about \$100 million to \$200 million each year through the loss of productive capacity of the land and damage to infrastructure and waterways.

The ECFP has helped to remediate about 42,000 hectares of land in Gisborne since 1992.

In December, MPI approved funding of \$242,000 for the first ECFP community project. Community projects aim to improve erosion mitigation and forestry outcomes in the Tairāwhiti region and may also have other environmental, social and economic outcomes. Hikurangi Bioactives Limited Partnership, a charitable company majority owned by the local Ruatoria community, is looking to identify optimal growing and sustainable harvesting techniques for bioactive extracts from kānuka strands grown in and around the district. Bioactives are used in health products.

Around 30 percent of the land use around Ruatoria is mature stands of kānuka. While this has significant environmental benefits including erosion mitigation, it's often considered to be of low productivity and value compared to other land uses such as mānuka and pastoral farming.

This community project will provide insights into sustainable harvesting techniques and best management practices that protect the health of the trees, ensure soil retention, bring new skills to the region and create economic opportunities for the community.

## New opportunities for Sustainable Farming Fund projects

MPI is trialing a new approach to support funding more applications for small projects under the Sustainable Farming Fund (SFF), called SFF Tere. This recognises that, while some

proposed projects will be small in value (under \$100,000) and short in length, they can make a worthwhile contribution to the primary industries and rural communities and often miss out to larger, national projects.

We are also streamlining the application process for SFF Tere projects to make it quicker and easier for people to apply for funding, get a faster turnaround on decisions for funding, still while meeting the current application requirements for projects relating to economic, social and environmental sustainability outcomes.

Tere means 'to be quick, swift or fast'.

As a result of this year's funding round, there were 28 successful applicants of SFF projects for projects starting from 1 July 2018 (including four SFF Tere projects), representing about \$7.15 million in investment. Further information about the projects is on the MPI website.

## Review of the PGP

As you'll be aware, the Minister of Agriculture, Hon Damien O'Connor, has signalled his desire to undertake a review of the Primary Growth Partnership (PGP). The Minister has now decided on the scope, timeframe and how MPI will continue to manage the PGP while the review takes place.

At this point, we do not foresee any impacts from the review to current PGP programmes.

The review will be a desktop review, undertaken by MPI, which will proceed in two phases. Phase one, which we aim to complete by the end of January 2018, will involve evaluating existing documentation, such as progress review and programme completion reports, evaluations and audits. It will also identify any improvements MPI can make to its processes and systems, for example in the areas of governance, PGP programme application criteria and providing assistance to applicants on business case development. Phase two, which we aim to complete by the end of April, will assess the economic impacts to date from the PGP.

While the review is taking place, the Minister agreed to progress approved proposals for PGP programmes under existing criteria, but temporarily not accept new proposals.

This means MPI won't be able to receive any new proposals during the review period. However, there are currently business cases being developed for nine new programmes, and these will progress through the process as usual.

Finally, I hope that you all have a safe and enjoyable break over Christmas and New Year, and thank you for your support in 2017.

Justine Gilliland  
Director Investment programmes

## From the Chair, PGP Investment Advisory Panel



Welcome to this edition of Agri-gate. It has certainly been a very busy year, with no signs of slowing down in the lead up to Christmas.

A recent highlight was the Food and Fibre Innovation

Conference and annual Primary Growth Partnership (PGP) Expo. It was pleasing to see many people attending, which is clearly a demonstration of the importance our food and fibre industries place on innovation.

One of the aspects I valued most about the conference was that it provided practical and useful tips and tactics for people to adopt across the innovation chain. So often we hear people say New Zealand needs to innovate – my view is that it's time to turn this talk into action. This is one of the key aspects of the PGP, which is enabling innovation that would not have otherwise happened due to the investment, time and risks involved.

At the conference there appeared to be appreciation from both delegates and presenters that working together as a united food and/or fibre industry is a necessity if New Zealand is to trade its way to future prosperity. The PGP for example has brought together organisations and companies that, traditionally, have been competitors in the market, so they're able to make a unified effort towards growing our primary industries.

It has been a particularly busy year for the PGP Investment Advisory Panel. There continues to be steady interest in new PGP programmes,

with 2017 resulting in the most programme proposals and business cases the panel has ever had to consider in a single year since the PGP's inception. There are currently nine proposed programmes developing business cases for consideration by the Ministry for Primary Industries and the panel.

I reflected this point and others in November when I met with Hon Damien O'Connor, Minister of Agriculture. We had a constructive conversation about the PGP and programmes, and I feel the Minister appreciated the progress that programmes had made to date and the improvements MPI has made in administering the PGP.

All that's left to say is that I wish you all the best for the festive season. I hope you have a wonderful and safe break with friends and family.

John Parker  
Chairman, PGP Investment Advisory Panel

## Innovation on show – highlights from the 2017 Food and Fibre Innovation Conference and Primary Growth Partnership Expo

More than 250 people came to Wellington on 30 November for Ministry for Primary Industries' (MPI's) Food and Fibre Innovation Conference. The conference brought together those passionate about New Zealand's food and fibre industries to hear from experts, both from overseas and closer to home.

Understanding what your customers want, rather than what you think they want. Treating design as a scalable set of skills you can practice every day. Story telling through a central character, a conflict and resolution. Embracing uncertainty. Keeping it simple. Turning what you're excellent at into new opportunities. The importance of investing in intangible assets. Thinking about your future cover story.

These were some of the themes and wisdom voiced loud and clear. Conference delegates were also guided through the journey from setting an initial vision for innovation, to getting products and services to market.

Some of the highlights of the day included international keynote speakers Henry Gordon-Smith from New York's Agritecture Consulting who talked about the rise of urban agriculture, including vertical farming and global trends; Lisa Kay-Solomon, a best-selling author and thought leader on design innovation, who talked about design-thinking and developing the right mindset for innovation; and Ryan Bethencourt, a scientist, biotech entrepreneur and investor, who talked via live stream about how biotech is transforming the future of food and materials.

Keeping things on track during the day was primary industry leader, strategist and executive manager Dr Scott Champion. Given his extensive experience in the primary industries, he has great understanding of the issues facing the primary industries and was well equipped to facilitate the day.

For a full list of speakers and copies of most of the speakers' presentations, please visit the [mpi.govt.nz](http://mpi.govt.nz) in the

Conferences and events section under 'Previous events'.

For a summary of the social media coverage of the conference and photos check out [storify.com/MPI\\_NZ/food-fibre-2017](http://storify.com/MPI_NZ/food-fibre-2017)



Henry Gordon-Smith, Founder and Managing Director at Agritecture Consulting presents at the Food and Fibre Innovation Conference.



Lisa Kay Solomon, best-selling author, thought-leader and Chair of Transformational Practices at Singularity University, speaking at the Food and Fibre Innovation Conference about design-thinking and developing the right mindset for innovation. Lisa was flown to New Zealand courtesy of Te Hono.



Delegates listen to one of two panel discussions at the Food and Fibre Innovation Conference.

### PGP Expo

Alongside the Food and Fibre Innovation Conference was the annual PGP Expo. Delegates had the opportunity to learn first-hand from people behind the innovations developed by the PGP programmes and hear about the lessons they've learned along the way.

Delegates also got to sample some of the incredible high value food and beverage products developed by PGP programmes including Te Mana Lamb™ developed by The Omega Lamb Project, Greenshell Mussels™ supplied by the SPATnz programme, Cervena venison provided by Passion2Profit and lower calorie and lower alcohol wine developed by the Lighter Wines programme.

Innovations in the fibre space included Allbirds Wool Runners made from superfine merino wool, using wool provided by the New Zealand Sheep Industry Transformation Project.

For a summary of the social media coverage of the expo and photos check out [storify.com/MPI\\_NZ/food-fibre-2017](http://storify.com/MPI_NZ/food-fibre-2017)





A scene from the 2017 PGP Expo.



Dr Mark Ferguson and Skye Rutherford from The New Zealand Merino Company at the PGP Expo.



The Passion2Profit site at the PGP Expo, serving up Cervena venison.



New Zealand Avocado Chief Executive Jen Scoular and PGP Investment Advisory Panel member Harry Burkhardt at the New Zealand Avocados Go Global PGP programme stand.



Delicious Te Mana Lamb™ on offer at the PGP Expo.

# Innovation and investment in the spotlight – some of the highlights from 2017



The Omega Lamb Project introduced chefs to TE MANA LAMB™ at an event in Queenstown in January, and this high value **product was launched in New Zealand and Hong Kong during 2017**. TE MANA LAMB™ was selected for the award-winning home delivery service My Food Bag.



New Zealand Avocado announced a record breaking 2016/17 season with a value of more than **\$200 million of avocados from 7.9 million trays**, enabled by the New Zealand Avocados Go Global PGP programme. Industry Orchard Gate Returns have also increased by 60 percent compared to the previous season.

Two events were held – one in Christchurch and the other in Hamilton – to celebrate the 17th year of the Sustainable Farming Fund, representing more than **1,000 farmer, grower or forester led projects**, and an investment of \$135 million.

**Construction of Stage 2 of the Central Plains Water Scheme kicked off**, supported by the Irrigation Acceleration Fund.

The **Farm<sup>10</sup> PGP programme hit its completion in June 2017**. It developed a better understanding of all the factors that make a difference to meat quality, to more consistently deliver great eating experiences for consumers and also lift returns for all parties in the value chain, from farmer to processor.

A trial kicked off to recharge the Makauri Aquifer, through injecting water from the Waipaoa River. The **aim is to increase water levels and sustain the availability of water on the Poverty Bay Flats**. This work is supported by the Irrigation Acceleration Fund.

At the National Fieldays, PGP red meat programme partners, farmers, meat companies and media were invited to a unique event organised by the Ministry for Primary Industries to **showcase the high-end, quality red meat products developed by PGP programmes**. The Red Meat Profit Partnership, a PGP programme, organised an event to teach two busloads of students about opportunities for careers in the red meat industry.



The Sheep – Horizon Three PGP programme released new **Sheep Milk Chews** – its first high-value product.



The SPAT<sup>NZ</sup> PGP programme **harvested the first selectively-bred mussels** from its purpose built hatchery in Nelson.

The Seed and Nutritional Technology Development PGP programme introduced a new brassica called Pallaton Raphno®, with **high forage yields** (allowing for multiple grazing) and drought and aphid tolerance.

Around **5,171 hectares of forest was approved for planting** by 112 applicants through the Afforestation Grant Scheme. Planting will start in Winter 2018.

Around **\$3.54 million was approved under the Earthquake Recovery Fund** to support eight community projects to help farmers and land managers investigate and plan how to use their land affected by the November 2016 earthquake.



The Tutsan Action Group released **two insects to tackle the invasive tutsan weed in Taumarunui**, supported by the Sustainable Farming Fund.



The Steepland Harvesting **PGP programme held a number of successful demonstrations of the innovations** it developed. This programme formally wrapped up in June 2017.

Under the Vet Bonding Scheme, **30 applicants will receive a total of \$16.5 million over five years**. The scheme provides an incentive for graduate vets to work in practices that focus on treating production and working animals.

In July 2017, **\$50,000 from the Irrigation Acceleration Fund was awarded to Bay of Plenty District Council** to fund a water study focused on effective water use and sustainable options for development in the region.

In November 2017 the Ministry for Primary Industries held its **Food and Fibre Innovation Conference 2017** and annual PGP Expo, attended by more than 250 people.

In October, Spring Sheep Milk Co., partner in the Sheep – **Horizon Three PGP programme, won the Exporter Award** and the Supreme Award at the New Zealand Food Awards.

The **Omega Lamb Project won the Innovation in Food and Beverage Award at the New Zealand Innovation Awards** and was Highly Commended in the Innovation Excellence in Research category. The SPATnz PGP programme took home the Innovation in Agribusiness and Environment Award.



The New Zealand Sheep Industry Transformation Project reached completion in June 2017. It has improved grower returns for fibre, meat and other products, and improved forage, genetic and animal health outcomes for sheep. During the year, it successfully **completed development of a way to predict footrot in sheep** – a \$10 million a year issue for wool farmers.

Around **\$7.44 million of funding from the Erosion Control Funding Programme** was approved for the Tairāwhiti/Gisborne region. This funding will allow landowners of 32 properties in the region (representing 4,893 hectares) to plant trees or retire land to regenerate native bush to bring the land back to a productive and sustainable state.

In December 2017, **MPI started trialing a new approach to support applications for small projects** (under \$100,000) under the Sustainable Farming Fund. This is called SFF Tere.

The Sheep – **Horizon Three held an Open Farm Day in late 2017**, a key way this PGP programme is introducing new farmers to sheep milking and sharing knowledge within the industry.

**Farmlands Cooperative Society Ltd invested in FarmIQ Systems Ltd**, a company born out of the FarmIQ PGP programme.

## Seasons greetings

Thanks for your interest in our MPI investment programmes during 2017. We hope you have a wonderful and safe Christmas and New Year break.

We look forward to working with you in 2018.

