

Agri-Gate

Agriculture & Investment Services

Ministry for Primary Industries
Manatū Ahu Matua



Latest news about MPI's Investment Programmes

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Steve's desk

Welcome to this edition of Agri-gate.

Friday 30 August marked an important milestone with Minister of Agriculture

Hon Damien O'Connor launching Project Whakatiputipu, our first Sustainable Food and Fibre Futures (SFF Futures) project.

The launch took place at Heards Bay in the Coromandel with invited guests and media.

Project Whakatiputipu is a project between the Ministry for Primary Industries (MPI) and Coromandel-based company Wakame Fresh. Its aims include demonstrating the commercial viability of harvesting, processing and exporting edible seaweed products into Japan and establishing New Zealand as a credible source of high quality wakame seaweed for the Japanese market place.

This project could deliver a range of benefits, which includes developing a new industry for New Zealand which could create jobs, and helping to encourage the aquaculture sector and potentially others in New Zealand to collaborate and invest in the seaweed sector.

You'll find more information about Project

Whakatiputipu and the launch in this edition of Agri-gate, and in the Minister of Agriculture's and Minister of Fisheries' media release, available at [beehive.govt.nz](https://www.beehive.govt.nz).

There's good momentum building with SFF Futures. In addition to Project Whakatiputipu we have a further three projects underway, another six approved and in the contracting phase, and there is good interest in SFF Futures with the project pipeline growing steadily. Projects range in size from tens of thousands of dollars through to multi-million dollar ones.

We're also expecting further applications from recent SFF Futures workshops. In August our Investment Programmes team hit the road around the country to share information about SFF Futures, and talk to people about their great ideas for our food and fibre sectors. We talk more about the workshops in this edition of Agri-gate.

Our 2019 application round for the Voluntary Bonding Scheme (VBS) for Veterinarians closed at 3pm on Monday 26 August. We received more than 30 applications, and expect to make decisions and advise applicants by mid-October. Thanks to everyone who applied.

As part of the governance process for completed Primary Growth Partnership (PGP) programmes, MPI commissioned an independent evaluation of the New Zealand Sheep Industry Transformation Project (NZSTX). Overall the independent evaluation concluded NZSTX will have a positive effect on New Zealand's merino wool industry, however, the level of benefit may likely be lower and take longer to deliver than originally anticipated.



Minister of Agriculture Hon Damien O'Connor and Wakame Fresh co-founder Lucas Evans inspect wakame on mussel lines.

You'll find more information about the independent evaluation, including its findings and recommendations in this edition of Agri-gate, and a copy of the evaluation report is available at mpi.govt.nz/nzstx.

I hope you enjoy this edition of Agri-gate.

Steve Penno
Director Investment Programmes



John Parker's column

Welcome to this edition of Agri-gate.

The Investment Advisory Panel (IAP) is seeing a steady stream of applications for new Sustainable Food and Fibre Futures (SFF Futures) projects, a number of which are now in the contracting stage.

While I can't talk about specific details at this stage, what's clear to the IAP is that there are some novel and exciting ideas coming through, and a demonstrated passion by applicants to make a positive difference for our food and fibre sectors.

Projects range from those wanting to improve soil quality and deliver other important environmental outcomes through to developing new and exciting high value products. The IAP is also pleased to see project proposals ranging from proposals for small projects through to multi-year, multi-million dollar ones.

What's also clear are the benefits of engaging the Ministry for Primary Industries (MPI) team early in the application process. There are numerous benefits of taking this approach, which include gaining an indication upfront about whether or not a proposed project is likely to meet the criteria for SFF Futures investment, better understanding application criteria, and getting guidance on other aspects of the application process.

Importantly, applicants need to be able to explain how their ideas could deliver sufficient benefits to New Zealand to justify SFF Futures investment, and how this investment support would enable them to be more ambitious and achieve more. This could include enabling a bigger impact in a shorter timeframe or approaching a project in a different way.

Engaging the MPI team early will help to iron out any issues early on, leading to better quality applications and a smoother process for all.

More information, including contract details for the MPI team, is available at sff-futures.mpi.govt.nz.

John Parker
Chair Investment Advisory Panel

Minister of Agriculture launches seaweed harvesting trial

On Friday 30 August Minister of Agriculture Hon Damien O'Connor launched Project Whakatiputipu, our first Sustainable Food and Fibre Futures (SFF Futures) project. The launch took place at Heards Bay in the Coromandel with invited guests, including Sandra Goudie, Mayor of Thames Coromandel District, council staff and media.

Project Whakatiputipu is a project between the Ministry for Primary Industries (MPI) and Coromandel-based company Wakame Fresh. It aims to test the commercial viability of harvesting and processing the seaweed *Undaria Pinnatifida*, in a quality suitable for the Japanese market, and planning and finalising an approach for a trial export.

Undaria, also known as wakame, was introduced to New Zealand waterways in the 1980s via ballast water from cargo ships. It's used in Japanese, Chinese and Korean cuisine. It's also one of the world's worst invasive species and considered a weed by New Zealand mussel farmers.

If successful, this trial will create a new industry for New Zealand by turning a pest plant into a potentially high value product. There are also other potential uses and applications, including other nutritional and medicinal purposes.

"Project Whakatiputipu could have wider benefits for Thames-Coromandel, our aquaculture industry and New Zealand," says Steve Penno, MPI's Director Investment Programmes.



Wakame Fresh co-founders Lance Townsend (left) and Lucas Evans (right) prepare wakame.

"Wakame Fresh could help establish a high value New Zealand seaweed industry. More broadly, it has the potential to contribute to our international reputation in sustainable and innovative aquaculture management."

MPI is contributing up to \$75,200 and Wakame Fresh Ltd is contributing \$114,182 to this project.

At the project's launch Minister O'Connor and other guests watched as Wakame Fresh co-founders Lucas Evans and Lance Townsend and their crew harvested wakame and demonstrated some aspects of the production process.

“Project Whakatiputipu is incredibly important for Wakame Fresh,” says Lucas.

“It provides us with an opportunity to test the different aspects of the commercial viability of exporting to Japan and to potentially establish a New Zealand beachhead initially in the Japanese market.”

Japan is New Zealand’s fourth largest trading partner. In the year ended June 2019, we exported \$3.6 billion of goods to Japan, up 9 percent from the previous year.

A condition of the government’s funding is that Wakame Fresh Ltd will share the information gained through Project Whakatiputipu with the wider New Zealand seaweed industry, which the small Kiwi company has embraced.

“Project Whakatiputipu is also important for the sector and our community. Seaweed has enormous potential, from aiding the world’s efforts to combat climate change and developing medicines to contributing toward the world’s food security,” says Lucas.

The project is currently underway and is scheduled to wrap up in late 2019.



From left: MPI’s Jeremy Pos, Steve Penno and Rebecca Lyon at the launch of Project Whakatiputipu.

Sustainable Food and Fibre Futures takes to the road

“Every innovation starts with an idea, and often that’s the easy part – the challenge is bringing it to life.”

The Ministry for Primary Industries’ (MPI’s) Investment Programmes team took to the road throughout August for a series of Sustainable Food and Fibre Futures (SFF Futures) workshops in Auckland, Wellington, Palmerston North, Christchurch and Dunedin. More than 260 people attended the workshops.

“The workshops gave participants the opportunity to discuss their project ideas with our team and understand how we can best partner with them,” says Natasha Telles D’Costa, Principal Adviser Investment Programmes at MPI.

SFF Futures is a gateway for farmers, growers, businesses, researchers (including Crown Research Institutes), industry organisations, and community groups to secure co-investment for projects that will make a difference.

“We’re looking for projects that’ll make a positive and measurable impact in the food and fibre sectors, from the paddock, forest or ocean to consumers,” says Natasha.

“Through SFF Futures we can invest in small grants right up to multi-million dollar, multi-year partnerships, and all the exciting projects in between, so we can work with individual people and organisations of any size.

“At the workshops, we had a wide range of participants, from farmers and growers all the way across the value chain to senior managers from the processing sector.

“We received positive feedback from participants, and they valued the opportunity to learn about SFF Futures, discuss their ideas, network and listen to one another too.

“Given interest in this first round of workshops, we’re planning further workshops in other cities, particularly regional centres. In the meantime, we’d encourage anyone with good ideas, both big and small, to get in contact with our team.”

More information, including contact details, are available at sff-futures.mpi.govt.nz.



A team effort - MPI Investment Programmes staff at an SFF Futures workshop (from left): Humayun Khan, Jeremy Pos, Natasha Telles D’Costa, Ross McIsaac, Apoorva Chandra Shekhar and Tim Allen.

Independent evaluation completed for New Zealand Sheep Industry Transformation Project

Over decades New Zealand has faced declining profitability in the strong wool industry and uncertainty for fine wool growers. To help tackle this, the New Zealand Sheep Industry Transformation Project (NZSTX) was launched in September 2010.

NZSTX was a seven-year Primary Growth Partnership (PGP) programme between New Zealand Merino (NZM) and the Ministry for Primary Industries (MPI) that wrapped up last year. It was the first of its kind – a significant government and industry innovation partnership with its sights on boosting outcomes for New Zealand's fine and mid-micron sheep wool industry.

Through NZSTX, the programme partners wanted to take proactive steps towards addressing the issues faced by the industry, and build both a foundation for growth and long-term resilience.

This programme had bold aspirations. Its aim was to increase the production of sheep with attributes driven by the market, shifting the balance between New Zealand strong and fine wool production towards the latter, and generating better grower returns for fibre, meat and other products.

As part of its governance process for PGP programmes, MPI commissioned the independent evaluation to determine what the programme had achieved and what its legacy was likely to be, along with any learnings.

Key findings

Overall the independent evaluation concluded that NZSTX will have a positive effect on New Zealand's fine wool industry.

"The independent evaluation concluded the programme has helped New Zealand's fine wool industry to become more economically sustainable," says Steve Penno, Director Investment Programmes at MPI.

"This is a positive shift from the challenges experienced by the industry before the programme."

The evaluation concluded that NZSTX delivered a number of important wins and successes, which included growing demand for fine wool and premium-branded merino meat products, enabling better animal health outcomes and delivering better returns for New Zealand farmers.



An independent evaluation of the New Zealand Sheep Industry Transformation Project (NZSTX) concluded it will have a positive effect on New Zealand's merino wool industry.

NZSTX achievement examples noted by the independent evaluation

- NZSTX has been instrumental in growing the number and value of contracts to supply New Zealand fine wool at premium prices, worth tens of millions of dollars.
- Over the seven years of the programme, contracts have delivered average premiums for wool farmers of \$2.53/kg extra over auction for New Zealand growers.
- NZSTX has delivered important genetic outcomes, such as the development of a genomic breeding value (gBV) for foot-rot resistance in fine wool sheep. The gBV for foot-rot resistance means farmers can reliably select rams based on their susceptibility to foot-rot, which is a big step forward towards reducing this condition. Foot-rot is estimated to cost New Zealand fine wool farmers millions of dollars every year.
- NZSTX has established nucleus breeding flocks, focused on improving both animal health and productivity traits for the industry, which is enabling more resilient and fit for market fine wool sheep.
- NZSTX helped to develop the ZQ brand to grow demand in fine wool—the evaluation concluded ZQ is "valued by the market" and has "given New Zealand an edge in its global marketing of premium-priced fine wool".
- NZSTX has been "pivotal in pioneering premium-branded merino meat products", which has created a new market for New Zealand, and the future for merino meat is "looking good with reasonable prospects for further growth in sales."
- Demand for Silere merino meat developed under NZSTX is showing promising growth. Orders in one major market are expected to triple in the next season.
- NZSTX has provided the wider primary industries (via the Te Hono Movement) with access to practical examples, case studies and experience that demonstrates the benefits possible from taking customer-centric approaches towards the production, marketing and sale of New Zealand's primary products.

It also said the overall economic benefits from NZSTX and the return on investment will be positive, particularly as a result of the fibre and meat aspects of the programme, however, it may not be as high as the programme's expected economic benefits of \$88 million in 2029.

The evaluation also concluded that some of the positive, longer-term outcomes from the programme will be delivered, but later than originally expected.

"The nature of innovation means both the degree of success in some projects and benefits originally estimated at programme conception may vary," says Steve Penno.

"The progress enabled by NZSTX for New Zealand's fine wool industry wouldn't have been possible without the programme."

The independent evaluation also made some recommendations, which MPI and NZM have reviewed.

MPI and NZM have implemented relevant recommendations into W3: Wool Unleashed, a programme between New Zealand Merino and MPI focusing on the strong wool industry.

"The partners are optimistic the foundations laid by NZSTX will continue to bear good outcomes for the fine wool industry and support its long term growth and

sustainability," says Steve. "This is already being seen with a significant volume increase in wool since the programme ended."

MPI will continue to monitor progress towards meeting NZSTX's longer-term outcomes. A copy of the evaluation report is available at mpi.govt.nz/nzstx.



Merino fibre - the New Zealand Sheep Industry Transformation Project was the first of its kind - a significant government and industry innovation partnership with its sights on boosting outcomes for New Zealand's fine and mid-micron sheep wool industry.

Evaluation recommendations

The independent evaluation identified some areas for improvement. These include:

- ensuring better separation between the programme's governance and management
- improving metrics to give better visibility of programme progress
- ensuring relevant expertise on programme steering groups
- conducting more assessment and due diligence on the nature of the challenges and risks associated with delivering the growth in demand and supply proposed by NZSTX
- ensuring better documentation of assumptions and calculations.

The evaluation concluded that NZSTX encountered challenges in the extension and adoption workstream of the programme, and was not able to get the traction necessary to advance this as far as intended.

New Zealand Merino has since established the capacity to tackle this. It has developed, and is wholly funding, a new programme that focuses on achieving wider adoption of fine wool farming systems by coarse wool farmers to enable farmers to fulfil the demand created by the programme (fine wool performs much better in the market than coarse wool). New Zealand Merino has recruited additional staff for this new programme, which also aims to provide support for the extension part of the W3: Wool Unleashed programme.