

Agri-Gate

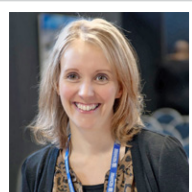
News from the Primary Growth Partnership

Ministry for Primary Industries
Manatū Ahu Matua



ISSUE 1 | NOVEMBER 2013

Justine's Desk



Welcome to the first issue of the Primary Growth Partnership (PGP) newsletter – Agri-Gate. We've developed this newsletter in response to many requests to know more about the PGP.

Each issue will profile one of the programmes in the PGP, as well as provide updates on partnership activities.

The PGP is now into its fourth year with 16 announced programmes in the fold. Our first programme, The New Zealand Sheep Industry Transformation Project (or NZSTX) is profiled in this issue. This programme started in September 2010 and will receive up to \$15 million in Crown funding over its five years of operation, with industry investing up to \$21 million. Up to 30 June 2013, the programme has been paid a total of \$9,124,063 in Crown funding. Across the 16 announced programmes, the Crown will invest up to \$320 million, supporting innovation and productivity growth in the red meat, dairy, forestry, seafood, pastoral, wool and bee industries.

On 30 September, we held the fourth annual meeting of PGP programmes and the Investment Advisory Panel (IAP). This was a very productive

and engaging meeting, with participants discussing ways to deliver technology transfer, share data, communicate achievements and ensure the intended public benefits flow from the programmes.

The meeting was followed by the first ever PGP Expo, where current PGP partners showcased their programmes to a wide audience of politicians, business leaders, media, and officials from several government agencies. The Minister for Primary Industries, Hon Nathan Guy, noted that achieving the export growth outlined by the Government's Business Growth Agenda will depend on improved productivity through innovation in the primary sector. The PGP is providing a unique and valuable springboard for this activity. See some of the photos from the Expo to the right.

Our latest funding round closed on 19 September, with 14 proposals received requesting over \$110 million in Crown funding. The proposals are currently being considered by the IAP.

We will truly begin to see the benefit of the current PGP programmes in the next decade, and I personally am honoured to be part of that foundation for future growth.

Justine Gilliland

The Minister for Primary Industries
Hon Nathan Guy.



IAP member Sharon Hunter and Justin Courtney from Silver Fern Farms.



From the Chair

I echo the welcome that Justine Gilliland extends – to this first edition of our newsletter. One of the messages that we have been receiving on a number of fronts is that we need to improve our communications, both with our partners, but also with our stakeholders. This newsletter is one way of helping achieve this.



I feel privileged to have been recently appointed as the Chair of the PGP's Investment Advisory Panel (IAP), following in the very big footsteps of our inaugural Chair, Bill Falconer. The IAP has a key role to play in the PGP. We are a panel of six independent members appointed by the Minister for Primary Industries both to make recommendations to the Director-General of the Ministry for Primary Industries about the investment of government funds into PGP programmes, and to monitor accepted programmes.

The IAP meets regularly, usually for two days each month. Our agenda varies but includes assessing proposals for new PGP programmes, reviewing quarterly reports from existing programmes, and receiving presentations from programme partners as part of business plan preparation, quarterly reporting or annual plan reviews. We also include field visits in our agendas as part of our monitoring role.

At our October meeting we welcomed new IAP member Sir Maarten Wevers and considered a business plan for a potential new programme. We also discussed proposed actions as a result of the discussions held with participants at the annual meeting, one of which was to look for ways to improve communication.

In October I spoke at the Aquaculture Conference in Nelson. It's pleasing to see that collaboration is a key element of the Aquaculture sector 10 point plan – in my view collaboration is a significant driver, and benefit, of the PGP.

It's also pleasing to see the announcements of success stories from individual programmes. The Minister noted in a 23 October media release that five PGP programmes recently announced significant progress in their respective programmes. The media release titled "Primary Growth Partnership delivering major results" is available on the web at beehive.govt.nz.

Joanna Perry

Programme Spotlight

New Zealand Sheep Industry Transformation Project (NZSTX) Merino – more than wool



DIFFERENTIATED FOR PREMIUM MARKETS: New Zealand Merino fibre; SILERE alpine origin merino; KURA New Zealand Alpine Leather.

New Zealand breeds some of the finest sheep in the world. In September 2010, The New Zealand Merino Company Limited (NZM) partnered with the Ministry for Primary Industries (MPI) under the Primary Growth Partnership (PGP) to work together to create new opportunities and value for the New Zealand sheep industry.

The five year partnership between NZM and MPI – called the New Zealand Sheep Industry Transformation Project (or NZSTX) – aims to shift the balance between New Zealand strong and fine wool production, and use product differentiation to generate better grower returns for fibre, meat and other products, such as leather.

Markets

A key objective of the NZSTX project is to prototype non-traditional uses for fine wool fibre, Merino meat and leather, using product differentiation to generate demand in new markets.

Over recent decades, profitability in the sheep meat and strong wool sector has suffered long-term decline, resulting in a drop in the national sheep flock in favour of dairy and other production. At the same time, prices for fine wool fibre (such as Merino) have remained higher (and additional premiums for New Zealand fine wool growers have been achieved through product differentiation). Further, demand from international

Merino – more than wool continued

markets for certain fine wool types has begun to outstrip New Zealand supply (for example, in the active outdoors apparel market).

In response to these changing market dynamics, the NZSTX project is prototyping non-traditional, differentiated sheep products in new markets.

- In the fibre space, we are currently working on a high-end Merino bedding product, as well as a 28 micron home furnishing range. Both projects involve non-traditional uses of these wool fibre types.
- Through the Alpine Origin Merino joint venture, NZM and Silver Fern Farms are differentiating Merino meat (under the SILERE alpine origin merino brand). The San Francisco micro-market prototype resulted in the sale of more than

5500 SILERE meals within 12 weeks.

- In collaboration with New Zealand Light Leathers, NZM is also exploring opportunities for Merino leather in the luxury goods leather market.

Through the development of new markets and by effectively differentiating products, NZM is generating growth and delivering greater value back through the supply chain to New Zealand fine wool sheep growers.

Production Science

To complement the in-market work – aimed at creating increased demand for sheep wool and meat – the NZSTX project is undertaking a range of production science projects to develop “fit for market” sheep and farming systems to support their production. The future “fit for market” sheep will enable

Did you know...?

- It will soon be possible to predict the future – DNA extracted from a drop of blood from a lamb's ear will be used to determine its future susceptibility to footrot (as well as important production traits).
- Contrary to popular belief, there are some fine wool sheep that do not suffer from footrot, even in conditions conducive to the disease. The objective of the FeetFirst project is to identify the genetic point of difference in those sheep.
- Integrating lucerne into a fine wool grazing system has positive impacts on ewe condition, ewe production, ewe conception and lamb survival; and allocating feed to breeding ewes more effectively can result in a 10 percent improvement in lamb production. As part of NZSTX, legume species such as lucerne and lupins are being trialled in challenging high country environments to determine best-practice tools for establishing them in fine wool grazing systems.

Lucerne and lupin trials in the Mackenzie Country.



Dr Mark Ferguson (NZM Production Science Project Manager) inspecting Merino ewes at the Central Progeny Test site in North Canterbury.



Merino – more than wool continued

New Zealand fine wool growers to supply the market with the specific products the market is seeking and is prepared to pay a premium for. The production science initiatives are the key focus of the NZSTX programme in year four and include projects in genetics, animal health, forage systems and livestock management.

“The FeetFirst project is arguably the most important project within the production science programme, and spans both genetics and animal health,” says Dr Mark Ferguson, Production Science Project Manager.

“Through FeetFirst, we are seeking a new genetic solution to

footrot in sheep. The first step is the collection of sheep DNA samples from across 100 properties – we currently have samples from approximately 40 properties.” The FeetFirst project is being co-funded by Merino New Zealand Incorporated.

Other significant production science achievements in 2013 include:

- A large-scale artificial insemination programme across several of the production science projects, including the Central Progeny Test site in North Canterbury. The purpose of the Central Progeny Test is to provide a platform to benchmark fine wool genetics and increase genetic gain across the New Zealand sheep flock.
- Rapid progress with the Merino Map project – helping Merino and other fine wool ram producers to move their stud data into genetic evaluation systems and produce estimated breeding values (EBVs). EBVs provide a measure of the breeding potential of an animal for a specific trait. As a result of the Merino Map project, a large portion of the major fine wool studs in New Zealand are now using, or are in the process of transitioning to, EBVs. This is an important step towards making genetic gain within New Zealand's fine wool sheep flock.
- Implementation of the Lifetime Ewe Management programme. Lifetime Ewe Management focuses on improving the nutrition and the performance of ewes and their offspring.

Both NZM and MPI are excited by the achievements to date, and further breakthroughs in breeding, animal health and nutrition that are expected during the life of this programme. Please visit www.perfectsheep.co.nz for further information about the NZSTX production science programme. ■



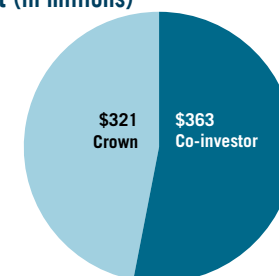
The Omarama Lifetime Ewe Management group condition scoring ewes.

Overview of Primary Growth Partnership Investment

For 16 Announced Programmes as at 31 October 2013

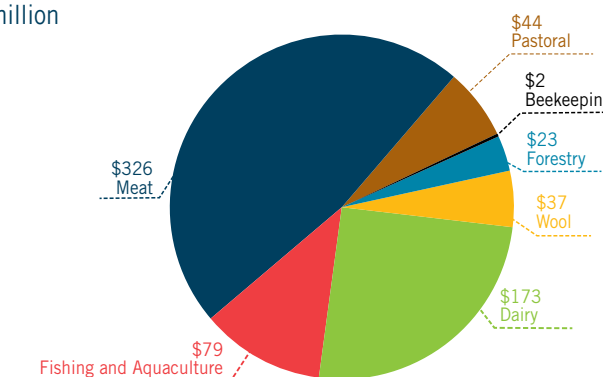
Sector	Programme Name and Co-investor	Total investment \$ million	Sector total \$ million	Estimated benefits \$ billion
Wool	NZ Merino	\$37	\$37	\$0.25
	NZ Sheep Industry Transformation			
Dairy	Transforming the Dairy Value Chain	\$170	\$173	\$2.7
	Dairy NZ/Fonterra			
	New Dairy Products and Value Chains	\$3		
Fishing & Aquaculture	Shellfish – The Next Generation	\$26	\$79	\$0.081
	Shellfish Production and Technology NZ (SPATnz)			
	Precision Seafood Harvesting	\$53		
Meat	Precision Seafood Harvesting (PSH)		\$326	\$1.1
	FoodPlus – Redefining Meat Horizons	\$87		
	ANZCO			
	Marbled Grass-fed Beef	\$23		
	Grass-fed Wagyu Ltd			
Pastoral	Red Meat Profit Partnership	\$65	\$326	\$1.1
	Red Meat Profit Partnership (RMPP)			
	Integrated Value Chain for Red Meat	\$151		
	FarmIQ			
	A New Vision for Pastoral Agriculture	\$15		
Beekeeping	PGG Wrightson Seeds	\$20	\$44	\$0.12
	ClearView Innovations			
	Ballance AgriNutrients	\$10		
Forestry	Precision Application of Fertiliser in Hill Country	\$2	\$2	\$0.925
	Ravensdown Fertiliser Co-op Ltd			
	High Performance Manuka Plantations	\$7		
Forestry	Manuka Research Partnership (NZ) Ltd (MRPL)		\$23	–
	Innovative Steep-land Tree Harvesting	\$3		
	Future Forests Research (FFR)	\$14		
Forestry	Use of Fumigants for Log and Wood Product Exports		\$23	–
	Stakeholders in Methyl Bromide Reduction (STIMBR)			
Forestry	From Stump to Pump Phase 1 (feasibility study)		\$23	–
	Norske Skog Tasman Ltd (NSTL)/Z Energy			
Total			\$684	\$6.7802

Crown/co-investor investment (in millions)



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

Total \$684 million



Total benefits by sector (in billions)

Total \$6.8 billion

