

Agri-Gate

News from the Primary Growth Partnership

Ministry for Primary Industries
Manatū Ahu Matua



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Justine's Desk



The last few weeks have been another busy period for the PGP.

On 28 May, the Minister for Primary Industries released an independent analysis by the New Zealand Institute of Economic Research (NZIER) of the projected benefits of the PGP. NZIER

estimates that the PGP will add \$6.4 billion per annum to New Zealand's economy by 2025. This figure is made up of:

- \$2.2 billion – GDP projected growth from government investment.
- \$4.2 billion – GDP estimate from industry investment.

The report also notes that the PGP has the potential to achieve an additional \$4.7 billion per annum by 2025 if all the R&D is successful, the aspirational stretch of PGP programmes is achieved, and the innovations are taken up widely. While innovation success is always uncertain, NZIER found that the way the PGP is designed improves the chances of success. It does this, for example, through industry co-funding which reduces the likelihood of research being 'left on the shelf', and there's an increased focus on 'uptake', and the 'fast-fail' approach

to projects within PGP programmes. NZIER's [full report](#) is available on the PGP section of the MPI website.

Three PGP programmes have completed the contracting stage of the PGP process over the last few weeks and are now underway.

The [Pioneering to Precision: Application of Fertiliser in Hill Country](#) PGP programme, led by Ravensdown, is a seven-year programme that aims to improve hill country sheep and beef farming productivity and protect the environment through more efficient and more precise use of fertiliser.

The [Lifestyle Wines](#) programme, led by New Zealand Winegrowers and involving 15 wineries, is a seven-year programme that aims to position New Zealand as number 1 in the world for high quality, lower alcohol and lower calorie wines. It's the largest research and development effort ever undertaken by New Zealand's wine industry, and the first PGP programme involving the wine industry.

And the newest programme underway, [NZ Avocados Go Global](#), led by the Avocado Industry Council, is a five year programme aimed at increasing the productivity and capability within the avocado industry to deliver significant additional returns for New Zealand. It's the first horticultural programme in the PGP involving fresh fruit.



PGP Advisor Janet van Polanen and MPI Senior Marketing Advisor Libby Clifford.



MPI's stand at the Mystery Creek Fieldays.

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This means we now have 18 PGP programmes underway.

For those programmes already underway it's also a busy time as annual plans are prepared. Because PGP programmes are generally long-run programmes over several years, annual plans provide an opportunity to look at the progress over the last year and set out the detailed activity planned for the coming year. Importantly, it provides programmes with the opportunity to recalibrate aspects of the programme. For example, it enables programmes to focus more on areas of the programme that are showing evidence of likely success, as opposed to other areas where exploration – or further research – has shown that a particular activity may not be as worthwhile as originally envisaged and needs to be stopped.

We can't of course talk about the last few weeks without mentioning the Mystery Creek Fieldays (see the photos on the front page). MPI had a strong presence at the Fieldays, which included showcasing some of the current PGP programmes. Interest in PGP across agri-business continues to be high, with it seen as a significant value-add initiative. Several organisations involved in PGP programmes also showcased – and demonstrated products from – their PGP programmes on their own sites at the Fieldays.

Next week sees the closing of our tenth PGP funding round. I'm looking forward to seeing the proposals and – if they're successful in being approved for the next stage in the process – working with potential new programmes on business plans.

Justine Gilliland

From the Chair

As Justine says in her column, the last few weeks have been busy for the PGP. I can't help emphasising how much it appears that interest in PGP is high – and in particular how it's seen as a significant value-add initiative. Unfortunately I wasn't able to get to the Mystery Creek Fieldays – I was sitting on a plane to the UK instead (business not pleasure), however, my observation is that commentary about the PGP seems to recognise its true value to New Zealand as a whole. This is very gratifying to me, and it must also be to our, now, 18 PGP programmes as recognition of what they're all achieving.



This leads me to comment on the lessons for all PGP programmes from the recent mid-term progress review of the New Zealand Sheep Industry Transformation Project (NZSTX). Each programme will – in time – undergo one of these reviews as part of the governance/accountability of PGP programmes. The objective of the review is to provide an independent assessment of how the programme is tracking towards its goals, and to give an opinion on future focus and any adjustments needed. I don't intend to comment on the specifics of the report (a copy of the [summary report](#) is available on the MPI website), other than to say that the report concluded – amongst other things – that “In the opinion of the review team, the NZSTX is a worthwhile programme that has the potential to substantially transform the sheep industry and improve economic outcomes in the sector”. However, I do want to comment on some of the recommendations that to me can be applied to – and in fact should be considered now – by other PGP programmes. The particular recommendations are:

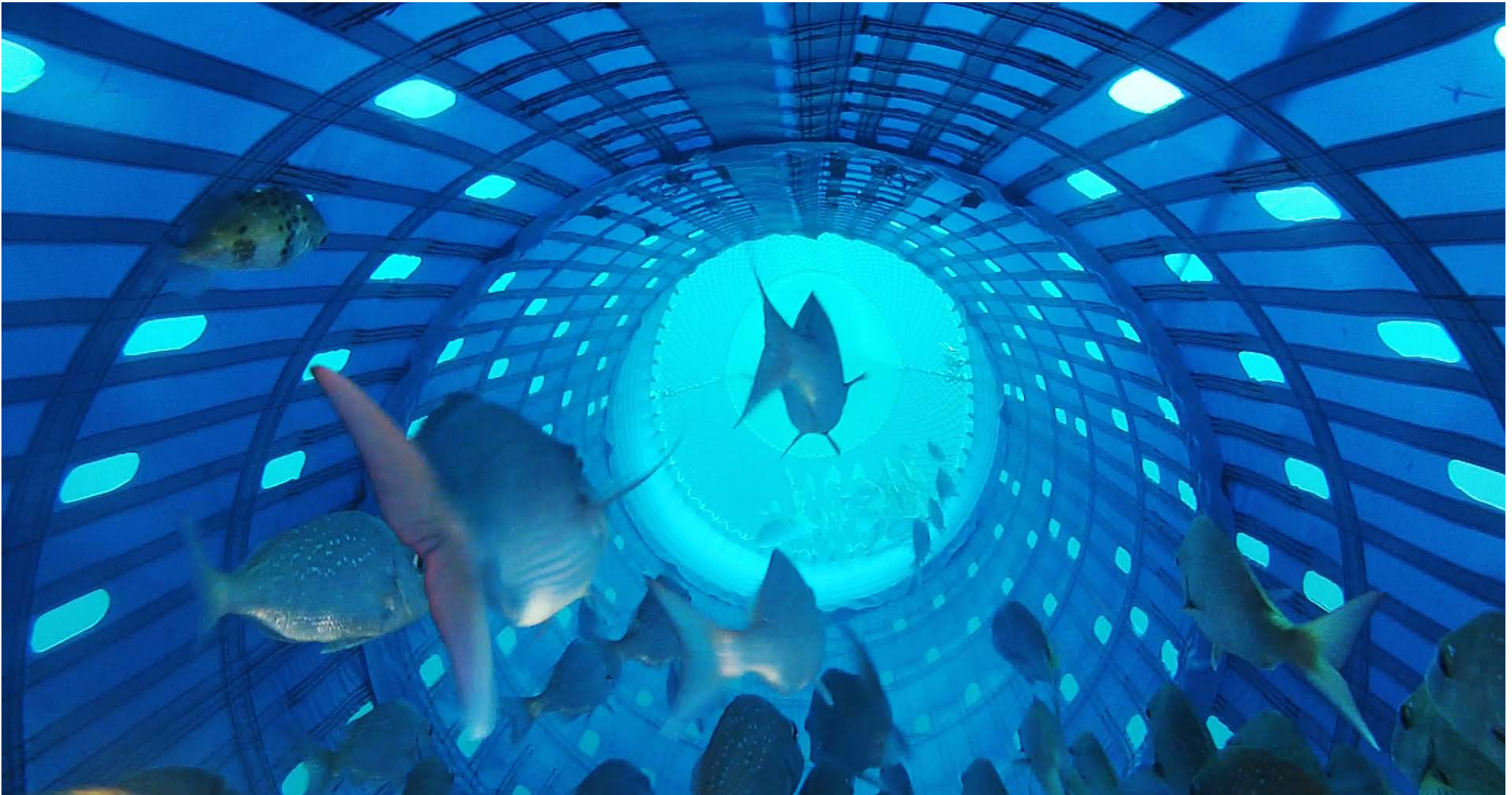
- Acknowledging that the investment to date in the programme has helped to develop a number of tangible and intangible assets that need to be maintained after the conclusion of the PGP programme. A transition plan should be developed to establish how the project outcomes will continue to provide benefits after the conclusion of the programme. I believe each programme should be considering the idea of a transition plan as it progresses into the second half of its duration.
- Considering how to measure accurately and report on the economic benefits of the programme. I'd like to draw all programme participants' attention to the recent report by the New Zealand Institute of Economic Research on its analysis of the broader economic benefits of the PGP.
- Noting that although interactions with other PGP programmes has been promising, there are opportunities for greater collaboration and knowledge sharing between NZSTX and other PGP programmes. I strongly relate to this recommendation. In my view the collaboration and knowledge sharing between PGP programmes are some of the key spill-over benefits of the PGP as a whole. Because of our overall oversight role, the Investment Advisory Panel (IAP) has the ability to see these potential opportunities for the good of New Zealand, and I encourage programmes to all work on these as much as you can.

The last thing I wanted to note in my column is that this week the IAP headed to Hamilton for our monthly hui and a field visit of the pre-farm gate part of the Transforming the Dairy Value Chain PGP programme.

Joanna Perry

Programme Spotlight

The future of fishing



New technology aimed at revolutionising commercial fishing as we know it could lead the way to a new age of sustainable fishing around the world.

The technology – Precision Seafood Harvesting (PSH) – is in commercial development under a six-year PGP programme of the same name. It's led by Aotearoa Fisheries, Sanford and Sealord Group, and involving scientists from Plant and Food Research.

The new technology has the potential to deliver a “step-change” improvement in quality and sustainability performance over existing trawl designs. This was clear to scientists when they reviewed footage of traditional trawl nets in action using specially designed underwater cameras.

This triggered an “aha moment”, as Plant and Food Research's Alistair Jerrett explains.

“We asked ourselves why fish should be put through this kind of distress, and we thought there's got to be a better way,” he says.

“Our research led us to the design of a radically different harvesting system. It uses a breakthrough new design to land fish on fishing vessels alive, and in excellent condition while safely releasing other non-target species of fish (bycatch).”

Just over three years in, PSH is trialling the technology on commercial fishing vessels, with promising results, by delivering low-fatigue, low-damage, and high-value fish.

The new PSH design sees fish contained and swimming comfortably inside a large flexible PVC liner, where they can be sorted for the correct size and species before being lifted aboard the fishing vessel – the design will be customised based on the specific fishing operations and species of fish being harvested.

“PSH enables fishing vessels to target specific species and sizes of fish. Other fish will be able to swim free through

‘escape portals’ and be safely released unharmed,” says Alistair.

“This means fish can be landed in excellent condition, leading to fresher, more sustainable fish for consumers of PSH harvested seafood and higher value products for fishing companies using the technology.”

PSH was recently recognised at the KiwiNet awards, where it won the People's Choice and the Research Entrepreneur Awards. The programme was also named runner up for the Supreme Award.

“The People's Choice Award, voted by peers, recognises commercial excellence that is both well presented and inspiring,” says Alistair. “We're thrilled with this award as it shows clearly that others believe in what we're doing as much as we do.”

Alistair also picked up the individual Research Entrepreneur Award for changing the way New Zealand fishes.

Alistair has been involved with the PSH programme right from the get-go, and has made a significant contribution to science and technology based solutions for the seafood industry.

Aotearoa Fisheries, Sanford and Sealord Group are investing \$26 million into the PSH programme, matched by funding from MPI through the PGP. It's expected to result in an estimated \$43.6 million to New Zealand's economy per annum by 2025.

PSH is a best-practice example of the innovation that the partnership between government, Crown institutes and businesses enables.



Snapper released safely underwater using PSH technology.



Fish landed on fishing vessels alive in water using PSH technology.



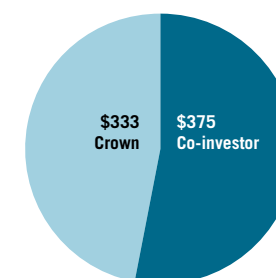
Gurnard landed in excellent condition using PSH technology.

Overview of Primary Growth Partnership Investment

For 18 Contracted Programmes as at 17 June 2014

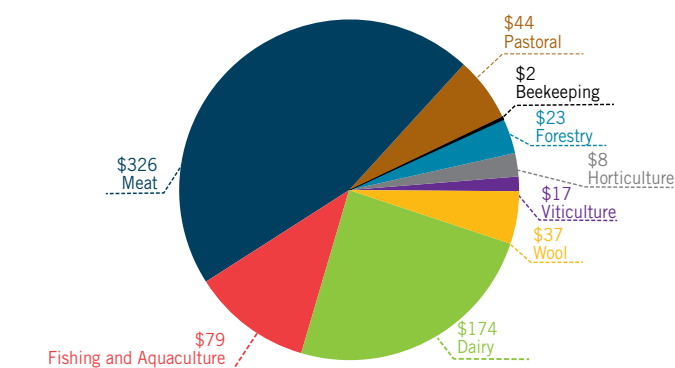
Sector	Programme Name and Co-investor	Total investment \$ million	Sector total \$ million	Estimated benefits \$ million
Wool	NZ Sheep Industry Transformation (NZSTX)	37	37	250
	NZ Merino			
Dairy	Transforming the Dairy Value Chain	170		2700
	Dairy NZ/Fonterra			
	New Dairy Products and Value Chains	3	173	8.6
Fishing & Aquaculture	Whai Hua Limited Partnership			
	Shellfish – The Next Generation	26		81
	Shellfish Production and Technology NZ (SPATnz)			
Meat	Precision Seafood Harvesting	53	79	43.6
	Precision Seafood Harvesting (PSH)			
	FoodPlus – Redefining Meat Horizons	87		630
	ANZCO			
	Marbled Grass-fed Beef	23		80
Pastoral	Grass-fed Wagyu Ltd			
	Red Meat Profit Partnership	64		194
	Red Meat Profit Partnership (RMPP)			
	Integrated Value Chain for Red Meat	151	325	1100
	FarmIQ			
BeeKeeping	A New Vision for Pastoral Agriculture	15		200
	PGG Wrightson Seeds			
	ClearView Innovations	20		348
Forestry	Ballance AgriNutrients			
	Precision Application of Fertiliser in Hill Country	10	44	120
	Ravensdown Fertiliser Co-op Ltd			
BeeKeeping	High Performance Manuka Plantations	2	2	925
	Manuka Research Partnership (NZ) Ltd (MRPL)			
Forestry	Innovative Steep-land Tree Harvesting	7		100
	Future Forests Research (FFR)			
	Use of Fumigants for Log and Wood Product Exports	3		–
Viticulture	Stakeholders in Methyl Bromide Reduction (STIMBR)			
	From Stump to Pump Phase 1 (feasibility study)	14	23	–
	Norske Skog Tasman Ltd (NSTL)/Z Energy			
Viticulture	Lifestyle Wines New Zealand Winegrowers	17	17	285
Horticulture	NZ Avocados Go Global	8	8	110
	Avocado Industry Council			
Total			708	

Crown/co-investor committed investment (in millions)



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

Total \$708 million



Total government funding paid to programmes as at 31 May 2014 is \$105.58 million.