



Primary Growth Partnership

**Annual Report of the
Investment Advisory Panel**

1 September 2012 to 31 August 2013

Report

This is the Fourth Annual Report of the Investment Advisory Panel. The Primary Growth Partnership was launched in September 2009 with the intention of driving substantial gains in economic growth and sustainability in the primary and food sectors through investment in partnership between government and the primary and food industries in research and innovation, with industry matching the level of government investment.

Since then a total of \$684 million has been committed by the Crown and Co-investors to the 16 announced PGP programmes, with the Crown committing \$321 million. These PGP programmes vary in length from 14 months to 7 years; Up to 30 June 2013 total government funding paid to the 14 contracted programmes was \$75.3 million.

During the current year the Panel put significant focus on monitoring the existing programmes as the number of these programmes grew. We did however consider ten proposals during the period under review, with two of these approved to go to Business Plan development.

The monitoring by the Panel has identified that although most of the contracted programmes are less than half way through their planned duration, we have seen significant progress towards the outcomes outlined in the original proposals. In some instances the monitoring by MPI, the Programme Steering Groups and the Investment Advisory Panel has resulted in aspects of programmes either being halted or adjusted.

During the year, the Panel also reaffirmed the criteria which a successful PGP proposal needs to meet in order to gain government co-investment. It must have:

- outcomes that are likely to generate significant economic benefit to New Zealand through the application of innovative research and development across some or all parts of the value chain;
- a vision of what the successful outcomes will look like;
- additionality, or involvement in activities which are beyond business as usual for the applicant; and
- spill-over benefits for the wider NZ economy, while generating economic returns for the investors.

An outcomes model for the Primary Growth Partnership Fund Portfolio has been developed and added to the PGP website, along with a number of other key documents in relation to both the PGP as a whole and individual programmes.

This year saw the end of Bill Falconer's tenure as Chair of the Investment Advisory Panel. I would like to thank Bill for the great knowledge and wisdom he shared in leading the Panel in the four years he served as Chair. He gave the Panel a very good grounding and has left it in a strong position to carry on in its advisory role.

I took over as Chair on 1 August 2013 and am very excited about the year ahead. I believe we are well on the path to see the Primary Growth Partnership achieving the objectives set out four years ago - of driving substantial gains in economic growth and sustainability in the primary industries.

Joanna Perry
Chair, Investment Advisory Panel
September 2013

The Year in Review

Panel Meetings

The Panel met eleven times in the 2012/13 year, totalling fourteen days. The Panel also undertook several field trips throughout the year. In March, Kevin Marshall, on behalf of the Panel, attended an Open Day at Glenaan Station, a focus farm in the Farm IQ programme. In April Panel members visited the Shellfish Production and Technology New Zealand (SPATnz) programme in Havelock, and the Precision Seafood Harvesting programme in Nelson. In August the Panel visited the Fonterra research centre in Palmerston North. All visits were very successful, with Panel members seeing first-hand the work programmes are doing.

Programme Status

The Primary Growth Partnership has announced 16 programmes. Fourteen of these are contracted and two are in contract negotiation. Throughout the year five programme Business Plans were approved for funding by the Director-General MPI and six programmes were contracted.

Monitoring

Each contracted programme is required to provide a comprehensive report to MPI and the Panel quarterly. From the second year onwards, the programmes also provide an Annual Plan for the coming year. From 1 September 2012 to 31 August 2013 the Panel reviewed Annual Plans and Quarterly Reports from eleven¹ programmes.

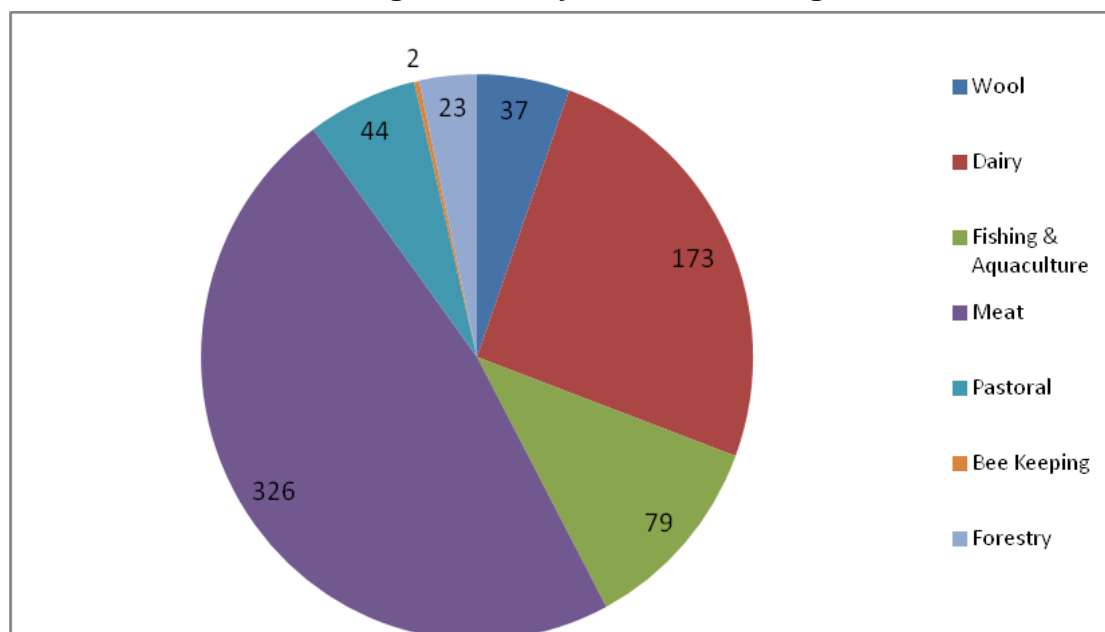
Media Coverage

The Primary Growth Partnership was mentioned in around 345 media articles in various rural and national publications throughout the year. Many of these were features on particular programmes and the progress and innovations underway.

Crown Expenditure

A total of \$684 million has been committed by the Crown and Co-investors to the 16 announced PGP programmes, with the Crown committing \$321 million. A graph showing the distribution of the investment by sector is below.

16 Announced Programmes by Sector Totalling \$684 million



¹ Three programmes were contracted late in the period, therefore quarterly reports were not yet due.

Primary Growth Partnership Programmes underway as at 1 Sept 2013

Innovative Steep –land Tree Harvesting:
PGP: \$3,262,500 Industry \$3,262,500
Duration: 6 years. Commenced November 2010

NZ Sheep Industry Transformation – NZSTX ([Merino](#) - more than [wool](#))
PGP: \$15,150,000 Industry: \$21,450,000
Duration: 5 years. Commenced September 2010

Integrated Value Chain for Red Meat (Farm IQ)
PGP: \$59,342,000 Industry: \$91,387,000
Duration: 7 years Commenced November 2010

Transforming the Dairy Value Chain
PGP: \$84,610,000 Industry: \$85,660,000
Duration: 7 years Commenced April 2011

High Performance Manuka Plantations
PGP: \$850,000 Industry: \$850,000
Duration: 6.5 years Commenced March 2011

STIMBR – Stakeholders in Methyl Bromide Reduction.
PGP: \$1,186,000 Industry: \$1,273,000
Duration: 5 years Commenced September 2011

ClearView Innovations
PGP: \$9,750,000 Industry: \$9,750,000
Duration: 7 years Commenced October 2011

Precision Seafood Harvesting
PGP: \$26,260,291 Industry: \$26,260,291
Duration: 6 years Commenced April 2012

SPATnz – Selectively bred, high-value shellfish
PGP: \$13,032,452 Industry: \$13,032,452
Duration: 7 years Commenced November 2012

FoodPlus – Generating more value from the beef carcase
PGP: \$43,539,574 Industry: \$43,539,574
Duration: 7 years Commenced November 2012

Primary Growth Partnership Programmes underway as at 1 Sept 2013
<p>A New Vision for Pastoral Agriculture – seed and nutritional development PGP: \$7,145,169 Industry: \$7,482,169 Duration: 6 years Commenced February 2013</p>
<p>Marbled Grass-fed Beef PGP: \$11,046,562 Industry: \$12,301,466 Duration: 7 years Commenced August 2012</p>
<p>Whai Hua - New Dairy Products and Value Chains PGP: \$1,710,000 Industry: \$1,710,000 Duration: 3 years Commenced June 2013</p>
<p>From Stump to Pump – Forestry residues to drop in liquid transport fuels – PHASE ONE PGP: \$6,748,000 Industry: \$6,748,000 Duration: 14 months Commenced July 2013</p>