

Agri-Gate

News from the Primary Growth Partnership

Ministry for Primary Industries
Manatū Ahu Matua



ISSUE 2 | DECEMBER 2013

Justine's Desk



Welcome to the second issue of Agri-gate. There are now 17 programmes in the PGP, 15 of which are underway, representing a committed

investment between the Crown and industry of just over \$700 million.

The Red Meat Profit Partnership programme just joined the fold of programmes that are in operation, following contract signing. This programme is being led by Beef + Lamb New Zealand with ten other co-investors.

On 27 November we announced the Lifestyles Wines programme. It's about developing naturally-produced, full flavour, lower calorie and lower alcohol wines across the main New Zealand wine varieties.

A total investment of NZ\$16.97 million has been secured for the programme. MPI is committing NZ\$8.13 million over seven years, and the balance is coming from industry partners as a mixture of cash and in-kind contributions. New Zealand Winegrowers is leading the programme, and there are 15 other co-investors from the wine industry.

During the latest funding round in November, the Investment Advisory Panel (IAP) considered 14 proposals seeking over \$110 million in Crown funding. Of those, one was approved by the IAP to proceed to business plan development, one was required to provide further information to the IAP to assist with their decision-making, and 12 were declined. For the proposal requiring further information, we expect a decision to be made before the end of the year. Of the twelve declined proposals, some have been asked to either resubmit revised proposals or engage in further discussion with MPI.

Engaging in discussion with MPI about ideas or proposals for PGP programmes is something we'd like to encourage potential partner organisations to do. We're able to advise on the eligibility for PGP funding and help identify any gaps or issues to address. Please feel free to contact us at any time.

In other news, during the last month, the Office of the Auditor-General (OAG) commenced its audit of MPI's administration of the PGP. We welcome the audit, as it will no doubt help us to continue to improve our practices and processes. MPI has helped kickstart the Office's work by running an induction programme to introduce them to the PGP.

On 11 December I attended the Production Science Field Day in Hawarden, North Canterbury, as part of the NZSTX programme profiled in the first issue of Agri-gate. The day was an opportunity to provide a comprehensive overview of the Production Science part of the programme. Among other things, we got to view first hand the progeny of 40 rams from New Zealand and Australia that have been bred at NZM's central progeny test site in North Canterbury.

In this issue of Agri-gate we profile the FarmIQ programme, which is working to create a demand-driven, integrated value chain for red meat.

I'd like to close by thanking all of you – our PGP partners – for your hard work over the 2013 year, and wishing everyone a happy and safe summer break. We're looking forward to another successful year in 2014.

Justine Gilliland



From the Chair

The Investment Advisory Panel (IAP) has met twice since our first issue of Agri-gate.

At our November meeting, we focussed on the 14 proposals we received in the latest funding round and finalised our recommendation to the Acting Director-General on the Lifestyle Wines programme. This programme was subsequently approved and, as Justine mentions in her introduction, announced in late November. In making our recommendation the IAP specifically noted that the Business Plan both made a compelling case of value to New Zealand and demonstrated that the—at that time—proposed programme was investment ready. It also demonstrated criteria for PGP investment including science-based innovation, an exciting growth opportunity, clear economic benefits contributing to significantly growing primary sector exports, and strong industry collaboration. We considered that this programme was an exemplar of an industry working together for the greater good of all involved. We also noted that it had significant benefits for the public, including promoting socially responsible alcohol consumption. The addition of the Lifestyle Wines programme continues to add breadth to the suite of PGP programmes across the primary sector.

At our December meeting the IAP spent considerable time on its monitoring role, in particular considering quarterly reports from ten of the programmes. It's pleasing to see progress being made on these programmes as well as robust stop-go decisions. Summaries of quarterly reports are available on MPI's website.

The IAP also considered the Outcome Models from a number of programmes. These are a one page view for each programme that show, for example, the opportunities or issues being considered; the programme's enablers (what is actually being done); and expected effects of activities in the short term, medium term (generally around 2020) and the longer term (generally 2030 and beyond).

They also show the anticipated spill over benefits, such as increasing employment and industry collaboration, creating educational opportunities in science, advancing technology and engineering, and enhancing New Zealand's reputation.

Outcome Models are a great way of succinctly seeing the proposed outcomes at the various stages of any programme and enable key measures to be identified and used to monitor performance. Outcome Models are published on MPI's website as they're finalised.

I along with the other IAP members look forward to continuing to engage with you in 2014, whether it's as an existing or future PGP partner.

Joanna Perry



Programme Spotlight

Linking up the red meat value chain

What if we took a good or a bad consumer meat-eating experience and tracked that right back to find out what happened to the carcase in the meat plant or the animal on the farm?

If New Zealand's red meat industry better understood all the factors that make a difference, it could more consistently deliver great eating experiences, and lift returns for all in the supply chain. That's precisely what the Farm^{IQ} PGP programme is doing.



Researcher Di Hyndman of AgResearch Invermay holds one of the new high-density SNPchips, in front of a monitor showing a read-out.

Linking up the red meat value chain continued

In 2010, meat company Silver Fern Farms, farmer Landcorp and technology supplier Tru-Test joined forces with the Ministry for Primary Industries' Primary Growth Partnership to launch Farm^{IQ}, a seven-year programme that aims to create a demand-driven, integrated value chain for New Zealand red meat.

Farm^{IQ} is progressing five distinct projects, along with the programme governance and management. These are: market research and product development; processing feedback; farm performance; genetics; and IT and Farm Management System (FMS).

Each of these projects is significant in its own right, and all are adding value to the red meat supply chain. They will be integrated as the Farm^{IQ} programme progresses – and the sum will be even greater than the parts.

The potential for gains begins before livestock are born – by using genetics that are well matched with the right on-farm systems and being able to select breeding that delivers good meat quality characteristics. On the farm and in the processing plant, electronic identification systems enable individual animals to be tracked and recorded, and performance can then be analysed and improved. Finally and critically, it involves matching products to markets.

The database system being built for farmers links all the other parts together. The market insights and improvements both on-

farm and in processing are being captured and measured through this system, which has the working title, Farm Management System. This is currently in pilot form and being tested by a select group of farmers. It is scheduled for commercial release in March 2014.

The interactive farm database translates the complexity of a farm business, generating more robust and credible information which enables farmers to monitor and analyse their farm operation. This supports their decision-making. A campaign in early 2013 featured the slogan, *Farm^{IQ} – Decision Made.*

Farm^{IQ} is bringing the parts of the chain closer together. Farmers are starting to receive the information they require to produce animals that meet consumer preferences, and for this they will receive payments based on meat quality. Consumers will be offered premium-branded red meat that consistently meets their eating quality preferences. And the processing industry will begin to build approaches and relationships based on delivering value.

Farm^{IQ} – Year to June 2013 highlights

- Completion of the new high-density SNP chip, a powerful new sheep breeding tool.
- A large eating quality testing programme completed and used to develop a new beef grading system.
- New super-premium branded red meat programmes being tested in-market.
- Base infrastructure for in-plant tracking and measurement has been built.
- Product Release 1 of the Farm Management System launched, and Product Release 2 with significant new functionality ready for launch.
- Nine IQ farms up and running, testing and refining the monitoring, analysis and reporting of on-farm performance.

Testing meat eating quality

- In the past year 13 700 taste testers have made history by taking part in New Zealand's largest scientific investigation into red meat eating quality.
- The research has been used by Silver Fern Farms to create a new eating quality grading system for New Zealand beef, as part of the Farm^{IQ} programme.
- The research was carried out by a team of 38 scientists from Texas Tech University in the US and Otago University's Department of Food Sciences. Twenty-person consumer taste panels have been running nearly every week since early in the year in 17 cities across New Zealand and the USA.
- Now, detailed grading reports that integrate into the new Farm^{IQ} information hub are being developed, showing farmers how their beef rates across a set of eating quality criteria. This helps them make management decisions around their stock, so they can improve the quality of their livestock and earn premium returns.



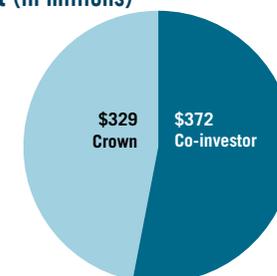
IQ farmers Shelley Dew-Hopkins (left) and Ian Hopkins (right) of Rangiwahia, got a demonstration from Silver Fern Farms graders Nina and Anne.

Overview of Primary Growth Partnership Investment

For 17 Announced Programmes as at 30 November 2013

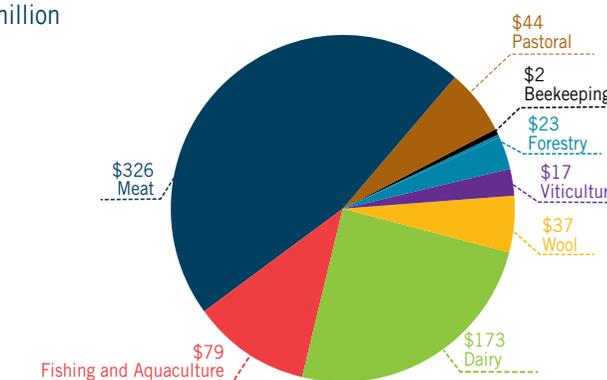
Sector	Programme Name and Co-investor	Total investment \$ million	Sector total \$ million	Estimated benefits \$ billion
Wool	NZ Merino	\$37	\$37	\$0.25
	NZ Sheep Industry Transformation			
Dairy	Transforming the Dairy Value Chain Dairy NZ/Fonterra	\$170	\$173	\$2.7
	New Dairy Products and Value Chains Whai Hua Limited Partnership	\$3		
Fishing & Aquaculture	Shellfish – The Next Generation	\$26	\$79	\$0.081
	Shellfish Production and Technology NZ (SPATnz)			
Meat	Precision Seafood Harvesting Precision Seafood Harvesting (PSH)	\$53	\$326	\$0.63
	FoodPlus – Redefining Meat Horizons ANZCO	\$87		
	Marbled Grass-fed Beef Grass-fed Wagyu Ltd	\$23		
	Red Meat Profit Partnership Red Meat Profit Partnership (RMPP)	\$65		
	Integrated Value Chain for Red Meat FarmIQ	\$151		
Pastoral	A New Vision for Pastoral Agriculture PGG Wrightson Seeds	\$15	\$44	\$0.2
	ClearView Innovations Ballance AgriNutrients	\$20		
	Precision Application of Fertiliser in Hill Country Ravensdown Fertiliser Co-op Ltd	\$10		
Beekeeping	High Performance Manuka Plantations Manuka Research Partnership (NZ) Ltd (MRPL)	\$2	\$2	\$0.925
Forestry	Innovative Steep-land Tree Harvesting Future Forests Research (FFR)	\$7	\$23	–
	Use of Fumigants for Log and Wood Product Exports Stakeholders in Methyl Bromide Reduction (STIMBR)	\$3		
Viticulture	From Stump to Pump Phase 1 (feasibility study) Norske Skog Tasman Ltd (NSTL)/Z Energy	\$14	\$17	\$0.29
	Lifestyle Wines New Zealand Winegrowers	\$17		
Total			\$701	\$7.07

Crown/co-investor investment (in millions)



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

Total \$701 million



Total benefits by sector (in billions)

Total \$7 billion

