

# Agri-**G**ate

Ministry for Primary Industries  
Manatū Ahu Matua



News from the Primary Growth Partnership

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## Justine's column



A highlight of this month was an event in Hamilton organised by the Te Hono Movement. The Te Hono Movement is a partnership helping to drive the success of New Zealand's primary industries. The Te Hono Movement now features an Alumni of more than 130 influential leaders representing

80 percent of New Zealand's primary sector.

The event in Hamilton was the opportunity to discuss and think about collaborative activities that will enable New Zealand to add value to New Zealand products in-market. Enabling collaboration is one of the many aspects of the PGP, and many PGP programmes. The energy and ideas on the day were very inspiring with potential for future PGP programmes.

This month, we ran a further workshop for PGP programmes that involved pasture and farming systems. This workshop focussed on using collaboration to help extension activities. At the workshop, participants explored opportunities and shared learnings between PGP programmes, particularly in relation to strategies that encourage uptake and adoption of technology

and practices – in other words strategies to encourage extension. This was one of a number of workshops we've held to enable information sharing with, and across, PGP programmes.

Also this month, more than 300 people gathered at a Hill Country Symposium. The aim of the symposium was to answer two key questions facing hill country farming: "What does a profitable and resilient future for hill country farming look like?" and "What do we need to do collectively and individually to achieve this future?"

Discussions on extension practices and our need to design the right extension product for the right audience featured some of the PGP programmes and projects enabled by investment from MPI. These included the Advance Deer Party initiative and the Over the Fence extension guide supported by the Sustainable Farming Fund, and research through the Red Meat Profit Partnership PGP programme.

In this edition of Agri-gate, we also profile our newest PGP programme, Wool Unleashed (W<sup>3</sup>). This programme aims to deliver premiums for New Zealand's strong wool sector that could see an additional \$335 million contribution towards New Zealand's economy by 2025.

Next month you'll notice a slight change to Agri-gate. We will be extending Agri-gate wider than the just the

PGP. From the May edition, we'll be covering the latest news and developments across several of the Ministry for Primary Industries' other investment programmes, such as the Sustainable Farming Fund and the Irrigation Acceleration Fund. We're hoping this will provide you with a good picture of MPI's activity to help support, and enable benefits across, our primary industries.



Finally, I'd like to welcome John Parker as the new Chair of the PGP Investment Advisory Panel. John has extensive experience in governance and in the primary industries, and I'm looking forward to his contribution on the IAP. John's term commences 1 May 2016. Barry Brook has also now been appointed as Deputy Chair of the IAP.

I'd also like to acknowledge and thank Joanna Perry for her leadership of the IAP over the last almost three years. Joanna is one of the inaugural members of the IAP, having joined almost seven years ago. Her contribution has been invaluable and she has played a significant part in the success of the PGP to date. Joanna shares some of her reflections of the PGP and her time on the IAP in this month's column.

## From the Chair



This is my final column as Chair of the PGP's Investment Advisory Panel (IAP). What an amazing seven years; both for me personally and for New Zealand. The PGP started with great aspirations about how public-private partnerships could help to transform primary sector value chains. From my perspective those aspirations have been, and are

continuing, to be achieved. The innovative ideas that I have seen from our primary sector over this period have been inspirational and stand our country in great stead for the future. Yes, we still have a lot of work to do however I think we are well on the way to, quite frankly, a different way of thinking about business models across the whole sector.

If I had to identify the one thing that I am most proud of from an IAP and PGP perspective, it would undoubtedly be that word "collaboration". My perception is that seven years ago there were only a few pockets of collaboration across the sector. Competitors in one particular industry rarely, if ever, talked to each other; and certainly didn't share information for the betterment of the industry as a whole. I think this has now all changed. The energy and desire to work together, almost sector-wide, for the bigger picture is inspiring to see.

A big thank you to everyone that I have come across in my seven years on the IAP - I personally have benefited from crossing paths with every single one of you and each of you has made me proud to be a New Zealander. I simply encourage you to continue to pursue your involvement with the PGP in whatever capacity that may be with all the zeal you have displayed to date.

As I said at the beginning this is my final sign off from my official role with the PGP. I intend to continue to be involved in some capacity even if that only ends up being a view from the sidelines.

Joanna Perry  
Chair, Investment Advisory Panel

## Programme Spotlight

# Transforming wool

### New Primary Growth Partnership programme sets sights on strong wool

Transforming wool from a by-product to a valuable contributor to crossbred sheep farming enterprises is at the heart of the new "Wool Unleashed (W<sup>3</sup>)" collaboration between The New Zealand Merino Company (NZM) and the Ministry for Primary Industries (MPI).

Largely destined for carpets, New Zealand's strong wool is typically sold at the mercy of a global commodity system. At around 1.3 percent of global textile consumption, wool today is not a prerequisite to the design of any home or commercial environment. Add to this that insights to date tell us that flooring choices are "background orchestra" rather than the "soloist" in interior purchase decisions and it becomes clear that wool doesn't sell itself now and it won't in the future.

Yet, when we overlay global trends in end user preferences; natural products, health and wellbeing, safety, verification of origin, connection with producers, environmental integrity, wool clearly aligns with the modern mindset.

W<sup>3</sup> is a seven-year, \$22.1 million Primary Growth Partnership (PGP) programme led by NZM that sets out to bridge the void between our nation's expertise in producing wool and those end user preferences. The intent is to derive greater value from New Zealand's strong wool.

NZM Chief Executive John Brakenridge says W<sup>3</sup> will apply NZM's experience with fine and mid-micron wool in establishing contracts with premium brand partners and developing new uses and markets to strong wool.

"Strong wool today is confronting the same issues fine wool faced 20 years ago," says John. "Generations have been educated out of wool as it has been replaced by synthetic fibres and the sophisticated end user centric approach of their proponent companies.

"We need to apply sophistication to build the relevance and value of existing and future wool products in the eyes of end users in high value niches. To do this, it is critical we have a deep appreciation for how these people live and make their decisions and ultimately that we connect with them."

To shift the dial on strong wool, W<sup>3</sup> has been designed into four interconnected workstreams:

- Social licence to operate
- Crossing the Chasm
- Blue Ocean – New users and uses
- Primary sector extension

Fundamental to the success of this work is ensuring sheep farming retains its social licence to operate. Agriculture is increasingly being scrutinised for its animal welfare, environmental and social practices. Therefore, protecting and enhancing our Social License to Operate is the first workstream in the W<sup>3</sup> programme.

"This will involve reviewing and improving on-farm production practices to respond to high-end consumer preferences, such as traceability, low chemical use and quality standards," says John.

“Core to NZM’s philosophy is better connection between end users, brands, value chains and growers. This type of connection enables real market signals to guide fit-for-purpose production systems, genetic investment in productivity and brings traceability.”

In terms of those market signals, the second workstream, Crossing the Chasm, is about moving strong wool from being a commodity-based product towards being a desirable branded experience, largely in floorcovering. Activities to enable this transition include:

- Developing a consumer centric platform informed by in-depth market insight work
- Identifying new brand partners in high value niches, prototyping opportunities for differentiating a premium offering and amplifying successful prototypes
- Refining and validating the benefits to appeal to current end users
- Connecting growers to brand partners, and aligning the value chain, to enable producers to respond to market preferences
- Establishing fibre supply contracts with brands that deliver sustainable profits to woolgrowers.

Much of the discussion in establishing W<sup>3</sup> centred around the question “are floorcoverings the highest value application for our wool?”

Case in point is the partnership with Danish indoor shoe brand Glerups, a user of New Zealand strong and mid-micron wool types.

Jesper Glerup Kristensen, Glerups’ supply chain manager, is intent on the approach.

“We never knew where our wool would come from before and because we are growing at 20 percent per year we needed some certainty that we could get the quality we need, at the right time,” says Jesper.

“We are happy that our partners in New Zealand can do this. To have them all together working on making sure we get the best fibre is really a different approach.”



While the Crossing the Chasm workstream addresses the question of how to add value in the existing market space, another workstream, Blue Ocean – Market Driven New Uses and Users for Strong Wool, explores opportunities beyond carpets.

It’s about identifying and developing new wool products for niche markets through a collaborative effort with growers, research providers and market partners. Current and historic concepts are currently being ‘mined’ for market potential with the benefit of fresh insights. Wool in its fibrous form, and its constituents, such as wool derived proteins, are being explored.

“The long-term sustainability of the strong wool sector may require a transition to non-traditional uses of wool, and market drivers identified by this workstream will guide our direction and new product development,” says John.

Beyond this, W<sup>3</sup> delivers broader benefits. The final Primary Sector Extension workstream involves collaborating across the primary sector to deliver cross-sector shared knowledge and practices.

“The expected benefits from the programme will create a strong foundation and path for future growth across the wool sector,” says John.

“We’re aiming to reignite New Zealand’s passion for strong wool and once again bring it back as a cornerstone of the New Zealand economy. We’d like to see this as an exemplar for overlaying sophisticated market approaches, removing volatility, linking educational and talent development, and maximising market-led innovation and research and development at both a product and on-farm level.”



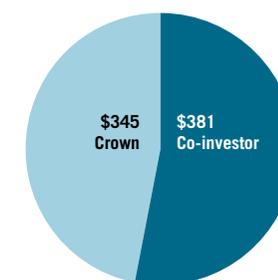
## Overview of Primary Growth Partnership Investment

Sector	Programme Name and Co-investor	Total Crown and co-investor investment \$ million	Sector total \$ million	Estimated benefits \$ million (per annum)
Wool	NZ Sheep Industry Transformation (NZSTX) NZ Merino	34		885
	Wool Unleashed (W <sup>3</sup> )	22	56	
Dairy	Transforming the Dairy Value Chain Dairy NZ/Fonterra	170		2700
	New Dairy Products and Value Chains Whai Hua Limited Partnership	4	174	9
Fishing & Aquaculture	Shellfish – The Next Generation Shellfish Production and Technology NZ (SPATnz)	26		81
	Precision Seafood Harvesting Precision Seafood Harvesting (PSH)	48	74	44
Meat	FoodPlus – Redefining Meat Horizons ANZCO	58		200
	Marbled Grass-fed Beef Grass-fed Wagyu Ltd	23		80
	Red Meat Profit Partnership Red Meat Profit Partnership (RMPP)	64		194
	Integrated Value Chain for Red Meat FarmIQ	151		1100
	Omega Lamb (formerly Targeting New Wealth with High Health)	25		TBA
	NZ Deer Industry Passion2Profit	15	338	TBA
Pastoral	Seeds and Nutritional Technology Development PGG Wrightson Seeds	15		200
	Clear View Innovations Ballance AgriNutrients	20		348
	Pioneering to Precision – Precision Application of Fertiliser in Hill Country Ravensdown Fertiliser Co-op Ltd	10	44	120
Bee Keeping	High Performance Manuka Plantations Manuka Research Partnership (NZ) Ltd (MRPL)	3	3	1200
Forestry	Steepland Harvesting Future Forests Research (FFR)	7		100
	Use of Fumigants for Log and Wood Product Exports Stakeholders in Methyl Bromide Reduction (STIMBR)	2.6 (actual cost)		TBA
	From Stump to Pump Phase 1 (feasibility study) Norske Skog Tasman Ltd (NSTL)/Z Energy	3.6 (actual cost)	13	TBA
Viticulture	Lifestyle Wines New Zealand Winegrowers	17	17	285
Horticulture	NZ Avocados Go Global Avocado Industry Council	9	9	210
<b>Total</b>			<b>\$727</b>	

Please note that the figures in this table have been rounded. Therefore the total Crown and co-investor investment for each sector may differ to the sum of the individual programmes.

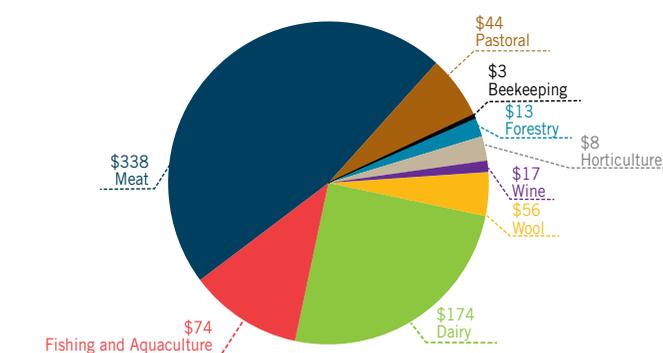
As at 31 March 2016, there were 19 programmes underway and two completed.

### Crown/co-investor committed investment (in millions)



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

Total \$727 million



Total government funding paid to programmes as at 31 March 2016 was \$183.2 million.