

QUARTERLY PROGRESS SUMMARY: January – March 2016

THE NEW ZEALAND SHEEP INDUSTRY TRANSFORMATION PROJECT (NZSTX)

Summary of progress during this quarter

Fibre

Note: PGP investment in the fibre component of NZSTX ended on 30 June 2015.

- The focus for NZM's market-facing team this quarter has been on hosting existing and potential new brand partners.
- We note that commodity prices over the past quarter have been relatively stable, trending slightly upwards, by comparison to this time last year when there was significant volatility.

Meat and Other

Note: PGP investment in the Meat and Other component of NZSTX ended on 30 June 2015.

- New Zealand lamb prices for March were 14 percent below the five-year average. Mutton returns have fared even worse, lagging well below the five-year average. This situation is a direct reflection of the current state of overseas lamb and mutton markets, as many export destinations have struggled with high inventories, which has stifled demand.
- The SILERE alpine origin merino programme, however, continues to build on the hard work of recent seasons, with continued growth in our key international markets.

Production Science

- Progress continues to be made refining the current FeetFirst prototype (the new genetic test for footrot resistance in fine-wool sheep). DNA samples from the central progeny test are being genotyped and, with collection of the phenotypic data from the footrot challenge of the 2014 wether progeny being completed this quarter, this data will be used to further develop the genetic correlations between footrot resistance and other traits.
- This quarter we have undertaken an artificial insemination programme at a North Island property using fit-for-market genetics in a strong wool production system (500 ewes). In addition, a natural mating programme using fit-for-market rams is underway at another North Island strong wool property (1,500 ewes). We will monitor the progress of the fine-wool progeny that are bred on these two properties, and look forward to sharing the results with other strong-wool sheep farmers that are interested in integrating fit-for-market sheep into their production systems.
- We have continued piloting our new discussion group format with eight groups established in the South Island, with groups also in place around the two North Island fine-wool demonstrations. These groups are allowing a better flow of information to growers, and are providing a useful channel for supporting farmer-led practice change. Further groups will be established during Q4.

Key highlights and achievements

This quarter's highlights and achievements:

- The establishment of two further fit-for-market demonstration sites in the North Island – using fine-wool rams over strong-wool ewes to demonstrate the potential of fine-wool sheep outside their traditional geographic range.

- Completing genotyping of the new season's fine-wool sires to provide back to the industry with prototype genomic breeding values for footrot resistance.

Upcoming

- A further artificial insemination and natural mating programme at the central progeny test for the 2016 breeding season, with close to 40 additional sires being progeny tested. As in 2013, 2014 and 2015, the performance of each sire's progeny will be measured for the full range of production and animal health traits. An important output will be the performance of each sire's progeny in a footrot challenge, as well as a further refinement of the genetic correlations between production traits and resistance to the disease. This project (FeetFirst and the central progeny test) is the primary focus of the NZSTX project at present.

Investment

Investment period	Industry contribution	MPI contribution	Total investment
During this Quarter	\$0.34m	\$0.34m	\$0.68m
Programme To Date	\$15.36m	\$15.36m	\$30.72m