



Justine's Desk



This last year has certainly been both busy and successful for the PGP. The [Stakeholders in Methyl Bromide](#) and [Stump to Pump PGP](#) programmes were completed, and the [Pioneering to Precision](#), [Lifestyle Wines](#) and [New Zealand Avocados Go Global](#) programmes signed

contracts with MPI and are well underway.

Evaluations of the two completed programmes are close to being finalised and we expect to release the evaluation findings in the New Year. These programmes have helped New Zealand's forest industry to keep moving forward, and their final reports – which outline the programmes' achievements – are available on our [website](#).

Speaking of results from the PGP, this year also saw the completion and release of an assessment by New Zealand Institute of Economic Research (NZIER) of the likely overall benefits that the PGP will achieve over time. They estimated that the PGP will add \$6.4 billion per annum to New Zealand's economy by 2025. The NZIER report further concluded that the PGP has the potential to achieve an additional \$4.7 billion per annum by 2025 if all R&D is successful, the aspirational stretch of PGP programmes

is achieved, and the innovations are taken up widely. From their research, NZIER also concluded that current PGP programmes will make positive contributions to the primary sector and New Zealand's economy. The economic contribution will be through an increase in export value and volume, primary sector output and GDP.

Through the year we saw examples of this increase in value and potential from current programmes. The recent independent progress review of the Steepland Harvesting programme concluded that it's a world-class research and development programme, with the majority of the programme contributing to world-class development in forest operations. The progress review also found that Steepland Harvesting is leading the way in research in a number of areas, that it's made good progress towards its outcomes, and achieved a level of recognition internationally by taking a leadership role in the development of mechanised forest operations on steep slopes.

The Precision Seafood Harvesting (PSH) programme has won several awards this year for its revolutionary approach to harvesting fish. PSH won the Innovation in Sustainability & Clean Tech and Supreme New Zealand Innovator awards at the New Zealand Innovators Awards. They also snapped up the People's Choice Award at the KiwiNet Awards. And SILERE alpine origin merino, developed through the New Zealand Sheep Industry Transformation programme, won the KPMG Innovation Export Award at the NZ Food Awards.

The Lifestyle Wines programme received an early boost this year. John Forrest, from Forrest Wines, is one of the key drivers behind the Lifestyle Wines programme. He recently took home two trophies from the Air New Zealand Wine Awards for his 2014 The Doctors Marlborough Reisling – a lower alcohol wine. This shows that top quality lower alcohol wines can be produced – the challenge Lifestyle Wines is addressing is extending this across other varieties to produce premium, naturally-produced lower alcohol and lower calorie wines.

There were many other achievements by PGP programmes over the past year – and unfortunately there isn't enough time to mention them all. Examples include the commercial release of the FarmIQ System, an online IT farm information hub system that connects farmers more directly with their processor and consumers, as well as helping them to drive farm performance, and also N-Guru™ by the Clearview Innovations programme. N-Guru™ is a software tool developed with AgResearch that enables farmers to tailor application rates to areas which are likely to produce the highest pasture response.

In other news, the Dairy Core Database from farmer owned co-operative LIC was successfully transferred to industry body DairyNZ recently, and is now part of a new Dairy Industry Good Animal Database (DIGAD). DIGAD is a new database that will hold the New Zealand Dairy Core Database, all the

data required for animal breeding evaluation purposes and some additional data for industry research. This work has been supported through the Transforming the Dairy Value Chain Primary Growth Partnership programme, led by DairyNZ and Fonterra.

Again through the Transforming the Dairy Value Chain programme, DairyNZ, Fonterra and MPI are driving new developments in farm data recording, storage, analysis and reporting, with growing collaboration with the FarmIQ programme and the Red Meat Profit Partnership. We're developing a new Farm Data Code of Practice and associated data standards that will make data sharing across organisations easier and less expensive – reducing the need for farmers to supply the same information more than once. In the long run, the code and standards should help encourage innovation in farming and data use, and farmers can be more confident their information is being protected as organisations handling their data will need to sign up to the new code of practice.

The Steepland Harvesting PGP programme made a further stride forward in making forest harvesting on steep slopes safer for forest workers. The programme completed a successful trial in remote controlled tree felling earlier this year. A forest harvesting contractor was able to fell and bunch trees at the top of a steep slope, away from harm's way.

And programmes are not only developing high-value

products, new technologies, and decision-support and management tools, but are delivering real change for people on the ground. For example, the Transforming the Dairy Value Chain programme, is providing training to increase rural professional capability in nutrient, effluent, animal welfare, people and farm system management. Training has been provided to more than 1600 rural trainers and 17 000 farmers. Farmers have also received plans to assist with their decision-making on farm – and surveys demonstrated that the majority have implemented changes on their farms. More than 2700 Farmer Health Pitstops were also completed, aimed at raising awareness of wellbeing and highlighting concern regarding high levels of stress, fatigue and burnout and cardiovascular risk in the dairy workforce.

These are just a small sample of the great work being completed across the PGP.

In closing, I'd like to wish everyone a happy and safe holiday break, and a successful 2015. I personally look forward to another year of PGP activity, delivery, growth and success!

Justine Gilliland
Director PGP

From the Chair



How do I sum up the year? I think the PGP Expo held at the beginning of November said it all. The progress made to date on all 18 programmes is impressive.

In my capacity as Chair of the Investment Advisory Panel, I would like to talk about some upcoming changes to the panel.

It was with much sadness that we farewelled both Colin McKenzie and Sharon Hunter from the panel at our meeting earlier this month. Colin has been a member of the panel since day one and has always provided very insightful comments around our deliberations; whether it's in connection with a proposal, a business case or in our monitoring role. Sharon has been on the panel since August 2011 and she too has added tremendous value to our discussions. There is no doubt that the panel will miss Colin's and Sharon's contributions. I think I can say that both Colin and Sharon will also miss working with our PGP partners – and that in itself is, to me, an accolade to the PGP itself.

The three remaining panel members Kevin Marshall, Sir Maarten Weevers and I are, though, very pleased to welcome our three new panel members as announced by the Minister for Primary Industries Hon Nathan Guy. They are primary industry and business specialist Barry Brook, experienced businessman Harry Burkhardt, and entrepreneur Melissa Clark-Reynolds.

There is no doubt they will be on a steep learning curve, however, I know each is really enthusiastic about working with PGP programmes to ensure that the outcomes are delivered for New Zealand.

Although I know the primary sector doesn't take a rest, I do hope you all manage to take a break and spend some time with whānau and friends over the next few weeks.

Joanna Perry
Chair, Investment Advisory Panel

Programme Spotlight

New Dairy Products and Value Chain

The New Dairy Products and Value Chain programme is led by Whai Hua, and is a joint partnership between Wairarapa Moana Incorporation (WMI), Miraka Ltd and Kanematsu New Zealand.

“This \$3.5 million, three-year programme under the Ministry for Primary Industries’ Primary Growth Partnership started in March 2013. We expect to deliver an estimated \$8.6 million a year in economic benefits to New Zealand by 2021,” says Kingi Smiler, the chair of Whai Hua.

WMI is a large-scale Maori agribusiness that farms 10 000 dairy cows at Mangakino, and Miraka is a recently established dairy processing company based in the central North Island. Kanematsu, a Japanese company, has a long standing involvement in marketing dairy products with immune enhancing properties.

“The objective of our PGP programme is to set a foundation to produce, process and market dairy product ingredients that will support the human immune systems,” says Programme Manager Gavin Sheath.

Products will be based on milk compounds that occur naturally within New Zealand dairy herds and/or have been stimulated through vaccination using specific antigens (molecules that induce an immune response). Dairy ingredient products that seek similar outcomes are often based on colostrum powders or lactoferrin.

“We aim to develop and maintain an elite dairy herd that will be able to consistently supply milk with the necessary immune enhancing compounds,” says Gavin.

Research to date shows that the action of the target compounds is similar to that of human equivalents.

Market research has confirmed that there are good market opportunities for immune enhancing ingredient products in Asia. Programme partners at Kanematsu are providing valuable market knowledge, and the programme is benefitting from their experience in health products.

“We’ve approached potential in-market partners about the information they require to feel confident enough to participate in further product and market development,” says Gavin.

“We’re confident that the outputs from our New Dairy Products and Value Chain PGP programme will be commercialised to the benefit of the companies involved, Māori agribusiness in general and New Zealand’s economy,” says Kingi.

Miraka tanker.



Miraka Plant near Taupo.



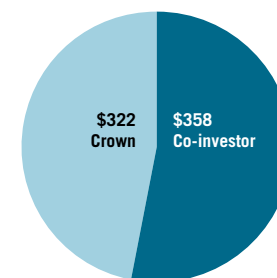
Overview of Primary Growth Partnership Investment

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	30	\$30	250
Dairy	Transforming the Dairy Value Chain Dairy NZ/Fonterra	170		2700
	New Dairy Products and Value Chains Whai Hua Limited Partnership	3	\$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	77		630
	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	\$315	1100
Pastoral	A New Vision for Pastoral Agriculture PGG Wrightson Seeds	15		200
	ClearView Innovations Ballance AgriNutrients	20		348
	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	Innovative Steep-land Tree 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)		–
	From Stump to Pump Phase 1 (feasibility study) Norske Skog Tasman Ltd (NSTL)/Z Energy	3.6 (actual cost)	\$13	–
Viticulture	Lifestyle Wines New Zealand Winegrowers	17	\$17	285
Horticulture	NZ Avocados Go Global Avocado Industry Council	9	\$8	210
Total			\$680	

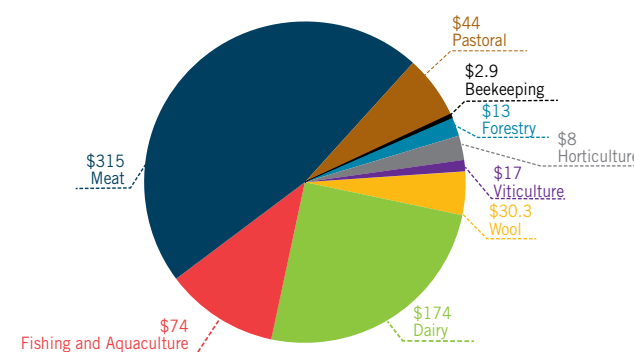
Please note that the figures in this table have been rounded. Therefore the total Crown and co-investor investment for each sector may differ to the sum of the individual programmes.

As at 30 November 2014, there were 16 programmes underway and two completed.

Crown/co-investor committed investment (in millions)



Crown/co-investor committed investment by sector (in millions)
Total \$680 million



Total government funding paid to programmes as at 30 November 2014 is \$129.5 million.