



\$151m 'plate to pasture' collaboration to transform red meat industry announced

A \$151 million landmark investment to transform New Zealand's red meat sector was announced in Wellington today.

Silver Fern Farms, PGG Wrightson, Landcorp Farming and the Government (MAF) will jointly fund a programme to turn the meat industry's production-led approach into one that is market-led and focused on responding to consumer needs through a 'plate to pasture' integrated value chain.

The seven year programme will be run as a joint venture through a new company called FarmIQ Systems Limited. Private sector partners will provide 61 per cent - or \$92 million - of the \$151 million total investment. Silver Fern Farms, as lead investor, is contributing 45 per cent (\$68 million) of the total while co-funders PGG Wrightson and Landcorp Farming will provide a mix of capital, in kind skills and advisory, nutritional expertise and resourcing across the seven projects that form the programme.

The Government will provide the remainder of the investment through the Primary Growth Partnership fund.

Silver Fern Farms CEO Keith Cooper says he is delighted the Government has recognised the critical importance of this collaboration to New Zealand.

"More and more of our markets treat red meat like a fast moving consumer good and demand that New Zealand, on the other side of the world, understands and responds to changes in consumer needs. Today's landmark announcement is a big step in transforming our industry so we can become truly consumer led and a global leader in this regard," says Mr Cooper.

"Our own investment of \$68 million over seven years is a significant contribution, however having Government support is just as significant. This provides Silver Fern Farms, our farmer suppliers, and the wider red meat sector with great confidence for the future.

"We will continue to seek wider industry collaboration in order to maximise benefits to the entire red meat sector," he says.

New Zealand Institute of Economic Research (NZIER) figures used to support the private sector partners' application to the PGP fund show the New Zealand farmer and the country as a whole stands to benefit as the programme is rolled out.

NZIER CEO, Jean-Pierre de Raad, says its models show the programme will provide a net economic benefit of \$521 million over the seven years of the planned investment programme.

Economic modeling for the project shows the potential benefit to farmers from on-farm production gains are significant, with gross margins per hectare potentially more than doubling after year two.

If predicted gains from processing efficiencies and market returns are added, those margins would increase again.

PGG Wrightson Managing Director Tim Miles says to truly transform the red meat sector, the industry must be able to take market signals and actively respond to them.

“We are traditionally very good at production, but we have been collectively poor at tapping into the benefits of true integration. This new market-led joint venture would ensure the long term health of the red meat sector and that of the farming community that operates within it.”

Chris Kelly, CEO of Landcorp, believes the project represents a new era in collaboration in the sector that will benefit farmers, New Zealand’s economy and our international reputation.

“Sheep and beef farmer returns will improve significantly as this vital collaboration improves on-farm productive capacity and Kiwi farms are more ‘vertically integrated’ into the supply chains of branded consumer products and global food service customers,” says Mr Kelly.

Silver Fern Farms’ Keith Cooper says FarmIQ Systems represented a strong commercial solution which would ultimately support the collective aims of an industry wide strategy such as that being devised by Beef + Lamb and the Meat Industry Association.

“As a strategy this is built on the bedrock of necessity and commercial reality. The immediate benefits will be to the farmers who take part in it, but there will be substantial indirect benefits for the rest of the sector including diversification of national income streams, positive impacts on regional economies, the increased availability of scientifically validated elite breeding stock, the establishment of an industry-wide land and animal database and the availability of significant value chain infrastructure,” he says.

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