ACCELERATE 25

MANAWATŪ-WHANGANUI

Prosperous. Strong. Vibrant.

# Prospects Assessment Report

December 2015

# Contents

# INTRODUCTION AND PURPOSE

The "Prospects Assessment Report" – this report – is the first iteration of the Regional Action Plan which is scheduled for completion in May 2016 following a series of iterations. Those iterations are:

1. Regional Action Plan - **Prospects Assessment** (this document)

2. Regional Action Plan – **Interim Project Action Plan** – late February 2016

3. Regional Action Plan – **Final Project Action Plan** – 30 April 2016

4. Regional Action Plan – **Regional View**, combining all projects and dealing with cross-cutting issues and enablers - 31 May 2016

5. Regional Action Plan – **Delivery Programme** – contains recommendations around next steps and structures required to carry the Regional Action Plan forward – 31 May / 30 June 2016

The purpose of this Prospects Assessment is for the Programme Directors to offer an overall assessment of the nature and probability of success of each of the opportunities and to identify where the emphasis should be placed in work over the next few months through to June 2016.

By preparing this report the Programme Directors, Lead Team and other interested parties are able to "stand back" from the opportunities, look at them objectively and define where energy should be directed for best effect.

The Prospects Assessment also provides a base for early consideration at project opportunity workshops. It provides information to get the proposed Project Teams – once established - started on their task of identifying preferred actions or interventions, who they will be implemented by, when / with what priority, why and with what funding. In this sense the Prospects Assessment Report is in effect a 'prospectus' for the projects for potential investment as part of the Regional Action Plan.

By early engagement in this exercise in a collaborative way, the work of the Programme Directors becomes part of a shared responsibility. It's also the first step in regional personnel and agencies taking up the on-going leadership challenges associated with economic development in the region.

The profiles of each of the opportunities in this Prospects Assessment are at different stages and the Programme Directors have only been on the task for just over six weeks. Several opportunities will require further work before final decisions can be made about priorities for action. Despite this, a strong picture is emerging of priorities and probabilities.

The headings used in the text vary a little based on the requirements of each opportunity, but are as consistent as possible. Those headings are:

- **Current position** – a brief summary of the current position.
- **Success/target/outcome** – attempts to provide the answer to the question "what does success look like?" This is essentially about defining targets. Success may be quantitative and qualitative. Quantitative metrics will gradually be built in to successive iterations as

they become available. Success may also include reference to a mix of social e.g. employment as well as revenue / GDP aspirations.

- **Options for action** – this heading canvasses the possible options for action or interventions on this opportunity.
- **Related projects or actions** – other related projects or dependencies/interdependencies.
- **Challenges, issues and obstacles** – this heading is self-evident.
- **Suggested next steps and inputs** – the stepwise approach being considered to progress the opportunity.
- **Probability** – chances of success. What level of interest, enthusiasm and commitment is present? Gradual identification of potential early wins (if there are any).
- **Early wins, recent achievements and things that could be announced** – actions which have been or may be successful in the early phase of the project.

## ADOPTION

The Lead Team of Accelerate 25 has adopted this report.

## PROSPECTS FOR EACH OPPORTUNITY

## 1. TOURISM AND VISITOR SERVICES

- *Current position:*
  - Accounts for 4.2% of regional GDP directly and another 3.3% indirectly (a little higher than the national average of 7% combined).
  - Generates $633 million of economic activity; 7,105 jobs, in the region.
  - Biggest latent potential is in the Ruapehu area. This area has 623 tourism / visitor industry related jobs (13%) and contributes $29 million or 6.2% of District GDP.
  - Visitor spend in Ruapehu grew by 16% in the period between 2009 and 2014 (compared to 7% growth nationally) but employment in Ruapehu District declined by 5%.
  - Ruapehu is 87% reliant on domestic tourism (13% international) compared to the domestic average of 59% nationally.
  - Reflects national seasonal visitor-pattern with a strong peak of visitors in January (peak of 40,000 visitor nights in Ruapehu in January 2014), a comparative peak mid-winter (skiing) and sluggish shoulder seasons.
- *Success:*
  The overall outcome sort is significant growth of tourism in the area with flow-on benefits to the region. This would be indicated by:
  - Increased international visitors to a level matching 2014 domestic visitor numbers and thereby adding $460 million and 520 jobs to the regional economy

(if this increase was concentrated in the Ruapehu area this would boost sub-regional employment by 11%).
    - Increased commercial visitor nights from 425,000 (March 2015) to half a million by 2025.
    - Increased visitor spend of 10% boosting regional GDP by $63 million.
    - 20% growth in local enterprise in the tourism sector as indicated by the number of business enterprises in the Ruapehu District committed to providing tourism assets and services.
    - Marked increase in shoulder season visitor numbers and length of stay.

- *Opportunities:*
    - **Strategic opportunity** - create the Ruapehu/Upper Whanganui River as a destination for mountain biking by:
        - Building on existing or emerging cycling facilities and filling the gaps in the network.
    - **Long term opportunity** – expand, package and market adventure and cultural tourism opportunities in Ruapehu and the Whanganui River, building off the demand generated by the strategic opportunity by creating and sustaining 'Destination Ruapehu'.

- *Challenges:*
    - **DoC** - freeing up concessions (and financial resources) to enable the opportunities to progress (principally mountain bike trails).
    - **Information asymmetry** – the region is disproportionately unknown compared to the quality of the experiences available.
    - **Lack of infrastructure** – e.g. accommodation for international visitors.

- *Options for action*
    - Expanding the range of attractions and assets and developing services:
        - Develop Turoa ski field car-park to Ohakune trail.
        - Complete Ohakune to National Park trails.
        - Provide for summertime uplift and trails at Turoa ski-field.
        - Complete and further promote 'Mountain to Sea' ride via the Whanganui River.
        - Add to depth of aspects of Marae visits as part of Whanganui River experience.
        - Expand the number of concessions operating on the Tongariro Crossing particularly those offering cultural and spiritual dimensions.
        - Further develop partner walks to sit alongside the Tongariro Crossing e.g. Tama Saddle.
        - Build the Whakapapa village as a stronger base to launch outdoor recreation experiences.
        - Expand the number / quality of tracks around the Park's Southern Gateway.

        - Pick the eyes out of and refresh initiatives identified in Te Kahui Tupua (2010) report to build tourism sector capability and branding and raise the performance and connectivity of the tourism sector in the Ruapehu, Rangitikei and Whanganui area.

    - Branding, packaging and marketing:
        - Branding Ruapehu area and Whanganui / Rangitikei Rivers as critical locations for exceptional outdoor recreation and nature based opportunity experiences for families and independent international travellers alike.
        - Commission a Ruapehu-specific website portal to provide potential visitors with an easy means to stitch together accommodation, eating, travelling, equipment hire and outdoor recreation experience options into an optimal target-market-friendly package.
        - Seeking out and aligning suitable aspects of mountain biking and general destination marketing with those carried out for Rotorua, Taupo and Queenstown but with clear emphasis toward Ruapehu area points of difference.
        - Securing better recognition of unique Ruapehu outdoor recreation opportunities within Tourism NZ and Air NZ marketing.
        - Packaging and marketing visitor attractions around Mt Ruapehu and the Whanganui River in a way that provides a comprehensive multi day experience for the whole family, for example, by combining Hobbiton with the Forgotten World with Whanganui River and 'Bridge to Nowhere' experiences, with Waiouru WW1 experiences and with mountain biking, trekking and other outdoor adventure activities etc.
    - Infrastructure:
        - Expand high speed broadband coverage.
        - Secure investment in additional 4/5 star accommodation.
        - Provide for campervans and the needs of independent travellers.
        - Ensure water and waste infrastructure will meet demand.

- *Next steps*
    - Phase 1:
        - Complete background research and develop draft action propositions for testing at workshop.
    - Phase 2:
        - Convene workshop in Ruapehu 3 December 2015 to add detail to the propositions and establish actions to capitalise on the opportunity (operations / activities, marketing and packaging).
    - Phase 3:
        - Confirm project team and leader and convene inaugural meeting.
        - Convene three further meetings of Project Lead Team in first six months of 2016:
            - February 2016 – develop Project Action Plan.

        - April 2016 – stock-take on progress.
        - June 2016 – confirmed arrangements for sustained progress beyond July 2016.

- *Probability*
    - **Activities - mountain biking** – high probability –is a major growth interest domestically and internationally.
    - **Adventure/cultural** - moderate – these packages represent second tier opportunities for domestic tourists or for internationals – particularly those on their second or more visit to NZ looking for new experiences.
    - **Branding / marketing / packaging** – moderate – there is a good chance of creating a unique 'Ruapehu Experience,' brand and destination but it may take a little longer to get a marketing package in place of sufficient scale to significantly increase the number of international and domestic tourists staying in the area.

- *Inputs*
    - Phase 1
        - Contract consultants or others to prepare detail about each of the intervention / action propositions agreed at the 3 December workshop:
            - What challenge or issue is being resolved by the action?
            - What are the aspects of the challenge which need to be progressed?
            - At what cost, who would be involved and who could contribute funding?
            - With what importance / when / what priority?
            - Under whose leadership and with what inputs?
            - With what effect (how to measure progress)?
        - Funded by the project and additionally from Government and Ruapehu District Council.
    - Phase 2
        - Marketing package – publicly funded.
        - Key opportunities – publicly/privately funded.

- *Early wins/ actions*
    - Successful workshop convened 3 December – good attendance, quality people, quality recommendations for action.
    - Complete MTB network from Turoa car-park to Ohakune and from Smash Palace to the National Park Township - $3.5m – route designed – awaits final approval and funding.

## 2. BUSINESS PROCESS OUTSOURCING (BPO) AND FOOD INNOVATION OUTSOURCING

**Note: this opportunity is at present focussed solely on contact centres. The opportunity also involves Food HQ. Work on development of this opportunity is not as advanced as that with contact centres but is already underway with FOODHQ internally.**

- *Current position*
    - Approx. 1200 seats throughout 30 centres in the Manawatū Cluster.
    - Region made up of in-house contact centre operations not BPOs contracting services to business. Opportunity for quick strong growth here.
    - Growth to NZ from Australia slowed over past 2 years through less arbitrage advantage (exchange rate). Region still offering 30-40% saving with quality labour pool helping.
    - NZTE identified the Lower North Island consortium as the target area and is planning attraction activity for 2016 now.
    - SSON sponsorship in place with conferences in Melbourne and Dublin

- *Success*
    - Double contact centre seats by 2018 – Manawatū.
    - Pipeline of manageable strong prospects.
    - Continual talent development activity

- *Options for Action*
    - **Build scale** - Manawatū has insufficient scale (depth of labour market), therefore a broader regional approach is required (Wellington, Palmerston North, Hawke's Bay). This would act to attract Australian businesses.
    - **Diminish obstacles** – minimise consent and technical impediments.
    - **Incentivise** – provide levels of infrastructure and the environment to incentivise operators, provide rates and other breaks; create and market several specific packages involving public and private investors.
    - **Broaden offering** – create a broader region proposition to bring more marketing opportunities and resources to the table.
    - **Premises** – fit out buildings for call centre(s) to immediately operate.
    - **Pilot centre** – create and market specific packages involving public and private investors.

- *Challenges*
    - **Competition** - from large state-funded enterprises in Tasmania.
    - **Labour pool** – perception of lack of breadth and depth of labour pool.
    - **Lack of easy access** – e.g. international airport.

- **Limited real estate** – few large centre options (300 seats) in Palmerston North.
- **Track record** - lack of multi-national BPO providers in the Manawatū-Whanganui region.
- **Investment capital** - lack of public resource for incentivisation.

- *Next Steps*
  - Develop project team - leader first, then select and invite members.
  - High investment option:
    - Multi-regional approach (Wellington, Hawke's Bay).
    - Appoint a BPO development specialist to lead and drive the programme.
    - Develop an attraction programme in each of the areas.
  - Moderate investment option:
    - Continue as present.

- *Probability*
  - High investment option – probability high?
  - Low investment option – probability almost zero?
- *Inputs*
  - High investment option:
    - Input of around $200,000/year for two years.
    - Additional incentive packages (public/private) to attract players.

- Early wins / actions
  - Increased seats or contact centres
  - Announcement - Govt intention to focus on growth in provincial regions
  - Establishment of Centre of excellence and attraction infrastructure for LNI.

## 3. AFFORDABLE CARE AND LIFESTYLE FOR OLDER PEOPLE

- *Current position*
  - Relatively low development of services at present (outlined in the Growth Study) compared to other aged care destinations.
  - Strong local support for development.
  - Potential for first mover advantage.
  - Active work on options by Horowhenua District Council and other advisors such as the DHB.
  - Transmission Gully road seen as catalyst for growth.
  - European models progressing - provide good learning platform.
- *Success*
  - Development of affordable aged care living arrangements.
  - Development of a viable affordable age care business model.

- Development of a programme of action with key stakeholders – DHB, aged care providers, aged care advocacy groups.
    - Population increase in Levin – e.g. 3,000 by 2019.
    - Better use of public money.
    - Huge social benefit.

- *Options for Action*
    - Growing provision for an affordability market segment entering the aged care market.
    - Based in Horowhenua, Whanganui, Feilding, Tararua?
    - Building on international models and thinking undertaken by HDC.
    - Development of home care practice and technologies.

- *Challenges*
    - Long term nature of the project.
    - Motivating people on the basis of where benefits accrue.
    - Sufficient housing stock?
    - Capital availability?
    - Leadership – requires long term committed leadership.
    - Market attraction.

- *Next Steps*
    - Develop team.
    - Phase 1 - Definitive opportunity concept developed (fully researched).
    - Phase 2 - Long term Action Plan.

- *Probability*
    - Big concept with all the inherent risks.

- *Inputs*
    - Funds to undertake concept development.
    - Council commitment and long term planning.
    - MSD programming.

- Early wins / actions
    - Alignment Workshop with key people scheduled in Levin 18 Dec.
    - Aged care design hub established
    - Concept announced with action plan.
    - FOODHQ
        - Co-funding partnership with Proliant for R&D development
        - BDM appointment (Govt partnership co-fund) to drive Multinational food company R&D
        - Proliant opening aligned to Accelerate25

## 4. FRESH VEGETABLES

- *Current position*
  - Well-developed local industry with long history.  Also relatively consolidated.
  - Good local leadership.
  - Strong support from Horowhenua DC.
  - Lack of cohesive export focus, though significant existing export activity by individual growers.
  - Great soils around Horowhenua, Rangitikei and Ohakune.
  - Some export but current distinct domestic focus.
  - Water constraints in Horowhenua.

- *Success*
  - Double vegetable revenue by 2020.
  - A clear market development pathway (growth strategy) defined and quantified.
  - Production capacity and capability to meet defined market opportunities.
  - Fresh vegetable industry players are profitable price makers providing sustainable products with high value to an international market.
  - The quality attributes associated with the Horowhenua vegetable growing area are well branded and understood.
  - Wages are increased and better quality talent is working in the industry.
  - Supply chain logistics are fully developed – expansion is market and customer led.
  - Strategic investment between market and production partners.

- *Opportunities*
  - **Market connection** – market led growth
    - Investigate and connect with new market opportunities.
    - Develop regional reputation and brand value.
    - Identify particular product opportunities.
  - **Build collective strength**
    - Map and develop value chains.
    - Facilitate producer clusters.
    - Foster iwi participation and employment.
  - **Optimise infrastructure and land assets**
    - Overcome water quality and quantity challenges.
    - Confirm land capability suited to particular products.
    - Confirm other infrastructure needs are in place.
- *Options*
  - Focus on the export market as the domestic market is generally saturated.

- Develop international markets for both existing and new products, particularly products that are not currently or necessarily produced in NZ (or at least not in quantity).
  - Develop a regional marketing vehicle to articulate and market Horowhenua /Region value proposition.

- *Challenges*
  - Identifying and recruiting market partners to grow the new product business.
  - Achieving a local industry focus on the opportunity.
  - Finding the leadership (collaborative) that can take this forward.
  - Building understanding of important market factors such as product quality, international product requirements, provenance, etc.
  - Integrating local, regional v NZ Inc. approach.
  - Learning how to capitalise on opportunities arising from TPP.
  - Achieving necessary scale – sufficient product to support supply logistics into targeted markets.
  - Defining which of the current 50 products need to focus on - what the area / region is really good at.
  - Achieving value add propositions – in combination with benefits of increased production.
  - Achieving environmental sustainability – costs of compliance – certainty – clarity of signals (grow / don't grow).
  - Committing to sufficient research – building and sharing the skills and knowledge – having access to skilled advice.
  - Developing a stable well- paid workforce who are able to be employed 365 days – not just during the season.
  - Overcoming competition for land – using it for its best purpose.
  - Breaking out of the traditional constraints holding small family businesses back – unwillingness to introduce new capital / external governors – stuck in the script – doing the same thing that always have been doing.
  - Providing for new blood and optimal scale.
  - Establishing a shared clear vision about the future being sought – the desired future state.
  - Clarifying how a local home-market / tourism visitor focus could be combined with an international market focus.
  - Overcoming water shortages.

- *Next steps*
  - Develop team – leader first then select and invite members.
  - Phase 1 – market analysis, business case model, issue analysis and distribution growth plan, production plan.
  - Phase 2 - engage and commit market partners to market development programme.
  - Other tasks

- Create an area based market brand – tell the story. Create the association with the place. Develop brand and brand champion / promoter and product traceability.
- Identify the 3-4 key products capable of being grown at scale with strong logistical support into Asian market closely aligned to NZ Fresh story.
- Explore water availability – including use of Mangahao dam.
- Build the dream team with skin in the game – identify the competencies required to secure the vision and pull them together – include a leading individual skilled in export volume consolidation (agglomeration) and market trading / entry. Stitch in support of NZTE.
- Work with Horizons to overcome water shortages south of Levin.
- Develop food trail in parallel with international focus.
- Link to Food HQ and Massey / UCOL to ensure have right technology and right people in place doing the right research.
- Undertake spatial planning /resource characterization exercise to ensure best soils are used for best purpose.
- Establish links / scale with Rangitikei and Ohakune (bring core people from three areas together to define and achieve synergy).

- *Probability*
  - Moderate.

- *Inputs*
  - Local facilitation.
  - Market analysis report to find products and partners.

- Early wins / actions
  - Development of Horowhenua fresh food brand and action plan.
  - Grower group trialling new products in Asia.

## 5. POULTRY MEAT PRODUCTION AND GRAIN GROWING / PROCESSING

- *Current position*
  - Small number of parties with a serious interest in the opportunity both for poultry and grain production and processing.
  - Sound base of market growth domestically although the opportunity is primarily an international export opportunity.
  - No access for NZ Poultry meat into China at present.
  - Site attributes strong throughout region.

- Tegel reported as currently in business development across globe – likely support as this is good for whole NZ production.

- *Success*
    - Target markets validated – China, Japan, Korea, other?
    - Trade issues identified and resolved.
    - Partners in export markets identified and engaged.
    - With these elements successfully concluded then growth of the industry in the region, commensurate with Taranaki, would represent success.

- *Challenges*
    - Market access – China has priority growth potential but access issues present a potential problem. This will require extensive work around trade access issues.
    - Define/differentiate competitive advantage – identify the elements in product presentation and quality that will provide an advantage in international markets. The particular focus will be on food safety issues.
    - Few domestic challenges if the market opportunities are strong enough.
    - Achieving scale could be a challenge.
    - Market partner investment strongly desired before local commitment.

- *Next steps*
    - Develop team – leader first then select and invite members.
    - Phase 1 – work with MPI to open access to China; define other large scale markets; engage market partners; build and develop.

- *Probability*
    - Moderate

- *Inputs*
    - Government support for market access
    - Funding for market opportunity analysis

- Early wins / actions
    - NZ poultry meat access in to China attained.
    - Export trade growth.

# 6. MĀNUKA HONEY

- *Current position*
  - 100,000 hectares suited to Mānuka Honey (MH) production in the region.
  - Industry has grown rapidly but has all the features of an immature sector.
  - Honey export earnings increased by 23% pa on average over the last 10 years. Average export price is US$18/kg, whereas most of the other major honey types are earning only US$2-6/kg.
  - New Zealand is the third-largest global exporter of honey on a value basis behind China and Argentina.
  - There are substantially higher margins for medical products, followed by cosmetics, nutraceuticals/natural health products and then food/beverage products.
  - The return on marginal capital employed ranges from 10-15% and even more if afforestation grants and carbon price is taken into account – particularly to help meet establishment costs.

- *Success / target / outcome*
  - Every hectare capable of carrying MH is used for MH in the region.
  - Land use diversity and sustainability opportunities are optimised.
  - Māori are more actively involved throughout the supply chain and MH is seen as a great use of Māori land.
  - Employment opportunities are generated within small farming communities.
  - Profitability and resilience is improved on hill country farms because of full integration of MH production into farming operations.
  - Leads to establishment of regional processing (not necessarily essential).
  - Smaller pinus radiata woodlots planted in the 1990s (which are due to be harvested over the next 10 years) are replanted in Mānuka as a more viable long term alternative to pines.
  - MH is viewed not just as an opportunity to boost economic returns on erodible pastoral land, but also another land use option to throw into the mix to help comply with tightening regional council land use and contaminant loss regulations.
  - Benefits from Mānuka planting are widely appreciated and applied including:
    - Retirement of marginal land and erosion control to help manage the effects of adverse weather events.
    - A riparian management option that generates income – noting that many regional councils are now bringing in mandatory stock exclusion rules for rivers and water bodies.

- Improved water quality from better environmental outcomes.
- Improved aesthetic value of the landscape and increased biodiversity.

- *Options for action*
    - Work with MPI and other Regional Growth Study regions to help resolve issues affecting the industry nation-wide.
    - Target potential participants who may wish to be involved in each step of the MH production supply chain with information packages suited to their particular interests.
    - Disseminate information to overcome current information asymmetry challenges by convening seminars etc. – particularly about the ROI of different options at different locations (including or not including carbon and afforestation grant / income opportunities).
    - Map locations with indigenous in-situ Mānuka plants and broker, if required, links between land owner and existing or new MH participants (hive managers through to marketers).
    - Provide certainty about the regulatory regime to be applied to control new Mānuka planting.

- *Related projects or actions*
    - MPI MH standard setting and regulatory / compliance work.
    - PGP MH research consortium.
    - BNZ state of industry report.
    - Tararua Mānuka Honey Growers Guide.

- *Challenges issues and obstacles*
    - Getting past the information protection practices applied by some parties who have experienced success in the sector – overcoming absence of general knowledge sharing between industry participants.
    - Partnering with Māori to enable the full range of opportunities associated with MH to be taken advantage of.
    - Overcoming traditional scepticism about MH being a boom/bust industry.
    - Raising the capital required to plant Mānuka plants or new cultivars.
    - Having certainty about the cost benefit of cultivation options compared to the use of in-situ indigenous stock.
    - Applying a common standard and definition of what constituents "Mānuka honey" and using enforcement of domestic and international Mānuka standards (once agreed) to stamp out counterfeiting.
    - Improving the commercial arrangements between land owners and the rest of the supply chain.
    - Achieving some consolidation of companies, and increasing the level of investment in all parts of the supply chain.
    - Increasing research and development to overcome information shortfalls - ranging from assessment of the best options for the establishment and

management of Mānuka plantations through to product development and marketing options.
    - Achieving more rapid dissemination of information from PGP research (with the objective of identifying the best cultivars for each location and the cost-benefit of cultivar planting options when compared to other options).
    - Establishing a single industry body with a shared vision of the future and a plan for how to get there.
    - Making more scientific investment to validate medical and other health claims and generally grow this 'more profitable' part of the industry.
    - Overcoming conflicting DOC objectives (commercial use and protection of native pollinators).

- *Suggested Next Steps and Inputs*
    - *Phase one:*
        - Work with MPI to convene a national workshop with other regional growth regions to identify, prioritise and resolve challenges ideas/strategies held in common.
        - Work with Horizons to establish regulatory certainty about the regime to be applied to Mānuka plant cultivation.
        - Work with Horizons to optimise integration of MH into SLUI land use plans.
        - Produce good information about the scope of Afforestation and Carbon grant schemes and the general benefits of Mānuka planting.
        - Convene a seminar in Palmerston North in mid-February (to take advantage of the availability of the experts who are attending a similar seminar in Hawera on 17 February 2016) - invite a wide range of participants who may assist to confirm the interventions required to expand MH production in the Manawatū-Whanganui region and overcome current barriers and obstacles.
    - *Phase 2*
        - Establish a regional MH Project team and support them in the task of rolling out a clear long-term programme of action.

- *Probability*
    - High

- *Early wins / actions*
    - Good meetings convened with key players.
    - Access acquired to excellent stock-take document prepared by BNZ.
    - Processing operation and new channel to market 2016.

# 7. LAND USE OPTIMISATION (FLAT COUNTRY)

- *Current position*
    - There is an extensive area on the flood plains located between Levin and Whanganui with underutilised land use capability and un-allocated water.
    - The One Plan provides a degree of regulatory certainty.
    - There are good examples of innovative land use which provide leadership models for others to follow.

- *Success/target/outcome*
    - Under-utilised land and water resources are optimally and sustainable used.
    - Greater returns and more employment are generated from better use of class one and two land.
    - Appropriately scaled water storage and reticulation systems are established – these increase production and provide and assurance against the effects of drought (El Nino).
    - Land uses such as goat milking are established and the area used for grain growing is expanded. In general terms, there is a much better match between land use capability and actual use.
    - Increased capital investment occurs in land use optimisation – land values increase.

- *Options for action*
    - Stage one
        - Convene a workshop seminar with 50 – 70 targeted thought leaders with a strong interest in optimising land and water use on the flat land between Levin and north of Whanganui – probably late February.
        - Commission research to confirm land and water use optimisation opportunities:
            - Location, scale of storage, reticulation, irrigation options.
            - Assessment of relative returns from different land use options.
            - Availability of nutrient head room.
            - Deep groundwater availability and use parameters.
            - Other.
    - Stage two
        - Apply an adoption model to extend understanding of the land use optimisation opportunities available to land owners.

- *Related projects or actions*
    - Rangitikei District Council water strategy investigation.

- Horizons Regional Council deep ground water research project.
- Tararua 'Go Project' including Hazelnut symposium.

- *Challenges, issues and obstacles*
    - Providing enough certainty about potential benefits to de-risk land owner decisions about the viability of different land use options.
    - Overcoming residual concerns / 'regulatory shyness' about the effect of the One Plan.
    - Providing market certainty.
    - Overcoming absence of sufficient scale of new land use enterprise and lack of supply chain logistical support to optimise economic returns from new land uses.
    - Overcoming conservatism and the 'comfort of the habit' associated with the traditional approach to land and water use.
    - Overcoming lack of awareness of opportunities - low motivation – and constraints associated with farming as a lifestyle.

- *Suggested next steps and inputs*
    - *Stage one:*
        - Convene seminar (February 2016) targeted at 50 leading players for the purposes of sharing information about land and water use opportunities and to identify / prioritise actions to overcome obstacles and constraints.

    - *Stage two:*
        - Establish project leadership team to oversee programme of agreed investigations and to guide implementation of an adoption strategy.

- *Probability – chances of success.*
    - High

- *Early wins / actions / announceables*
    - Good discussions with agencies like Landcare Research, Horizons, Massey University, Banks and some rural advisors – to reach agreement about attendance and programme design for the proposed one day workshop / seminar in late February.
    - Dairy Goat development.
    - 'Go Project' reboots.

# 8. HILL COUNTRY SHEEP AND BEEF FARMING

- *Current position*
  - One million hectares of hill country sheep and beef farming in the region.
  - Only 500 hectares of the 85,000 hectares of class 1-3 land is cropped.
  - Red Meat Profit Partnership and Strategy have provided good assessment of 'farmer-type,' motivations, channels for engagement and intervention options.

- *Success/target/outcome*
  - Shifting the bell curve toward that achieved by leading edge performers (4 x production of 50 percentile mark).
  - Improved productivity using the same resources.
  - $50m of extra production per annum.
  - Improved succession planning.
  - Better integration of hill country with finishing country.
  - Sustainable and optimal land use.
  - Strong partnerships with trusted advisors.
  - Streamlined access to vital information.
  - Benchmarked performance.

- *Options for action*
  - On-farm interventions: motivational / practice elements.
  - Off-farm interventions including input and support strategies.
  - More particularly:
    - Extension design:
      - Identify successful extension models.
      - Test extension model through pilot.
      - Deliver pilot through collaborative network.
    - Extension focus:
      - Science / tech / information flow / connect to Massey.
      - Genetic quality / stock mix.
      - Fodder and fertiliser.
      - Infrastructure – water / fences / roads.
    - Data systems:
      - Benchmarks.
      - Consolidated sector metrics.
      - Internet access.
      - Cloud based info systems.

        - People
            - Farming as a career choice.
            - Quality entrants.
            - Youth pathways.
            - Succession.
            - External governors and capital.
            - Strong relationship with finishing farmers.
            - Integrated supply chain.
            - Avoid costs that don’t add value.
        - Quality assurance:
            - Agreed assurance programme.
        - NZ Story:
            - One consistent evidence-based provenance story.
        - Farm to processor:
            - Reduced cost e.g. ‘trade-me’ model to link parties in the supply chain.
            - Integrated processor stock -transport methods.
- *Related projects*
    - Red Meat Profit Partnership and Strategy.
    - UMR farmer type / motivation and communication channel research.
    - Māori hill country farm productivity – TPK / MPI / FOMA pilot.
    - SLUI.
    - Mānuka initiatives.

- *Challenges, issues and obstacles*
    - Overcoming the anchor of farmer inertia.
    - Overcoming the in-ability to easily access information about best practice:
        - Pasture / fodder management;
        - Animal health;
        - Fertiliser management;
        - Financial management.
    - Overcoming risk aversion
    - Establishing wide-spread high-speed broadband services.
    - Increasing the number / availability of quality and trusted advisors.

- *Next steps*
    - Design, pilot and refine an extension / adoption model and clarify, add depth to, and prioritise intervention options suited to Manawatū-Whanganui hill country farmers by convening:
        - Five sub-regional hill country farmer clusters and Māori cluster and farmer spouse clusters
        - Targeted attendance of 20-25 ‘primary pace -setters ‘and ‘fast-followers’ in each sub-region.
    - Develop and apply an adoption strategy.

- *Probability*
    - High

- *Inputs*
    - Funding for an adoption campaign
    - Information-rich research report from Horizons Regional Council.

- *Early wins / actions*

    - Contract entered into with MPI to convene sub-regional workshops to test a model for engagement with hill country sheep and beef farmers on methods / interventions to help achieve productivity increases.