

REPORT TO VENTURE SOUTHLAND
JOINT COMMITTEE

Meeting Date: 7 OCTOBER 2013

Subject: DEVELOPMENT OF A REGIONAL HIGH VALUE FOOD INDUSTRY

File No.: 940/15/69/1

Report by Stephen Canny dated 30 September 2013.

1. **SUMMARY OF REPORT**

Application and investigation assessment fund of \$50,000 for development of a regional high value food industry. The funds will be utilised to investigate the development of an agronomic model investment profile and a business case for the development of the oat production and value added food processing industry.

2. **RECOMMENDATION**

THAT THE JOINT COMMITTEE SUPPORTS THE REQUEST FOR \$50,000 FROM THE INVESTIGATION AND ASSESMENT FUND TO FACILITATE THE COMPLETION OF A AGRONOMIC AND BUSINESS CASE FOR THE DEVELOPMENT OF A HIGH VALUE FOOD INDUSTRY FOR SOUTHLAND FROM OATS.

Signature



Venture Southland

3. **REPORT**

As previously reported, Venture Southland has been working with local, national and international stakeholders to develop a new regional industry based on the value added processing of oats.

The industry is targeted at land that is not suited to dairy production but is ideal for oat growing.

One of Southland's natural advantages is that Southland soils provide grain farmers the opportunity to produce some of the highest grain yields in the country and match the world's best production figures. The Southland initiative focuses on the production of high value proteins and on the conversion of these proteins into high value foods and potentially nutraceuticals and pharmaceuticals.

Typically areas within Central Southland, Northern and Eastern Southland, have and continue to be the base for the grain industry in Southland. This project is primarily aimed at providing better economic returns to farmers who farm on the heavier high pugging soils within the above areas. The project also provides an opportunity for further diversification of the region economy and potentially provides some additional resilience to fluctuating commodity prices.

Funding is sought from the investigation and assessment fund to assist with the development of this regional opportunity. In particular the developments of three key assessments:

- (i) Agronomic Model: including typical crop rotations; involving potentially some new crops to Southland, yield predictions, input costs and optimised growing systems.
- (ii) A Business Opportunity Profile.
- (iii) An industry business case.

The overall project including the appointment of project co-ordinator is expected to cost \$350,000 plus stakeholder in-kind contributions in the order of \$100,000. To date the industry stakeholders have contributed \$80,000 to the project. A contribution of \$50,000 is requested from the Investigation and Assessment Fund to undertake the above assessments.. Further applications are being made to NZTE and Callaghan Innovations to support this work.

The bulk of this proposed work is expected to be completed by 30 April 2014.

4. **COMPLIANCE STATEMENT**

This recommendation is consistent with the Venture Southland Action Plan 2013/2014, which has been adopted following public consultation.

Stephen Canny
GROUP MANAGER
ENTERPRISE AND STRATEGIC PROJECTS