

Dear

I write to you personally in the hope of explaining more clearly the backdrop to our proposed restructure which seems to have concerned ram breeders in your region, and I also apologise for not having done this much earlier.

I accept that there has been a lot of confusion around the issue, but hope this letter will help address your questions. After digesting the information in this letter feel free to give us your feedback (by emailing me at sam.robinson@agresearch.co.nz), or, if so disposed give us a call on (07) 834 6601.

As you know AgResearch's single role is helping farmers lift their productivity and profitability through science. This is the spirit in which we have approached the real challenges we face. We do understand and appreciate that Southland and Otago farmers hold specific concerns over the future of Invermay, fearing they will lose important regional science and contact with our people.

One thing is for sure, we want to increase, not reduce the science expertise available to ram breeders and others in the pastoral sector, and regard with a scant eye any who would tell you something different.

Overall, the thinking behind what we are trying to do is not rocket science, and in my experience our approach to finding solutions is no different to the way we do it as farmers, by working through our issues one at a time and, where required, seeking the advice of specialist advisors.

As an organisation we are not the only ones having to face up to the realities like:

- On-farm challenges being more complex than ever before.
- Solutions requiring the benefit of wider and more specialist individuals working together with industry and other organisations with a shared purpose.
- The need for more specialist people, as well as facilities and equipment to remain sustainable and relevant.
- Our need to retain and attract staff as some of our distinguished scientists reach retiring age.
- The need to be able to compete globally for the best and most appropriate talent.

The reality is that today no single scientist or organisation is going to have access to all funding necessary, and sharing is the only real solution. It would be great if things were otherwise but they are not.

Our science organisations are faced with getting more out of every dollar that is spent, and the reality is that with our levy per head system, Beef + Lamb New Zealand faces a shrinking funding base on the back of the reducing lamb crop. We need to make every dollar count.

A shared pathway

To help us move forward we've worked closely with those paying for the work we do, to decide on the sector's future science needs. This includes Beef + Lamb New Zealand, one of many organisations involved in the development of the Animal and Forage Science Roadmaps in 2011 and 2013 respectively.

One of the main messages from these science roadmap discussions was the benefits of bringing all of our animal productivity research together in one place.

The plan will see our sheep genomics team integrated at the Lincoln Hub with other relevant animal sciences, plant genetics and genomics, bio-informatics and farm/agricultural scientists from within AgResearch, along with other relevant research organisations and Lincoln University.

This is the best way scientists can be supported with the right IT and technology platforms (genomics, epigenetics, proteomics and metabolomics), and also the only way we can access better high spec technology and specialist staff.

We looked at maintaining the status quo. To be frank, this might have been an easier option in the short term, but it didn't offer the benefits identified in our science roadmaps, or allow us to tackle critical issues like our out-of-date facilities, or the longer term issues of staff retention, recruitment and succession planning.

At AgResearch we're making a strong commitment to animal research by recently recruiting two new scientists. One is a world-leader in animal livestock genetics, and the other is a highly-promising young geneticist who will be joining the group in October to further increase our capability in this area.

We have also recently invested \$1.2 million in a next generation gene sequencer, which will boost our ability to provide valuable information to ram breeders and other genetic work for the dairy industry as well as forage breeding. (These and other initiatives to help improve meat and fibre on-farm performance, and returns on meat and fibre products, are in our Annual Report Highlights and our Statement of Corporate Intent, which can be seen on www.agresearch.co.nz)

FINDING SHARED SOLUTIONS

A reality our organisation faces is that while a small - and I stress small - proportion of our buildings are modern and well-utilised, the majority at our four campuses are outdated and under-utilised. This is the case for three of our campuses. The other is over-crowded.

Many of our AgResearch staff are science leaders. While their sector feels they should be collaborating, unfortunately they are widely scattered across our campuses and physically remote from their most important internal and external collaborators.

Our campus redevelopment ("Future Footprint") proposal tries to address these challenges with the creation of agricultural science hubs. Specifically,

- The **Palmerston North hub**, FoodHQ, will be the New Zealand centre for collaborative food research and aims to be one of the world's top five innovation centres. There, our partners include Massey University, Fonterra, Palmerston North City Council, Plant and Food Research, AgResearch, BioCommerce Centre, Riddet Institute, Manawatu District Council, ESR andASUREQuality.

- The **Lincoln hub** will be focused behind the farmgate on animal productivity, productive land use and improving the environmental impacts of farming. We are one of five foundation partners along with DairyNZ, Landcare Research, Plant & Food Research, and Lincoln University.
- The **Waikato** Agricultural Hub at Ruakura is aimed at turning the region into New Zealand's sustainable agriculture powerhouse and initially has support from Hamilton City Council, University of Waikato, Lincoln University, NIWA, DairyNZ, Wintec, Landcare Research and Innovation Waikato.
- This brings us to the **Dunedin hub** where we are aiming to grow our Invermay campus in Dunedin to offer regional environmental and farm systems research, and are currently working to forge partnerships with local institutions, as well as local and regional councils to achieve this.

Invermay will remain a vital part of AgResearch. Our scientists will continue to carry out research and supply important data and credible information on regional and environmental matters and work closely with local stakeholders, while drawing on national resources.

Our recent response to the clover root weevil infestation is a good example of our ability to deliver nationally developed science at an intensive local level.

With our hub partners, we will take a joint approach to meeting sector needs, and investing in facilities that will be a higher standard than AgResearch could afford on its own.

AgResearch will reinvest \$100 million across our four campuses as its share of creating modern facilities that are functional, adaptable and fit for modern science use.

As you may know our detailed business case was reviewed by the Ministry of Business Innovation and Employment, it was endorsed by The Treasury, and reviewed fully by PwC, who reported that it was a sound and robust plan that met the Government's Better Business Cases guidelines.

Achieving affordable solutions

Like every other science institution, AgResearch cannot afford to operate resources that are under-utilised, whether that is high-tech equipment or half empty buildings. You cannot afford them as taxpayers, let alone as farmer levy payers.

This does not mitigate the genuine concerns about change on the part of existing and former staff, or of you as ram breeders. I can assure you we take these very seriously, and we are intent on continuing to work on ways to ensure we can deliver the science the sector demands of us, while increasing the value of that research through collaboration.

As an organisation we care deeply for our staff, and we understand what they are going through. As a result we will do our very best to work with them and their families to lessen any adverse impacts of change.

In developing the Future Footprint proposal, AgResearch has consulted widely on the proposal. We have been in contact with more than 150 organisations and over 300 individuals. This has included proactive and reactive meetings, phone calls and letters.

We will be confirming our plans in the next couple of months to enable the design phase to commence, however we do not have a definitive date yet. If there are changes we will let our staff know first, and we will then be in contact with our stakeholders.

It is important to recognise there will be no proposed relocations before 2017, so the conversations will continue. We are also planning other opportunities to speak face to face with farmers over the coming months.

As a farmer, I work very much from the basis of agriculture being the engine of New Zealand's economy, but to keep ahead of the competition and achieve agriculture's potential to improve our national prosperity, we all need to adapt. This is a reality we all face.

Thank for you for the time and thought you given to the issue we face. And, as I say, feel free to give us your feedback.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'S. Robinson', with a long horizontal stroke extending to the right.

Sam Robinson
Chairman