



9 September 2013

Terms agreed for Dairy Industry Good Animal Database

DairyNZ and LIC have signed a formal agreement setting out the terms of the transfer of the Core Database from LIC and the licensing of LIC's Intellectual Property to DairyNZ to enable DairyNZ to operate and develop the New Zealand Animal Evaluation system.

The transfer is one of the major recommendations of the Anderson Review of herd improvement conducted in 2009.

LIC CEO Wayne McNee and DairyNZ CEO Tim Mackle agreed that the signing of the formal agreement is a significant step in the history of herd improvement in New Zealand, providing clarity and reassurance for the dairy industry into the future.

Wayne McNee said "The Anderson Review recommended that the core database should be operated by an industry good organisation to reinforce its autonomy and ensure it continues to provide the data storage and integrity that LIC has provided since it developed the database in the 1980s.

"A Heads of Agreement, setting out the broad principles of the formal agreement, was signed in May 2012 and since then teams from LIC and DairyNZ have worked together to reach agreement which will see the core database and animal evaluation functions progressively transferred to DairyNZ.

"It's been a huge collaborative effort between both organisations and one of the best examples of this is agreement on the provision of some non-core data from the LIC database to enable the operation of Animal Evaluation and for industry good research."

The formal agreement includes a licence for DairyNZ to use LIC intellectual property to run the industry's animal evaluation system.

Wayne McNee said LIC will continue to run its proprietary database "which contains the cooperative's IP and the agreement will not limit LIC's ability to innovate and create new products and services for our dairy farmer owners."

Tim Mackle said that one of the ten key objectives in the new dairy farming strategy is to create and maintain industry-wide systems and structures to serve the needs of all dairy farmers.

“This agreement is an important step towards achieving that strategy’s targets of increased genetic gain and industry-wide data use. Having DairyNZ continuing to lead the setting of the National Breeding Objective and Breeding Worth and the provision of Animal Evaluation to the whole industry as well as providing access to Core data reinforces the independence of these critical parts of the industry,” he said.

“Achieving these targets requires a partnership between farmers, breed societies, commercial organisations and DairyNZ. This agreement provides a strong base for building further co-operation between DairyNZ and LIC.”

Tim Mackle said the development of the Dairy Industry Good Animal Database (DIGAD) has wide buy-in, and it is one of the projects supported by the industry’s jointly-funded Primary Growth Partnership with government.

Legislation is required to enable the agreement between LIC and DairyNZ to be fully implemented and to remove legislative requirements on LIC in relation to the Dairy Industry Herd Testing and NZ Dairy Core Database Regulations. LIC shareholders have already approved the necessary changes to the cooperative’s constitution at its Annual Meeting in November last year.

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For further information contact

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Summary of the Formal Agreement

Core Database

- DairyNZ will, through NZ Animal Evaluation Ltd (NZAEL), establish and operate the Dairy Industry Good Animal Database (DIGAD) which will contain the Core Database. The expectation is that the Core Database will be transferred by the end of March 2014.

Animal evaluation

- LIC has granted DairyNZ/NZAEL a perpetual, irrevocable, non-exclusive and royalty free licence to its Animal Evaluation Intellectual Property to enable NZAEL to run Animal Evaluation.
- Under the terms of the licence, a shared ownership model (between DairyNZ and LIC) will be applied to future developments of Animal Evaluation.
- NZAEL is expected to be operating Animal Evaluation from the beginning of 2015.
- NZAEL will operate and develop Animal Evaluation to reflect the National Breeding Objective (NBO) which is currently to identify animals whose progeny will be the most efficient converters of feed into farmer profit.
- NZAEL will continue to be responsible for determining the NBO and the Breeding Worth Index (BW), which is the economic expression of the NBO, in consultation with the industry users of the Animal Evaluation system.
- NZAEL will continue to be responsible for delivering Sire BW and Sire Proofs to the dairy industry.
- LIC will retain the exclusive right to provide Cow BW to its MINDA clients and other parties on a fee paying basis.

Industry good research

- In addition to the use of non-core data for Animal Evaluation related research, LIC has agreed to provide DairyNZ with other non-core datasets for industry good research purposes. The provision of this data is subject to certain conditions on use and publication.