

Beef + Lamb New Zealand Chairman's Address

Andrew Morrison

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Check against delivery.

Today our primary objective is to update you about work that Beef + Lamb New Zealand has been doing, with a particular focus on work of relevance to farmers in the Central South Island region, and to look out the year ahead.

Included in your AGM pack you received today, you will find both the Annual report and papers that summarises key activities Beef + Lamb New Zealand is involved in that are relevant to farmers in this region.

I would like to acknowledge and thank those with dairy interests who have taken the opportunity to attend today. Given this is a strong dairy producing area, we have also prepared a specific paper that highlights some of the activities and projects that dairy beef levies go towards.

The Central South Island as you will see in one of the videos today is an incredibly diverse region geographically and our sheep and beef farmers embody the diversity of our sector, with many farmers also having cropping; viticulture; horticulture; forestry; dairy or tourism within their operations.

Our farmers increasingly view their farms as a mosaic and look to match their land uses to the land's capabilities. This principle Land Use Capability is the strong underlying premise that supports the basis of our Environment Strategy, be it water quality or in Land use choice for GHG mitigation, So the reason I highlight this is that this region demonstrates that in the this mosaic of land use choices we refer to

I have been in the role 12 months now and maybe it's just me, but it has been and an awfully busy year

- M Bovis
- Change of Govt with some clear aspirational targets be it Zero Carbon Bill, clear signals on water quality expectations

- Brexit
- The release of our Environment Strategy

First up, I want to acknowledge what a difficult year this has been for many farmers in this region who have been affected by *M.bovis*.

To date, well over 1,000 farms around the country have been directly affected by *M.bovis* as a result of being put under surveillance, or movement controls, or worse having their cattle culled. More families and people have been affected by the knock-on effects. In the Otago alone, 10 farms are currently facing depopulation on top of those where this has already occurred.

Dealing with *M.bovis* has been a major priority for Beef + Lamb New Zealand since July 2017 and will continue to be so.

We worked closely with MPI and DairyNZ in the early months to get information to farmers as quickly as possible about the implications of the disease and supported the events around the country and development of resources, such as the *M.bovis* book for beef farmers.

We've had a number of staff embedded in MPI;

- providing expertise about biosecurity and beef farming to make the programme work as smoothly as possible on beef and dairy farms
- Helping to identify issues and propose solutions to make the biosecurity system better able to handle future challenges, particularly regarding traceability and operational capability
- Working with DairyNZ on support for all farmers, including the DairyNZ / B+LNZ Compensation Assistance Team (DBCAT) which, to date, has assisted farmers in completing over 70% of the claims received by MPI.

This has been a huge learning experience and we are continuing to work with MPI and DairyNZ to make the farmer experience of *M. bovis* better and that maximum returns are delivered for our collective investment in this programme.

While encouraging progress is being made with the eradication programme, it is vital we don't relax. This remains a critical period for getting on top of this disease.

Shortly, Beef + Lamb New Zealand will be consulting with beef farmers about raising the maximum for the beef producer biosecurity levy from \$0.45, previously consulted on, to \$2 per head so that we can pay our contribution to the *M.bovis* eradication programme.

Due to the unique circumstances the beef biosecurity levy will not be applied to cull dairy cows for the *M.bovis* eradication.

It is possible, however, the beef producer biosecurity levy could be applied to cull dairy cows in the future for different biosecurity incursions.

M BOVIS COST SHARING SPLIT

- 68% Crown funded
- Remaining 32% industry split
- Process run to determine this
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I know that there have been questions and concerns about the split in the dairy/beef contribution and I recognize that it will impose a significant financial burden on many dairy farmers.

This was the first time that there had been an industry contribution to a biosecurity incursion under the Government Industry Agreement for Biosecurity, and it won't be the last, and it was important we got it right.

It was uncharted territory for both B+LNZ and DairyNZ and we therefore agreed to set up an independent panel to make a recommendation based on the principles of the GIA.

Maturity of industry and maturity of process

Both Jim and I agreed at the outset we would abide with the decision of the panel. Because *M.bovis* does not impact on trade, the principle

considerations for the panel were the impact of the disease on production, and the scale of each sector.

The fact is that *M.bovis* does not have much of an impact on beef production. We agreed to the eradication programme in support of dairy farmers, whose production would be significantly affected over time.

We are now working with DairyNZ and MPI on how we can strengthen our biosecurity systems for livestock production to prevent further incursions: looking at traceability; better government systems for sharing data; and strengthening the capability of farmers, industry organisations and MPI's front-line people.

I know that it's been tough, but I want to acknowledge today the hard work that has been put in by many people who are in the room today from the Rural Trust, MPI, Beef + Lamb New Zealand/Dairy/Federated Farmers staff, and farmers.

Change is a constant, change is a known known – call it what you will

I won't dwell on the strategy as Sam is going to take us through this, but with any organization it's crucial they have a clear understanding of what we need to deliver upon.

History shows that we as a sector are up for change, not only are we up for it, we deliver on it.

Our sector has constantly evolved over the last couple of decades and our farmers have proven time and time again that they are able to adjust and to thrive.

Earlier, I referenced some of the emerging challenges we as a sector have faced this past 12 months, I strongly believe that Beef + Lamb New Zealand has the right strategy in place to help our sector successfully navigate our way through the next couple of years and position the sector for the future, but it is going to require focus and there will be some hard decisions.

Two years ago, we reviewed all of Beef + Lamb New Zealand's work which led to our new strategy. Time and time again in the last 12 months, things have happened that validate the changes we made.

A couple of major changes we made was to

- shift towards being an insights driven organization
- elevating the environment to among our top four priorities.
- Creating a vehicle in Taste Pure Nature to create and capture value

As an organisation, we are now trying to:

- constantly look ahead at the challenges that are coming,
- doing the research about those challenges,
- coming up with strategies to influence the responses and outcomes to them.

We saw the potential rise of alternative proteins and released a major report last year before this new product and potential competition was on most New Zealander's consciousness.

We are now doing research to understand the public's perceptions of our sector; understand our environment footprint; and measure our net carbon footprint.

Meat's role in the diet is under scrutiny because of environmental and animal welfare concerns, but there is also growing demand for grass-fed, naturally raised beef and lamb which is what New Zealand produces. We are uniquely placed to capitalise on these growing trends and more strategically position our product in the market.

Last year we released our environment strategy. This has been invaluable for us in terms of engaging with the government and other stakeholders in the last year about potential policy changes with respect to climate change, water and biodiversity.

For me, our Taste Pure Nature country of origin brand which is being rolled out in California as we speak, and the Environment are the two most important pillars for how we can successfully position our sector going forward.

Over the last couple of decades our focus was on being the most productive and efficient producers in the world, which we have achieved. Going forward, we need to remain productive, but everything has to have an environmental perspective.

The good news is that a lot of our farmers have intrinsically been doing the right thing as part of good management. Our story is the epitome of eco-efficiency. We have halved our stock numbers over the last 30 years and are producing the same amount of lamb off it without increasing stocking rates.

Given domestic environmental pressures, the success for our sector going forward does not rest in producing more.

We absolutely have to raise the value of our exports. It all has to start from the consumer

- Never before have we had a National Farm Assurance programme
- Never before have we had Sector Aligned Origin Brand Strategy – Sector being Producer, Processor, Marketer and Government
- I think that for the first time the entire sector has a common vision and plan through Taste Pure Nature to help us achieve that objective.

I was really proud listening to the presentation this morning about how we will begin to roll out Taste Pure Nature in California.

- Remember this is a pilot
- key thing for our organisation and the sector will be how we can scale this up as quickly as possible. We have a number of strategies in place to help us do that.

In the afternoon, we are going to hear about some of the key environment policies the government are intending to consult with farmers on this year, including climate change, water and biodiversity.

These changes have significant implications for our farmers and we'll also talk through what Beef + Lamb New Zealand is doing to engage in these processes, but also highlight some of the work we are doing on the

ground with farmers to provide you with the tools to make progress through our environment strategy.

Taken together, the past year has seen the organization position itself to meet the challenges that lie ahead of us. But even more crucially, we are now ideally placed to take advantage of the opportunities that are opening up for New Zealand's beef and lamb, and I'm excited about what the future holds for our sector.

I want to thank you for supporting the levy increase proposal we bought out mid-2018.

I want to also thank and acknowledge the great team at B+LNZ. Stuff we talk about is intellectual horsepower in some of these debates.

I also want to acknowledge Sam and his leadership team for the passion and commitment they bring to their respective roles.

On Monday, we announced the outcome of the two farmer director elections for our Western North Island and Central South Island districts. I'd like to congratulate Scott Gower from Ohura and Nicky Hyslop from Timaru on their successful elections to the Board, and I'm looking forward to working with you.

Tony Egan has also been appointed as a Processor-Exporter Director, and Anna Nelson as an Associate Director.

I'd like to thank our outgoing farmer directors Kirsten Bryant and Bill Wright, as well as our outgoing Processor-Exporter Director Sam Lewis, and outgoing Associate Director Kate Acland. It has been a pleasure working with all of you and your contributions to leading our organisation have been invaluable.

I want to acknowledge the contribution of retiring directors at the completion of the AGM, so will hold off until then.