

Beef + Lamb New Zealand's CEO Address

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Check against delivery.

Beef & Lamb New Zealand's Vision is clear:

Profitable Farmers

Thriving rural communities

Valued by all New Zealanders

In fact, the more I talk to farmers about B+LNZ's vision is evident that it is your vision.

Farmer profitability is at the heart of it and it's the catalyst for vibrant rural communities. From the calf donated to IHC, the couple of beasts grown for fund raising, the time given to the local school board, A&P association, or sports club.

In the case of B+LNZ, farmer profitability allows contributions to Farmer Council, mentor groups, catchment communities, FITT and Farming for Profit projects. Profitability creates employment opportunities on-farms and for servicing farms, and that builds a critical mass in rural communities.

Valued by all New Zealanders speaks to farmer pride and restoring that pride. Farmers feel the rural respect has been eroded. Most commonly we see it in the media whether its animal welfare, climate change, environmental degradation, alternative proteins or feed-lotting there is no doubt that farmers are being targeted. Having been the face of the NZ pork industry during a media and activist animal welfare onslaught for three years – I can sympathise – it feels

like crap to be constantly criticised. We are working hard to restore that pride and I'll cover that later.

I also want to emphasise B+LNZ's purpose.

It's insights and actions driving tangible impact for farmers.

Insight means have a deep understanding of people and issues.

What does that mean for us? We need to know our farmers better than anyone else, and understand the issues that impact you better than anyone else. We need to understand your customers better and wider society better so that we can support you to deal with the changes that are being driven externally.

A good example of applying insights has been illustrated by Nick Beeby in his Taste Pure Nature address. We have developed a deep understanding of the conscious foodies down to the daily routines, motivations, and mindset buying meat – that allows us to target our product to them so much more specifically.

The second aspect of our purpose is taking action quicker on the issues that matter. Last year we launched the sectors environment strategy. Not only has it put us as a leading domestic industry but is getting global recognition for addressing the issues.

Last year we released our biodiversity report that shows as sheep and beef farmers you have 1.4 million ha – 24 percent of NZ's native vegetative biodiversity on your farms – now we're assessing the potential carbon sequestration – that's getting ahead of the game putting you in a position to call the shots.

Lastly – having a tangible impact for farmers. Tangible is the key word here, that is knowing you're getting value from B+LNZ. We're putting in place robust measurement of the impact we're having on your bottom line, the thriving of your community, and whether the dial is shifting in government and public support.

We have five priorities and there are 19 key activities we're focused on over the next year. I want to step through these one by one for the next ten minutes. How do we decide these priorities – we put them through what we affectionately call the drafting gate process.

We talk to farmers and hear your issues, we look to the markets, societal and government perspectives and we consider both the risks and returns to farmers, that is, the impact on your bottom line.

Our priorities are

- Unlocking market potential
- Enhancing our environmental performance
- Supporting farming excellence
- Government and Public Insight and Engagement
- Building a great organization – that you can be proud of.

There are two key activities that are overarching and will touch every part of the industry and B+LNZ.

The first activation of Taste Pure Nature our origin brand.

The second is the implementation of the environment strategy.

Both of these are urgent – with taste pure nature opportunity knocks – with the environment strategy both risk and reward knocks. The risk is both regulatory and reputational – I'll briefly touch on it but it's a key theme today and you'll hear more on that from the panel soon.

So on to unlocking market potential.

You've heard the Taste Pure Nature Story and the underpinning NZ farm assurance programme developed through RMPP. Can I re-emphasise the importance of you joining the other 2,500 farmers already audited. And can I remind you of the savings for farmers 38% fewer audits and 20 % savings on industry audit costs to date.

A third key issue is Brexit and the risk to our EU beef and sheep meat quota. We are leaving no stone unturned in this area. We've put Jeff Grant into London alongside Ben O'Brien in Brussels, beside government were strongly advocating against split quotas and scoping our legal options too. We've also prepared our Meat Board quota allocation and certification processes for various scenarios to minimise disruption and price impacts for farmers.

In enhancing our environmental performance Dave Harrison and the panel will provide greater depth. As Nick noted our environmental strategy vision is to be world leading stewards of the natural environment and sustainable communities through four priorities

- Improving water quality
- Advancing towards carbon neutral
- Enhancing our biodiversity
- Ensuring healthy productive soils.

There are two big policy games in town right now. I believe that the two policies of climate change and water quality are potentially as game changing as the removal of subsidies in the late 80's.

On your behalf, we are putting every shoulder to the wheel to ensure that the policies are fair, science based and do not jeopardise your business, your community and our nation - while being true to our environmental stewardship commitment.

Giving farmers knowledge, tools and support is critical to coping with this change. We see two critical ingredients – every farmer having their own farm environment plan. The plans core is – understanding your land resources and environmental risks and detailing how you can profitably utilise your resources while managing your environmental risks.

Secondly, we know that working and learning together is the best way to achieve successful change. The 32 catchment community

initiatives that have sprung up so far is a sign that you as farmers value this approach too.

Supporting farming excellence is all about providing farmers with tools and information to grow profitability through productivity, efficiency and improved cost of production.

The Red Meat Profit Partnership initiative ends in September 2020 and we are working hard now to ensure that the tools and learnings are captured ongoing by our farmers. Pivotal in this is the Action network groups that now sit at 185. These groups are already having an impact for over 1000 of our farmers.

Last year we completed a review of investment in training and capability. The clear feedback from farmers was that you couldn't get well trained people for your farms. In response, we're changing our investment to get closer to the farm gate and focused on training approaches that will equip potential employees to hit the ground running.

While implementing our changed strategy – Minister of Education Chris Hipkins announced a total restructure of the training sector. We see this as a real opportunity for the primary sector to get better results from training investment. Our Chief Insight Officer Jeremy Baker is leading a cross industry initiative to provide government with a plan that will significantly increase recruitment and training effectiveness in our sector – watch this space.

People are core, and this alongside high productivity is how we used to define farming excellence. But the game has changed and the next slide points to the complexity farmers are dealing with. It reaches beyond people and productivity to span environmental stewardship, meeting consumer needs and maintaining social licence.

If we look across those areas, we've got the environmental strategy, we're providing consumer insight through taste pure nature, we're telling the farmer story, and we're changing our training investment.

However, we're not happy we've got the productivity, efficiency and cost of production portfolio right, so over the next three months we'll be asking you as farmers to give us your pressing and future needs in this space to help build the next five-year investment plan.

We've already kicked off one initiative in this space. In April 2018 we launched Future Farm, a joint venture with a North Canterbury farming partnership with whom we've leased a 1300ha hill country sheep and beef farm in cheviot. The aim of this programme is to demonstrate farming excellence with high profitability and to trial new technologies and assess their feasibility on behalf of sheep and beef farmers. The joint venture is operating with total transparency – we've put in around \$600,000 capital to get it going and all of the production, financial performance and feasibility of new technologies will be available to all farmers.

Fourthly Government and Public Insight and Engagement. The government has a large policy agenda with potential to negatively impact our industry. I've already noted water and climate change. We are strongly advocating a farmer's perspective based on strong science and fact based analysis – we are good at this and we are having an impact.

Secondly, we're turning our focus to the wider public. The social licence to farm issue is real. We need to understand public and NGO perspectives – they influence policy, and buy our products. We've

recently completed extensive research. We've reviewed half a million social media posts, surveyed 2,000 New Zealanders, run consumer focus groups and conducted in-home interviews like to saw with TPN. Its helping us to identify key issues, prioritise the key messages and delivery channels. We'll then tell the most important aspects of our story to the right people in the right way to drive up the "valued by all New Zealanders" stat. A couple of stats to encourage you - 9/10 New Zealanders are still regularly eating red meat. And only 2 percent of the social media commentary about changing diets is about reducing meat in the diet.

For biosecurity *M.bovis* is the main focus. Andrew detailed some of that. We sit jointly in governance with MPI and Dairy NZ. Our aim in this response is to ensure effectiveness, efficiency and ensure that farmer welfare is paramount. We think there is good progress on each count but I know that we're in an epicenter here so I'm looking forward to hearing farmer experiences here today so please make yourself known to me.

Our fifth priority - building a great organisation. We do not take the 85 percent support at the last referendum or the positive vote in June 2018 for a levy raise for granted – we recognise the need to constantly improve performance.

Four key things were focused on:

Farmer engagement is number one. Our farmer council is key here. Utilizing their passion and strong networks to ensure we have a good grass roots voice is critical. Secondly involving more farmers intimately right through our business from research to policy making to ensure at all times our thinking is realistically and practically grounded. The extensive work we'll do listening to your research

and extension needs over the next three months as an example of this.

In essence the aim is to build one B+LNZ team which is farmers working hand in hand with our staff to maximise impact. Within B+LNZ its ensuring that we have the best combination of people from across our business working on the most critical projects to deliver high impact. We are attracting top calibre people and I'm proud of our team

Thirdly applying that insight discipline – ensuring that we really understand the issues and the people at both the farmer end and consumer end before we take action

Fourthly its greater discipline and speed from insight to action to impact and that's about training our people better, giving them the right tools, and being confident that were making an impact because we measure it.

To close, you will be familiar with the famous Maori proverb.

He aha te mea nui o te ao,
he tangata he tangata he tangata.

Who are the people – it's the people in our vision.

Its profitable farmers, thriving rural communities, valued by all New Zealanders and it's about the part our people in B+LNZ can play in that.

Thank you for the opportunity to work for you as farmers, I and my team count it a privilege. Our strategy is your strategy and we look forward to making a significant impact with you and for you over the next year.

Thank you.

