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Red Meat Report Issue 01

Introduction from Sam McIvor and Sirma Karapeeva

We are living in unprecedented times.

COVID-19 has caused extraordinary damage to people's lives, livelihoods and economies across the globe. It will take some time for the world to recover from the impact of this devastating virus and future generations will still be counting the cost for some time to come.

In this period of adversity, the primary sector has shone. Despite a significant drought, feed shortages across the country, floods and the *Mycoplasma bovis* (*M. bovis*) outbreak, our industry has continued to perform strongly and deliver for New Zealanders.

Last year, our sector generated \$9.3 billion in exports (16.2 percent of total New Zealand exports) and supported 92,000 jobs around the country.

Our resilience during the COVID-19 crisis can be attributed to our diverse 120 export markets and deep understanding and relationships across our supply chains. This allowed our processing and exporting companies to shift product to different countries and within markets and pivot to new channels, such as from the food service sector to retail and e-commerce. Secondly, our farmers and processing companies showed remarkable agility to reconfigure farming systems and processing operations under COVID-19 constraints to deliver high quality products in a continuously efficient manner.

The post COVID-19 world is going to be very different. We know global markets and consumers are making large shifts in how they maintain food security, purchase food, and the attributes of the products they are seeking.

This creates both threats and opportunities for the sector and we need bold thinking to enable our sector to continue to thrive in the 'new normal'.

This is the first joint update from Beef + Lamb New Zealand (B+LNZ) and the Meat Industry Association (MIA).

Now, more than ever, our sector must collaborate. This is critical to our success.

In this first edition of *Red Meat Report*, we provide an update on key projects and initiatives across the sector including global markets and trade, the environment, innovation and research, and people and capability.

Our sector has a great future. We are excited about the prospects, undaunted by the challenges and committed to working together to deliver a great result for New Zealand.



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SECTOR-WIDE ACTIVITIES

The sector has been working on a range of initiatives aimed at positioning the industry and responding to challenges.

RED MEAT SECTOR STRATEGY REFRESH

The red meat sector is working on a whole of sector strategy refresh, following the creation of our original strategy in 2011.

The refreshed strategy will be focused on the next five years and, in particular, how to successfully position the sector to navigate the post-COVID-19 environment so that our sector can maximise its contribution to the New Zealand economic recovery for the benefit of all New Zealanders.

COVID-19 RECOVERY POLICY FRAMEWORK AND INFRASTRUCTURE INVESTMENT

The Government has a huge, once in a generation, task ahead of it. B+LNZ and the MIA recently released a joint manifesto to engage with political parties in the lead up to the General Election in September.



→ READ BOOKLET

As New Zealand's second largest export sector and largest manufacturing employer, we have a key role to play in New Zealand's recovery and look forward to constructive discussions with the Government over the coming months.

We welcome the initiatives in the Budget around jobs and on-the-ground environmental work. However, our priority is on ensuring the right policy settings and infrastructure for the long term.

In making any decision about the recovery and the future, the country must ask itself this:

What is good for exports, employment, productivity and the environment?

Key policy and infrastructure areas we want to collaborate with the Government on include:

- placing restrictions on the amount of forestry offsets available to fossil fuel emitters,
- keeping international markets open,
- supporting practical on-the-ground initiatives by farmers to improve the environment, while ensuring environmental policy settings are right,
- skills development and training to support employment in the sector,
- more water storage and distribution solutions to help make urban and rural New Zealand more resilient to droughts,
- improved rural connectivity, and
- continued co-investment in initiatives and research aimed at value-adding, and lifting the productivity and profitability of the sector.

New Zealand will face significant employment challenges over the next few years. There are jobs available in the sheep and beef sector – on farm and in processing and exporting roles – and we will be working over the coming months to help find roles for those who have lost jobs in other industries. We welcome the Government's recently launched Opportunity Grows Here campaign that helps provide people who have lost jobs as a result of COVID-19 with information about jobs in the agricultural sector.

However, we can only play our role in New Zealand's economic recovery if we have a sector whose future is backed by the right policy settings.

An immediate and significant concern for the sector is an increase in the sale of sheep and beef farms for conversion



into carbon farming as a result of the rise in the price of carbon credits. The price for carbon credits has increased from \$25 to over \$30 in the last few weeks, and is forecast to increase further, leading to a surge in prices companies are willing to pay for sheep and beef land. B+LNZ analysis indicates 70,000 hectares of sheep and beef land has been sold into forestry since the start of 2019. This has massive implications for regional communities as the country looks to recover from COVID-19. Not only do sheep and beef farmers employ more people than forestry, but taking out too much production will jeopardise the viability of processing companies in these areas too.

It is vital the Government introduces mechanisms to limit forestry offsetting before too much damage is done to our rural communities and the long-term viability of our country.

Prior to COVID-19, the red meat sector was concerned about the speed and scale of the environmental policy agenda.

We are keen to see continued funding for practical on-the-ground environmental work such as support for farm plans, catchment communities, pest control, and native tree planting. We want to continue investing in environmental improvement in a way that lifts productivity gains and is aligned with programmes that will generate value in our markets – such as Taste Pure Nature.

The current drought has reinforced the importance of better understanding our underlying assets of our water and soils, as these are fundamental not only to the primary sector of New Zealand, but every New Zealander, particularly water. We need a constructive conversation about water storage and distribution, whether for communities or farmers, and environmentally sustainable use of irrigation that maintains or enhances water flow.

COVID-19 has also underlined the need for better rural connectivity (connecting business and people). We also support investment in rural community services and resilience.

We need to work together and do more to communicate the unique attributes of New Zealand's red meat sector – our low-carbon production methods, our world leading animal welfare achievements, and our ongoing commitment to environmental stewardship – to consumers in this country and the rest of the world.

Finally, the COVID-19 pandemic is not the first incursion of this nature and it won't be the last. The lessons learned from the *M. bovis* response fed into New Zealand's response to COVID-19 and it's critical we build a more coordinated and response-ready biosecurity system. The Government's strategy talks about a ready response team of 5 million New Zealanders and now is the time to ensure we have a world class system in place to support and enable that team.

DROUGHT

Significant feed shortages across much of the country has seen government and industry bodies rally together to put support structures in place to help those affected get through winter.

It is estimated that farmers throughout the country headed into winter with between 10 and 30 percent less feed than usual and these conditions are expected to continue until at least September. This is due to severe drought in Hawke's Bay and Northland (where they have also suffered flooding) and dry conditions over much of the rest of the country. The exception is Southland where prolonged wet weather earlier this year has reduced pasture covers and crop yields.

B+LNZ has been working alongside the Ministry for Primary Industries, Federated Farmers, DairyNZ, Deer Industry New Zealand, and AgFirst to set up and run an industry-resourced feed planning service to help farmers put together a winter feed budget. We have also worked together to provide other resources to farmers including case studies from Northland to Southland for farmers to get ideas from other farmers on how they can manage feed.





NEW REPORTS ON THE ECONOMIC CONTRIBUTION OF THE RED MEAT SECTOR

B+LNZ and MIA have released new research on the economic and social contribution of the red meat sector to New Zealand. The research reinforces the importance of our sector to New Zealand's economic recovery and the social wellbeing of rural and urban communities.

The red meat industry, including both livestock production and processing and exporting, accounts for:

- over 92,000 New Zealand (full-time equivalent) jobs, nearly 5 percent of total national employment
- nearly \$12 billion in industry value added each year
- around \$4.6 billion in household income, which averages \$3,300 per household.

The impact is even more pronounced in some regions.

- In Otago and Southland combined, the red meat sector makes up about 12 percent of the regional economy and employment and contributes \$4,700 to every household in that region.
- In Taranaki and Manawatu/Whanganui combined the red meat sector makes up almost 10 percent of the regional economy and employment.

The sector also employs a relatively high percentage of Māori workers, representing approximately 40 percent of employment in the processing sector.

In looking at the social contribution of the sector, the researchers considered what the impact would be if the red meat sector was to disappear. It projected a doubling of the unemployment rate, and a substantial fall in net central government revenue from the loss of personal and corporate taxation revenue, plus increased expenditure on social welfare and health of up to \$1.6 billion.

This would be more pronounced in regional communities with some regions estimated to experience unemployment rates of 50 percent or more of the labour force, and a fall in individual personal income of almost 30 percent.

You can find copies of the reports here:

www.beeflambnz.com/news-views/new-research-highlights-value-nz-red-meat-sector

www.mia.co.nz/publications

92,000

New Zealand jobs



Nearly

\$12b

in industry value added



\$4.6b

in household income



4.7%

of total national employment



10%

Taranaki & Manawatu/Whanganui regional economy & employment



12%

Otago & Southland regional economy & employment





GLOBAL TRADE

While the COVID-19 pandemic initially presented challenges for the sector as it disrupted export markets, thanks to our 120 export markets and agile processor exporters we were able to pivot and repurpose product to minimise impact.

IMPACT OF COVID-19 ON GLOBAL MARKETS AND PRODUCERS

Global meat markets and supply chains have been severely impacted by COVID-19. So far, the New Zealand red meat sector has been able to navigate these changes well compared to other global red meat exporters.

The sector's exporters have faced two main (immediate) challenges in global trade, while over the longer term we also expect the global recession to have an impact.

Supply chains have been significantly impacted due to congestion at ports, and disruption to air and sea freight, and distribution networks in market (including, for example, trucking and cold storage).

Demand for red meat has also been affected as lockdown measures globally largely closed the food service industry, where a significant volume of our most valuable cuts are dispatched to.

However, other channels to market have emerged, with retail and e-commerce performing strongly.

The type of product in demand has also changed significantly. Companies worldwide were forced to pivot quickly and adapt product to find other market channels, for example reconfiguring product destined for food service into retail ready packs.

At home, New Zealand meat processing and exporting companies faced several challenges including impacts on labour and processing capacity as they adjusted protocols under Level 4, 3 and 2 to ensure staff safety. The sector was able to lift capacity as the country eased restrictions.

Similarly, the meat processing industry globally has faced significant capacity challenges. In countries that have not implemented robust protocols, or don't have similar levels of automation, plants have had to close as workers contracted the virus.

The US has been particularly affected by this. The National Cattlemen's Beef Association estimates production was down 23 percent in April compared to the same period last year. The US sheep industry has been hard hit, with its second largest processing company filing for bankruptcy in March.

Australian production is also expected to be significantly reduced this year, not just because of COVID-19, but due to a rebuild of its herd as the sector recovers from drought.

These restrictions in supply in global markets are expected to ease some of the downward pressure on prices.

But demand for naturally raised red meat is still strong

Despite this turmoil, the fundamentals for New Zealand red meat remain strong.

Our analysis of consumers indicates that demand for natural, grass-fed red meat has increased as a result of COVID-19.

Research from China, and insight from North America, has shown that consumers are increasingly seeking out healthy, nutritious food to boost their immunity and wellbeing with value drivers linked to attributes such as 'natural'. There is a strong link with these trends and product attributes that our target consumer segment, the 'Conscious Foodie', believes are important e.g. grass-fed, free from antibiotics, lean, no hormonal growth promotants (HGPs) etc.

COVID-19 provides a window of opportunity to, in partnership with processors and exporters, establish the New Zealand grass-fed story through Taste Pure Nature in support of company-specific brands. It will also enable us to improve our sector's reputation with the public in New Zealand and offshore.

Direct trade impacts of COVID-19

New Zealand's total red meat exports have remained virtually unchanged throughout the COVID-19 crisis, with total exports surpassing NZD 1 billion in March – a record for monthly exports.

This robust performance has been underpinned by strong trade networks (with 120 markets) and customer relationships, enabling products to be shifted to other markets when supply chains were interrupted.

When the virus first emerged in China, the red meat sector was able to diversify into other markets. As China re-opened, we experienced a significant rebound in exports there, which has cushioned the impacts now being experienced in other markets like North America, the UK, and the EU.

The ability of the red meat sector to pivot, repurpose and redirect product, such as that destined for foodservice and retail/e-commerce for Chinese New Year celebrations, illustrates the resilience of the sector and its ability to minimise disruption as much as possible.



TASTE PURE NATURE ORIGIN BRAND

B+LNZ and meat processing and exporting companies have successfully pivoted the Taste Pure Nature origin programme in response to COVID-19, and it is proving to be a very useful platform to position the sector with consumers during this time.

Last year, Taste Pure Nature was launched in the US, and a roll-out began in China in January this year.

The purpose of Taste Pure Nature is to raise awareness and create a preference for grass-fed New Zealand red meat, and to point the growing number of consumers seeking our products to the New Zealand brands which are visible and available at retail. The marketing is targeted at a consumer segment we call the 'Conscious Foodie'.

United States

Taste Pure Nature was launched in March 2019 in California. The first phase was on building awareness of the brand but over the last year B+LNZ and processing companies have been progressively building on this platform with good success. In the last few months, as a result of COVID-19, B+LNZ has been working with companies on e-commerce platforms.

On the basis of consumer surveys, we know that over a third of 'Conscious Foodies' are now aware of New Zealand's farming practices, with a high awareness of New Zealand having a unique natural environment and a strong reputation for producing high quality beef and lamb. We have honed these messages in the last couple of months, in response to heightened consumer interest in naturally produced food that will boost their immunity.

The campaign influenced around half of those who saw the marketing to consider, buy and recommend New Zealand beef, and just over 40 percent said the same for New Zealand lamb.

Last year we brought a group of key US foodie influencers to New Zealand and this has led to a marked increase in awareness of New Zealand red meat. During the visit, the group generated 61 posts, with 102,000 social engagements and a potential reach of 18 million followers. Since the visit, 24 additional pieces of content have been produced.

China

Despite COVID-19, processing and exporting companies see a window of opportunity to position New Zealand as the source of premium grass-fed beef and lamb with customers of strategic importance and their consumers in China, and

the companies are keen to drive the Taste Pure Nature programme forward at this time.

Taste Pure Nature was piloted in retail outlets in the Shandong province of China in January in a collaborative campaign with ANZCO, Greenlea Premier Meats and Silver Fern Farms. The timing unfortunately coincided with the outbreak of COVID-19, however in April the supermarket reached out and is now rolling the brand out in 200 retail stores.

B+LNZ and Alliance also launched a major new digital online campaign linked to a major e-commerce channel.

Watch the Global Market and Taste Pure Nature update as part of B+LNZ's National Webinar Series here:

www.beeflambnz.com/your-levies-at-work/blnz-national-webinar-series

IMPORTANCE OF TRADE POLICY AND OPEN MARKETS

COVID-19 has reinforced the importance of maintaining open markets. With significant impacts on agricultural production globally, we are watching key markets to ensure there are no moves to restrict imports.

The sector appreciates the work the Government has been doing in recent months to avoid a global protectionist movement, and their leadership in seeking commitments from trading partners and pursuing initiatives to ensure trade facilitation.

B+LNZ have been working with international partners to strengthen the global trading environment and joined a statement by the International Beef Alliance (IBA) on 12 May 2020. Read IBA's full statement here:

www.beeflambnz.com/news-views/international-beef-alliance-support-statement-wto

B+LNZ is a member of the IBA comprising cattle producer organisations from Australia, Brazil, Canada, Mexico, New Zealand, Paraguay and the US, accounting for 64 percent of the world's beef exports.

OTHER TRADE ISSUES

The trade environment continues to be complex and uncertain, even without the impact of COVID-19.

Brexit and NZ/UK FTA negotiations

While Brexit comes closer to a resolution, there is still a level of uncertainty around the transition period and what the future UK/EU trade relationship will look like - and therefore what third countries can expect when trading with the UK. The sector has put in place solid contingency plans to mitigate potential risks and is well prepared to continue trade under different conditions.

How the World Trade Organization (WTO) quotas will be treated post-Brexit remains unclear and limited progress has been made on resolving the issue over the past six months due to the UK preoccupation with negotiations with the EU, and with COVID-19. The sector is strongly opposed to the current proposal to split the quotas and continues to advocate for a long-term solution that does not erode our WTO rights and allows exporters to make sensible business decisions.

The sector welcomes the recent launch of the UK/NZ FTA negotiations, but it is vital the FTA builds on our current access and the UK doesn't try to combine the two issues and try to avoid offering anything new.

EU/NZ FTA negotiations

While the EU/NZ FTA negotiations are making some progress, there is a long way to go on agricultural market access. The red meat sector is very disappointed about the EU's initial offer of sheep and beef (which amounts to virtually nothing) and welcomes the Government's strong pushback. As with the UK/NZ FTA negotiations, this FTA must build on current WTO market access rights, rather than simply claw back what has been lost as a result of the WTO quota split.

To assist New Zealand's negotiators and better position for success, the sector is working on building a greater understanding of New Zealand's red meat sector and dispel commonly held misperceptions and fallacies about our sector.

China

China has been and will continue to be a major focus market for the sector. The outbreak of African Swine Fever last year saw increased export opportunities and high prices, but it also underscored the influence China has on the global meat market.

MIA continues to work closely with officials to resolve outstanding market access issues to level the playing field for all New Zealand red meat exporters. This is a key priority for the sector given the current market dynamics.

To support this work, the MIA sent two New Zealand delegations to China (one technical and one whole of industry senior level) late last year and has hosted numerous Chinese delegations to New Zealand to strengthen relationships and build deeper understanding of our respective markets and systems.

The focus over the coming year will be to develop a value-add cooperation programme with China with a likely focus on regulatory systems and commercial processes and practices.

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

Since coming into force, the CPTPP has delivered three rounds of tariff reductions which have saved the sector more than \$34 million in tariff costs, predominantly into Japan. It has also enabled New Zealand to regain some lost market

share in the Japanese beef market as a result of Australia's earlier FTA with Japan. Japan is now New Zealand's most valuable chilled beef market and the third most valuable overall beef market after China and the US.

Exports to Canada have also increased, partly as a result of CPTPP. Canada is an important complementary market to the United States for beef and a member of the CPTPP. While most beef exports to Canada are tariff-free, prior to the signing of the CPTPP, Canada applied a quota limit on the amount of New Zealand beef that could be imported tariff-free. Any beef exports outside of this quota would incur high tariffs. As part of the CPTPP, this out-of-quota tariff rate is being reduced to 0 percent over a period of six years, allowing New Zealand beef exports to fully respond to changes in market demand.

Regional Comprehensive Economic Partnership (RCEP)

While the sector welcomed the announcement in November 2019 that 15 of the 16 RCEP members have concluded negotiations, it is disappointing the India is not yet a signatory of the deal.

India represents a major opportunity for New Zealand meat exporters with expected future growth in the country's population, rising disposable incomes, and an increasing demand for improved food quality. We are continuing to work closely with officials to look for a way to address India's concerns so it can join the agreement in the future.

WTO

The sector remains deeply concerned that attempts to reach a consensus on the WTO Appellate Body have failed. As a trade exposed sector, we rely on a robust multilateral rules-based trade system including a stable enforceability mechanism to provide certainty and confidence for our exporters to pursue opportunities on the global markets.

We were pleased to see New Zealand and 18 other WTO members establish an interim solution on 1 May 2020 for hearing appeals in trade disputes between governments until the WTO Appellate Body becomes fully functional again. The interim arbitration arrangement will ensure decisions on trade disputes between participants can still be enforced in the absence of a fully functioning Appellate Body.



ENVIRONMENT

The environment remains a major priority for the sector, including progressing work at farm level to improve the environment and engaging with the Government on policy.

ENGAGEMENT ON ESSENTIAL FRESHWATER, CLIMATE CHANGE AND BIODIVERSITY POLICY

Throughout the public consultation processes for both Essential Freshwater and the draft National Policy Statement on Indigenous Biodiversity, we were clear there had been insufficient economic analysis and due consideration was not being given to the cumulative economic impact of the measures to address climate change, water, and biodiversity all at the same time.

The speed at which the Government was trying to tackle all these policies had also led to adverse proposals with negative unintended consequences for our sector and communities.

We are pleased with the progress that has been made in the last month to establish the structure and work programme for He Waka Eke Noa - the primary sector's joint approach with the Government to managing on-farm greenhouse gas emissions. The sector took an active role in developing the concept and continues to lead by hosting the programme office. We are encouraging the Government to take a similar co-design approach in other policy areas.

Co-design ensures we get our policy settings right, that we take a holistic view of how the policies fit together, and that policies are delivered in a way that takes account of the capacity of those to act without compromising the primary sector's key role in New Zealand's economic recovery.



CLIMATE CHANGE

The sector remains concerned about a range of policies the Government have either introduced or are considering, that we believe would drive a significant increase in the conversion of sheep and beef farms into carbon forestry. This is at the cost of export revenue, employment, all New Zealanders' standard of living, and meaningful and enduring reductions in carbon emissions.

In particular, we were highly disappointed the Government ignored a request by the sector to include a mechanism in the recently passed Emissions Trading Reform (ETR) Bill that would allow the Government to restrict the amount of fossil fuel emissions that could be offset by forestry.

The ETR bill lifted the cap on the carbon price and since then the carbon price has increased from \$25 to over \$30. As the carbon price increases, carbon farming becomes more profitable (from the perspective of landowners rather than broader rural communities) than sheep and beef farming across parts of the country.

Analysis by the B+LNZ economic service estimates 70,000 hectares of sheep and beef farms have been sold to be converted into forestry since the start of 2019. This is based on OIO and Statistics New Zealand data and information about farm sales around the country.

The Government's official statistics indicate 22,000 hectares of land was converted in 2019 through seedling sales, but there are often 9-12 month lags in the completion of farm sales and clearing of the land before planting.

Research by the Parliamentary Commission for the Environment last year forecast 5.4 million hectares of land converted into forest before 2050 as a result of proposed policies. It recommended halting all forestry offsets for fossil fuel emitters in order to drive real reductions in fossil fuel emissions rather than sacrificing productive pastoral land to tree plantations to enable these emissions to continue at current levels.

We call on the Government to work with the sector to introduce a mechanism to limit offsets before too much damage has been done.

We strongly support the integration of trees on farms, particularly native, but are concerned about the impact on regional communities from large scale afforestation if the policy signal to New Zealand is that it can buy its way out of carbon dioxide emissions reduction by planting unlimited trees.

WATER

The sector was cautiously positive about the Essential Freshwater policies announced by the Government in May, in which the Government responded to a number of concerns raised by farmers and by the sector during the consultation process.

In particular, we welcomed the removal of many of the 'grandparenting' provisions and more pragmatic approach to fencing in the hill country.

There are also areas where the sector is disappointed such as the blanket restrictions on hill country cropping and overly prescriptive approach to winter grazing. Hill country cropping is higher risk but can be effectively managed and we would have liked to have seen more recognition of this in the rules.

BIODIVERSITY

Overall, the sector is supportive of the intent of the National Policy Statement on Indigenous Biodiversity (NPSIB). Farmers' conservation of 2.8 million hectares of native vegetation on sheep and beef farms is testament to their support for it.

But the sector has some significant concerns about the policy proposals released last year. We welcome the Government's decision to postpone decisions on the NPSIB until after the election, and look forward to continuing the productive conversations we were having with the Government pre-COVID-19.

In particular, we are seeking to refine the definitions of Significant Natural Area (SNA) to avoid unduly capturing large swathes of land; to recognise that biodiversity protection and productive landscapes can be effectively integrated; and to ensure those that have already committed the most to biodiversity protection are not disadvantaged as a result of their good work in the past.

We believe that in relation to environmental policy, a focus first on sustainably managing and where required building indigenous biodiversity within productive farming landscapes would have delivered multiple benefits across freshwater ecosystems.





HE WAKA EKE NOA - AGRICULTURAL EMISSIONS PARTNERSHIP

Good progress continues to be made on He Waka Eke Noa during COVID-19.

He Waka Eke Noa is an industry, government and Māori partnership to develop a sensible and effective farm-level agricultural greenhouse gas emissions measurement, reporting and management system.

We are heavily involved with He Waka Eke Noa because this is the sector's opportunity to design a regulatory framework that works for sheep and beef farmers and delivers the environmental outcomes New Zealanders want. If the sector is successful with this initiative, then this approach can be applied to other areas. It is a huge opportunity to take leadership of our issues.

Of the eight workstreams identified by He Waka Eke Noa, four are underway:

1. Emissions reporting – specifically how on-farm emissions are reported
2. On-farm sequestration
3. Carbon pricing
4. Farm Planning.

Despite the COVID-19 lockdown, progress has been made to support these workstreams, including the establishment of a Programme Office and B+LNZ is supporting this function.

Good progress is also being made on research under the Pastoral Greenhouse Gas Research Consortium (PGgRC), which is aimed at reducing emissions from agriculture.

Watch this video for an update of the various projects.

www.youtube.com/watch?v=BoUrduVgq4c

CATCHMENT COMMUNITIES

During the COVID-19 lockdown, B+LNZ formally launched its catchment communities programme – though we have been building our support for catchments across the country for the last year.

As part of the launch and to strengthen our engagement with catchment communities, B+LNZ ran a competition encouraging catchments to send in videos of their work. We received some fantastic applications and you can watch a summary video here: www.facebook.com/beeflambnz/videos/293877071666826



WINTER GRAZING

Improving winter grazing practices is a major priority for the sector. Since last winter, B+LNZ has had a number of joint workshops with DairyNZ across the country, including a new workshop series with agri-professionals, to ensure they had the best and latest advice for farmers.

B+LNZ and DairyNZ also ran a number of online seminars with farmers during the COVID-19 lockdown. The first webinar in Southland had over 300 registrations and it is estimated that around 400 people took part on the day as whole farm teams tuned in. This year is challenging for winter grazing, particularly in Southland as many winter crops were washed out by the floods late last year and some farmers have headed into winter with more stock than is ideal because of unavoidable delays in processing due to COVID-19.

B+LNZ, in collaboration with DairyNZ and a number of regional councils, kicked off a major media campaign to get advice to farmers to best manage this winter. As a result of the Government-led winter grazing taskforce, this year's advice also includes new information about animal welfare.

INNOVATION AND RESEARCH

The sector is continuing to invest heavily in research and development.

HILL COUNTRY FUTURES

Hill Country Futures is an \$8.1 million programme focused on future proofing the profitability, sustainability and wellbeing of New Zealand's hill country farmers, farm systems and rural communities.

B+LNZ, alongside partnering organisations, launched a new website for the Hill Country Futures research programme: www.hillcountryfutures.co.nz

Within the programme, there are four research strands.

Hill Country Futures: stakeholder interviews

The research team have been busy listening to the views and opinions of people who have a stake in the hill country as part of a plan to develop a vision and pathways for the future.

Landscape classification tools

This phase includes the development of a robust model for estimating legume yield and suitability across various New Zealand landscapes, quantifying and mapping landscape micro-scale indicators (soil temperature and moisture) that guide which legume forage mixes are likely to do best in different parts of the landscape, and finally a landscape classification tool that includes measures of natural capital, such as soil biology and organic matter.

Biodiversity in forage landscapes

This phase will summarise existing resources on forage material into a national pasture database and build a legume map showing which legumes will grow where. Another team is investigating the use of native plants as fodder options. Finally, this strand explores development of a forage value selection tool for sheep and beef hill country farming systems.

Communities to market

Central to all the research is sharing the story of Hill Country Futures with New Zealand society and the rest of the world. Working with catchment communities and networks, it will develop stories of continual improvement for the environment, livestock and communities. These will have the potential to be validated through market and farm assurance programmes and feed into New Zealand's Taste Pure Nature campaign.

GENETICS

Genetics is a critical tool to achieving B+LNZ's vision of profitable farmers, thriving rural communities, valued by all New Zealanders. It plays an integral part in our three priorities of unlocking market potential, enhancing our environmental position, and supporting farming excellence.

A new genetic tool will be rolled out soon for farmers that significantly improves on the previous genetic evaluation platform (SIL) and is designed to provide farmers with the best genetic information possible.

Good progress is being made on the low-input sheep progeny test that was started last year. The project, in partnership with MPI, is focusing on:

- animal welfare traits (e.g. tail length, dagginess, bareness of wool) meaning lambs will not need to be docked and require less or no treatments for dag control and flystrike
- breeding sheep that are disease resistant (parasites, pneumonia) that require less or ultimately no drenching
- breeding sheep that are environmentally efficient (methane and feed efficient) – that can produce quality lamb that is fit for purpose and underpins environmentally-sustainable principles.

Excellent progress is also being made on the dairy-beef progeny test, which aims to find bull beef breeds that are friendly to dairy cows, so that more value can be achieved.



HILL COUNTRY
FUTURES

NEW ZEALAND FOOD SAFETY SCIENCE RESEARCH CENTRE

The MIA, through its subsidiary MIA Innovation Limited (MIAi) and co-investment with the New Zealand Food Safety Science Research Centre (NZFSSRC), invests approximately \$1.5 million per annum in innovation and research and development for red meat processing.

While heavily invested in meat quality research and development, and the business of ensuring exemplary food safety, increasingly the research and development investment is focused on emerging issues for the industry around product nutrition and next generation technologies to manage market expectations and the impact of societal-led issues such as climate change and sustainability. Our investment this year will also be strongly influenced by the need to ensure processors have the information they need to manage issues related to COVID-19.

An important resource for the MIA in the response to the COVID-19 pandemic was the robust and credible scientific information generated by the NZFSSRC in response to the pandemic. The NZFSSRC responded quickly to questions from industry and provided key information about the nature of the virus that assisted both industry and government in making informed decision about the management of processing plants as essential services under Level 3 and 4 restrictions.

In the early stages of the response, little was known about the exact nature of the virus and the scientific literature was growing by the hour with new reports about how the virus was transmitted and how to protect workers. Expertise from the NZFSSRC was essential in sorting the credible information from the spurious during this time.

While our understanding about COVID-19 continues to evolve, the guidance provided by the NZFSSRC and the ability to access the expertise of this team has and will continue to play an important role in shaping the MIA's and industry's response to management of the virus.



EMERGING TECHNOLOGY DEMONSTRATION

In November 2019 MIA, with support from WorkSafe NZ and Biosymm Limited, ran a series of workshops to demonstrate the potential of exoskeleton technology for the processing sector.

The Suit-X exoskeletons, developed by researchers from the University of California, Berkeley, are spring-loaded, non-mechanical wearable devices worn on the back or shoulders/arms, that provide support for individuals while bending and lifting. The devices have a role in both injury prevention and worker rehabilitation, supporting an early return to work, with studies showing up to 75 percent reduction in muscle activity for the wearer. They are also a practical tool to increase workplace productivity with evidence also suggesting over 50 percent increases in time to fatigue when undertaking repetitive tasks.

MIA is now working with the industry representatives and WorkSafe NZ to develop a pilot trial for the Suit-X technology specifically for red meat processing operations.

PASTURE-RAISED ADVANTAGE NUTRITION STUDY

In August 2019, MIA Innovation Limited, with co-funding from B+LNZ Limited and support from B+LNZ Inc, began a two-year programme of work to assess the health and wellbeing benefits of pasture-fed beef compared to grain-finished beef and plant-based proteins.

Much of the health, nutritional and environmental data about red meat comes from global studies where animals are raised in grain-finished farm systems. This study focuses on providing robust scientific data about the nutritional impact of including naturally pasture-fed, antibiotic and hormone-free beef raised and processed in New Zealand as the protein of choice in a balanced diet.

The study is composed of four stages.

- Stage 1, a comprehensive analysis of the nutritional profile of the lipids and nutrients in red meat being run by AgResearch, and Stage 2, a lab-based analysis of how red meat is digested being run by The Riddet Institute, are currently underway with results due later this year.
- Results from Stage 1 and 2 will then guide the next two stages of the project, human clinical trials, which are being led by researchers at the University of Auckland.
- In Stage 3 researchers will examine how the beneficial lipids and nutrients from a single meal of New Zealand grass-fed beef are used by the body when compared to other proteins.
- Stage 4 is the highlight of the planned programme of work where the health and wellbeing of 80 healthy participants will be monitored over 10 weeks, as they include pasture-raised beef as part of a balanced diet.

Results from the complete study were due in early 2022 but are likely to be delayed till later that year due to the impact of COVID-19.





PEOPLE AND CAPABILITY

Our sector is a major employer in New Zealand. Attraction and retention, and the health and safety of workers, are key issues.

TRAINING AND DEVELOPMENT

The red meat sector welcomes the Government's investment in Budget 2020 into industry training funding.

In particular, the Government's specific fund to help people unemployed by COVID-19 to retrain and enter the agricultural sector and a major increase in funding towards trades and apprenticeships provides significant opportunities for the sector as we have consistently faced labour shortages.

We look forward to working with the Government on initiatives to find work for people in the sector that have lost their jobs from other industries impacted by COVID-19.

The meat processing industry is one of the biggest on-the-job trainers in New Zealand and the country's largest manufacturing sector, directly employing around 20,000 people, mainly in the regions. Overall, the sector supports approximately 92,000 jobs around the country.

In 2019, meat processors trained more than 5,300 people in NZQA-recognised qualifications with an 83 percent completion rate. As such, the industry needs a strong voice for meat processors in the training system to ensure qualifications are responsive to industry needs and support the development and implementation of workforce strategies and a better skills pipeline.

We look forward to the new Manufacturing, Engineering, Logistics and Technology Workforce Development Council, which will be established later this year, to take a more active and strategic approach to promoting work in the food manufacturing sector and raising awareness among young people that the industry provides excellent opportunities.

MEAT INDUSTRY SCHOLARSHIP PROGRAMME

The Meat Industry Scholarship programme is now in its third year and continues to attract a high calibre of both undergraduate and post-graduate students who are looking to contribute their skills to the sector in the future.

The 2020 intake includes six undergraduate and one post-graduate student, taking subjects including food technology, doctoral research into meat quality, and sales and marketing.

The purpose of the scholarship is to provide a pathway for undergraduate or graduate students into the New Zealand meat processing industry.

MIA is in the process of establishing a mentoring and networking system to support the scholars to get the most benefit from this programme.

www.mia.co.nz/what-we-do/workforce/mia-scholars

IMMIGRATION/LABOUR

Labour shortages have been an ongoing issue for the meat processing sector, which affect the ability to run plants to the desired capacity, fully process all products, and capture the maximum value. Despite a strong commitment to training and employing New Zealanders first and foremost, meat processors have struggled to fill roles and the meat processing sector is approximately 2,000 employees short.

While there will be an even stronger focus by processing companies and farmers on hiring domestically over the coming years, it is likely the sector will still need to bring in Muslim halal slaughterers from overseas as there is a shortage in New Zealand. We hope it will be possible to continue to progress discussions on a streamlined processes for these workers so we can have certainty in this area and in this regard we stand ready to continue to work with the Government on an Industry Sector Agreement for immigration, albeit with a different scope.

HEALTH AND SAFETY

Health and safety remains a high priority for the sector.

The meat processing industry suffered three fatalities in 2019-2020 and six on farm across the arable, sheep and beef sector in the year to May 2020.

While the industry has been putting significantly increased investment into improving health and safety in recent years, the tragedies have caused the industry to refocus on how it can eliminate critical risks in the industry and keep our people safe.

Industry leadership is committed to improving the health and safety performance of the sector to create a safer workplace. Meat processors are investing heavily in new equipment to make workers safer. For example, BladeStop-type bandsaws (which have a laser that automatically stops the machine when a hand gets close to the blade) and other guarding of machinery are becoming increasingly common. B+LNZ has remained focused on providing health and safety support to farmers, in collaboration with WorkSafe NZ.

Red Meat Report



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