



LEVY CONSULTATION 2018

Frequently asked questions so far

With consultation on Beef + Lamb New Zealand's levy increase proposal underway, we've been getting some good questions and feedback from farmers about the proposed increase.

B+LNZ is seeking farmers' views on a proposal to increase the sheepmeat levy by 10 cents to 70 cents per head and the beef levy by 80 cents to \$5.20 per head.

These additional funds are being sought to accelerate four key programmes: international roll-out of the Taste Pure Nature origin brand and the Red Meat Story, helping the sector lift its environmental performance and reputation, telling the farmer story better, and strengthening B+LNZ's internal capability to address biosecurity risks.

As the consultation is running until 13 July, we want to share some of the most commonly asked questions we're been receiving.

Q: The levy proposal talks about biosecurity—does this mean it's going to go towards the *Mycoplasm* *bovis* response?

No. The levy proposal that we're currently consulting on is separate to the industry's share of the *M.bovis* response. The additional investment our levy proposal is seeking is to strengthen B+LNZ's internal capability to prepare for future incursions or issues.

The industry's contribution to funding the *M.bovis* response costs is being negotiated between B+LNZ and DairyNZ, and will likely be raised by a separate biosecurity levy. However, we have already diverted significant staff resources to respond to *M.bovis* and are working closely with DairyNZ and the Ministry for Primary Industries (MPI) including supporting the nationwide road-show and running Biosecurity workshops in conjunction with Dairy NZ, NZVA, regional councils, Ospri and MPI.

Q: Why can't you use the Red Meat Profit Partnership (RMPP) to fund the work outlined in the levy proposal?

We have sought to partner with RMPP as much as possible in order to help the B+LNZ levy go as far as possible (for example in establishing the New Zealand Farm Assurance Programme and Action Network), but the programmes we are now seeking to accelerate under this levy proposal do not sit under the RMPP mandate. RMPP is a 50-50 partnership between government and a range of red meat sector industry partners, including B+LNZ. The government can't fund direct marketing activities. RMPP will also end in 2020.

Q: What has been the processing company reaction to the Taste Pure Nature origin brand? Were they consulted with?

There is strong support from all processing companies for the Taste Pure Nature origin brand, following 18 months of close consultation with them, the government and farmers. At a special workshop in April this year all members of the Meat Industry Association's Council gave their support for the work completed at that point, including the origin brand.

We're now working with each of the companies on the detail of the activation plan for how Taste Pure Nature will be rolled out in export markets.

Q: Taste Pure Nature seems like duplication—why are you involved in marketing when processing companies already do this?

In 2016 we commissioned a comprehensive and independent review of B+LNZ's role in market development involving processing companies and farmers. The overwhelming response was that there was a role but we needed to do things differently.

There is a growing trend globally towards sectors developing a country of origin brand to underpin individual company's brands.

Our research has found that country of origin is the primary basis on which consumers decide what meat to purchase. We have also found that while New Zealand as a country has a positive image with global consumers, there is little knowledge in many markets about how our meat is produced.

The Origin Brand has been designed to complement all producer/ exporter brands, both existing and new. We also expect that individual producer brand owners will continue to invest in their own unique propositions over and above this activity.

The Red Meat Story is vital because there is growing distrust among consumers about red meat, much of which is linked to industrial farming systems. We need to tell New Zealand's story about our natural, grass fed, hormone free production strongly, otherwise we will be affected by these trends.

Q: How will dairy farmers benefit from the proposed increase?

B+LNZ works on behalf of dairy levy payers in a wide range of areas and in close collaboration with the industry. Existing areas include trade policy, to protect and improve New Zealand's access to beef markets; collaboration with DairyNZ on developing sector capability; and research and development such as in dairy beef genetics.

The proposed additional levy will also benefit dairy farmers. B+LNZ's recent alternative proteins report (www.beeflambnz.com/alternative-proteins-report) highlighted that New Zealand's manufacturing beef cull cow exports to the US were most vulnerable as mince type alternative proteins are likely to reach large scale production within 3-5 years. The Red Meat Story and Taste Pure Nature origin brand will help us differentiate ourselves in the market.

The additional investment will enable B+LNZ to lift our activity on the environment and work more closely with the dairy sector in areas like winter grazing and catchments. The negative perceptions about agriculture impact us all. Telling our story better will help overall views about agriculture.

Q: Why should dairy farmers pay twice, one for surplus cows, the other to Dairy NZ?

Dairy farmers are contributing to two product streams from their businesses, each with their own issues and opportunities, through their levy streams to DairyNZ and B+LNZ. For example, trade access for beef (which B+LNZ advocates for) is not the same as trade access for dairy products, but both contribute to the bottom line of dairy farmers. We work closely with DairyNZ in many areas to ensure we do not duplicate each other's work but collaborate to achieve better outcomes overall for dairy farmers.

Q: How will you be able to measure success or demonstrate return on the increased investment?

In terms of Taste Pure Nature, there are a number of measures we will put in place, including tracking the pick-up on the marketing activity, and tracking whether the price for New Zealand beef and lamb increases, especially in the key markets we actively launch the origin brand in. The latter measure is realistically a longer-term one.

For our Environment Strategy, while hard to measure, our objective is minimising the cost of regulation from any policy changes. In Telling the Farmer Story better, we're intending to survey public perceptions and track over time whether there are improvements.

Q: Why are you proceeding with the levy proposal now during the *M.bovis* response?

B+LNZ thought long and hard about proceeding with the consultation due to *M.bovis*, but made the decision to proceed as there is a short window to get ahead of the curve on marketing to combat alternative proteins, and get ahead of environmental regulation. If the consultation was delayed the levy could not be increased until October 2019.