



Beef + Lamb New Zealand

2017-18

### RED MEAT STORY DEVELOPMENT

The red meat story is coming. So far we've put in place the NZ Farm Assurance Programme, via the Red Meat Profit Partnership. This underpins the red meat story, letting consumers know where the product is from, how it was raised and that it's safe for their family to eat. Additionally, it streamlines the audit process for farmers and so if you supply more than one meat company, only one audit is needed. The consumer insights work is underway too. We are currently building personas - this is understanding groups of consumers with specific behaviors - knowing what they spend their money on. We need to understand how they experience food and make decisions related to red meat. These insights will help us shape our story and we'll be testing what we learn in these key markets - USA, China, Indonesia, UAE, UK, India and here at home. You will of been hearing a lot about alternative proteins and their impact on the primary sector. We are leading a piece of work to understand the hype from reality and the opportunities for our industry. We'll keep you posted.

### IMPROVING B+LNZ'S EXTENSION AND INTEGRATION WITH RMPP

For the last three years we've been investing in the Red Meat Profit Partnership which has been trialing some new extension models with pilot farmers around the country to better understand farmer needs and learning styles that lead to greater farmer profitability. They have found that practice change happens when the support around the farm business gives confidence to act. Now we're working with RMPP to roll out what they have learnt. There'll be the opportunity for farmers to get involved in these programmes. The other key change we'll be making is working with more industry partners to get to more farmers. We won't be compromising the independent and robust information that farmers value just aiming to spread it wider and better use farmer levies in doing so.

### RESEARCH AND DEVELOPMENT STRATEGY

Beef + Lamb New Zealand has been looking at ways to develop a more effective approach to research. We started with a review of the B+LNZ-funded science research activities. Which has evolved into a call by sector stakeholders for B+LNZ to lead the development of a sheep and beef sector research strategy aligning the focus and investment of all stakeholders. We're in the final stages of developing this strategy.



To find out more about these projects watch videos online:  
[beeflambnz.com/consultation](https://beeflambnz.com/consultation)





## INFLUENCING GOVERNMENT

You will know that the election is fast approaching and we have teamed up with the Meat Industry Association to present the Government with our sector priorities. The point is to make sure the Government know what we are working on and where it can help the sector. To support the meetings we have with politicians across parties, the policy people and other political decision makers, we have written a blueprint for partnership and you can read the manifesto online. At a glance it covers the sector's commitment to:

- The environment
- The highest of animal welfare standards
- Confidence in food safety
- Better trade access
- A strong biosecurity system
- Innovation and growth
- Health and safety
- Developing a skilled workforce

The manifesto is part of a wider programme of work with government, where we get key facts and figures in front of politicians and policy makers so that they understand the economic contribution of the sheep and beef industry, and the business conditions needed to operate both sustainably and profitably.

## BETTER BIOSECURITY THROUGH GOVERNMENT INDUSTRY AGREEMENTS (GIA'S)

As livestock farmers we know the significance that a major biosecurity breach could have on our sector. PSA in kiwifruit, Velvet leaf, Myrtle Rust and Clover Root Weevil and now *Mycoplasma bovis* are fresh in our minds. Biosecurity is rated as the No1 risk for farmers repeatedly.

For some time now we've been talking with government about both better protecting ourselves and at the same time preparing for the worst case that we hope will never happen. A major part of the Government thinking about biosecurity is Government Industry Agreements (GIA). Based on an Australian model, GIA would see industry involved in making decisions around biosecurity readiness and incursion responses in exchange for agreeing to pay a share of the cost. This investment would also demonstrate a commitment to biosecurity that would lead to GIA's, greater input into biosecurity strategy and performance, beyond readiness and response activities.

The basis of GIA is the Government's position that industries that benefit from biosecurity activities should contribute

to their cost, and that 'where you pay, you have a say'.

On the other side of the coin, government has said that it will directly recover costs from affected industries that have not agreed to cost sharing, and these industries will have less of a say in how biosecurity preparedness and responses are run.

So far, 14 industries have agreed to cost-sharing under GIA - including NZPork and several of the largest horticultural industries. The pastoral sector industries, including us, have been working together to understand what GIA would look like for our industries, using the worst-case scenario of foot and mouth disease as a model.

Later this year, we will be coming back to you to see whether you agree that entering into GIA is a good idea for livestock farmers. We will provide much more detail about both the benefits and drawbacks, and look forward to a good discussion on what is a really significant decision for our sector. Please know we have your backs on this.

## ENVIRONMENT

There is a lot going on and Beef + Lamb New Zealand has been working across issues that intersect with central and local government.

We've been working with farmers in the regional planning processes for water quality, helping them prepare and present their submissions in the hearings. The value of individual farmers telling their story to the hearing panel is immense.

Climate Change and the need to transition the world to a low emissions future is increasingly in the news. Beef + Lamb New Zealand has continued to argue against livestock emissions being in the ETS. We are members of the Biological Emissions Reference Group which is gathering the evidence needed for developing policy on how biological emissions from agriculture should be managed.

Biodiversity is also in the news lately, with sheep and beef farmers the biggest group of QE II National Trust covenanters. The Parliamentary Commissioner for the Environment has just released her report on Saving New Zealand's birds.

With a lot happening in the Environment area, work is underway on refreshing the Environment Strategy to see that it is bold enough to take sheep and beef farmers through to 2040, making them sustainable environmentally, economically and socially. This is going to include making sure that farmers have access to the right tools and that the right policies are in place.

We are committed engaging our urban counterparts too, ensuring they have a better understanding of how we farm, and telling these stories is a priority for Beef + Lamb New Zealand.

## B+LNZ GENETICS UPDATE

B+LNZ Genetics has had a busy period, with breeder and farmer seminars during May's Beef Expo and the Sheep Breeder Forum in late June.

The Beef Progeny Test is beginning to generate some interesting results, with the first of the progeny beginning to be processed from autumn. The carcass scanning data will make for great reading, come spring.

The Sheep Central Progeny Test has been overhauled, so it is more commercially aligned. There are now 180 rams, across nine sites (including six commercial properties and three cadet-training bases) involved.

The recently-launched New Zealand Genetic Evaluation - a bigger, better genetic engine - eliminated variation in breeding values and increased the power and speed to now run a weekly evaluation that includes all SIL flocks which is now providing ram breeders with more accurate results, within faster turnaround times. Development of the engine continues, with significant investment enabling New Zealand breeders to make the most of new technologies, including genomics and decision support tools, in the genetics space - ultimately keeping commercial farmers ahead of the competition.

The initial partnership funding with government will cease in September 2018. We are seeking farmer support through that date but we're also advanced with our planning for how BLG should operate in the future to continue to deliver the genetic tools that farmers want most cost effectively.

## ATTRACTING AND TRAINING NEW PEOPLE FOR THE INDUSTRY

In response to farmer requests Beef + Lamb New Zealand has a comprehensive people and capability investment programme. In fact, our combination with RMPP has seen 4441 people go through our promotion and training programmes in 2016. It's an area that farmers rate as important but also indicated they don't know enough about.

The Red Meat Profit partnership has also been active in the people and capability space which is the pipeline of talent into the sector. We have programmes that raise awareness of the sector from primary through secondary and in the tertiary space. There are over 100 TeenAg clubs through NZYF, 12 Red Meat Network groups set up in our tertiary institutions including both Auckland and Otago Universities and new agriculture resources in our schools with 77 secondary schools now registered to use school resources as part of mainstream subjects such as maths, English and science available since February this year!

With three years to go in the RMPP programme it's timely for us to review where B+LNZ and RMPP people related programmes are at and what the best areas are to invest in on farmers' behalf for the future. We're kicking off a review of this investment and we'll be canvassing farmers to best understand their needs and get their views on where we should be focusing future investment.





## Budget 2017-18 and detailed breakdown

Priorities	Forecast 2016-17 \$,000	Budget 2017-18 \$,000
 <b>Supporting Farming Excellence</b>	13,706	13,519
 <b>Government and Public Insight and Engagement</b>	1,158	1,158
 <b>Unlocking Market Potential</b>	6,357	6,906
 <b>Enhancing our Environmental Position</b>	3,129	3,729
Administration	2,706	2,549
	<b>27,056</b>	<b>27,861</b>

<b>SHEEPMEAT LEVY</b>	Per Head	Cents Per Kilo <sup>1</sup>
Supporting Farming Excellence	\$0.38	2.14¢
Unlocking Market Potential	\$0.15	0.85¢
Government and Public Insight and Engagement	\$0.02	0.13¢
Environment	\$0.07	0.39¢
Administration	\$0.06	0.31¢
	<b>\$0.68</b>	<b>3.82¢</b>
Income		
Levy	\$0.60	3.33¢
NZMB	\$0.05	0.33¢
Interest	\$0.01	0.04¢
Funded by Meat Education Trust	\$0.01	0.06¢
	<b>\$0.67</b>	<b>3.76¢</b>
Levy Surplus/ Deficit	(\$0.01)	(0.06¢)

1. Sheepmeat "Cents Per Kilo" based on an 18kg carcase weight.

<b>BEEF LEVY</b>	Per Head	Cents Per Kilo <sup>1</sup>
Supporting Farming Excellence	\$1.72	0.62¢
Unlocking Market Potential	\$1.35	0.48¢
Government and Public Insight and Engagement	\$0.24	0.08¢
Environment	\$0.63	0.23¢
Administration	\$0.47	0.17¢
	<b>\$4.41</b>	<b>1.58¢</b>
Income		
Levy	\$4.40	1.57¢
NZMB	\$0.15	0.05¢
Interest	\$0.07	0.03¢
Funded by Meat Education Trust	\$0.10	0.04¢
	<b>\$4.62</b>	<b>1.69¢</b>
Levy Surplus/ Deficit	\$0.31	0.11¢

1. Beef "Cents Per Kilo" based on a 280kg carcase weight.

### NEW ZEALAND MEAT BOARD BUSINESS

The New Zealand Meat Board (NZMB) is completely separate from Beef + Lamb New Zealand. The NZMB has two roles, the first is to manage farmer reserves. At 30 September 2017 these will total \$76.5 million. The second responsibility is to manage the quota allocation and certification for the USA beef and veal and both the European Union sheepmeat and goatmeat quota and High Quality beef quota.

Beef + Lamb New Zealand is also required to consult you concerning the use of NZMB reserves and interest. These are proposed to be invested in the Red Meat Profit Partnership, Beef + Lamb New Zealand Genetics and may be considered for funding an advocacy role in the United Kingdom. This may be up to NZ \$300,000 with another half share funded by the Meat Industry Association.

For Beef + Lamb Genetics funding of up to \$1.9 million is budgeted for the 2017-18 financial year, the same as for the 2016-17 year. This is funded from interest income after reserves management costs.

The last year of funding for the Red Meat Profit Partnership from the NZMB is budgeted to be up to \$6 million. In 2016-17, \$4 million was funded and these will complete NZMB funding commitments. This funding has drawn down capital from the NZMB reserves. This is consistent with the proposal voted on by farmers in 2013.

### INVESTMENT APPROACH

The NZMB has been re-evaluating the purpose of the reserves fund and considers that these reserves are more in the nature of a trust for future generations which should both be maintained in purchasing power over time, but also be grown in value over time to be available for future red meat initiatives.

The NZMB has run a low risk policy of capital preservation, ready saleable bonds and term deposit investments held both in New Zealand and offshore markets. In today's interest rate environment this is generating low returns.

The Board is considering a change in investment approach to include a balanced portfolio of investments (bank deposits, bonds, equities and property) which would continue to be held both in NZ and offshore. This portfolio while also having the same low-risk policy for capital preservation is expected to provide an improved return over the status quo in the medium to longer term.

The Board will keep you informed of progress as the new approach is thoroughly reviewed and will be included in the reserves policy consultation in February and March 2018 the outcome of the review.

# Our Strategy 2017-22

## Vision

*Our desired future for NZ's sheep and beef producers*

**Profitable farmers, thriving farming communities, valued by all New Zealanders**

## Priorities

*How we generate impact*



**Supporting Farming Excellence**



**Government & Public Insight & Engagement**



**Unlocking Market Potential**



**Enhancing our Environmental Position**

## What does success look like in 2022

*Key goals that will guide our operational activities over the next 5 years*

- 1 Through consumer insight the NZ Red Meat Sector Story, NZ Farm Assurance Programme and Market Innovation creates a platform for improved pricing.
- 2 Market access through FTA's has increased enabling maximum market value to be captured and returned to farmers.
- 3 Farmers have grown profitability through productivity, efficiency and improved cost of production.
- 4 The time and cost of regulatory compliance has been streamlined.
- 5 Farmers are recognised for their commitment to the environment while maintaining the productive capacity of land.
- 6 Farmers have access to the right people with the right skills and a new generation of leaders is developing.
- 7 Dairy farmers, beef farmers, and industry working together to maximize opportunities.
- 8 Insights drive rapid product and service development with tangible value captured by farmers.



### SUPPORTING FARMING EXCELLENCE

*Providing insights, tools and services that build better farm businesses*

- Sector R&D Strategy implemented
- B+LNZ Genetics – next generation
- New and collaborative extension system
  - › Farmer Action Groups\*
  - › Farm benchmark system\*
  - › Future farm programme
  - › Online knowledge hub\*
- Review People & Capability investment for future direction
- Dairy engagement strategy to;
  - › Achieve better integration
  - › Pan pastoral issues cooperation



### GOVERNMENT & PUBLIC INSIGHT & ENGAGEMENT

*Backing our farmers on the issues that count*

- Insight driven policy development
- Monitor and influence key policy/regulatory processes;
  - › Health & Safety
  - › Animal Welfare
  - › Animal Identification (NAIT)
  - › Biosecurity (e.g. GIA)
- Partner others to improve sector health & safety performance
- Engage public on key reputational issues to increase understanding and support
- Proactive issues management for key industry risks



### UNLOCKING MARKET POTENTIAL

*Championing our world class farmers, and unlocking the sector's full market potential*

- Market Development
  - › Market /Consumer Intelligence
  - › Red Meat Sector Story implemented (domestic and international)
  - › The New Zealand Farm Assurance (NZFAP) adopted by all farmers\*
  - › Market innovation programme with sector collaboration
- Trade Access
  - › Success with FTA's and no loss in market access due to BREXIT
  - › Reduction of Non-tariff barriers
  - › International farmer alliances enhance trade



### ENHANCING OUR ENVIRONMENTAL POSITION

*Strengthening our farmers reputation in NZ and globally through sustainable environmental management*

- Sector environment strategy implemented
- Policy and regulation fit for purpose
- Farmers tools to optimise and measure environmental change
- Urban communities are engaged and trust farmer environmental initiatives
- Partner others to measure and report sector progress
- An authentic environmental story is told and has measured impact

\*linked to B+LNZ investment in the Red Meat Profit Partnership