



**2009/2010  
ANNUAL REPORT**

Read before  
31 March 2011

Net weight  
725,000 tonnes

**NZ \$7.6 Billion**







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# Beef + Lamb New Zealand at a glance

Beef + Lamb New Zealand is the farmer owned industry organisation representing New Zealand's sheep and beef farmers.

Beef + Lamb New Zealand invests your levies to support a growing sheep and beef industry that will provide sustainable returns for you and your family.

To do this Beef + Lamb New Zealand focuses on four programme areas – Farm, Market, People and Information – to deliver the tools and services and information you need to make decisions. It's all geared towards making continuous improvement on your farm and securing better market access as well as positive product positioning in the market.







**FARM**  
Deliver research, development and technology transfer for whole farm systems



**MARKET**  
Deliver market strategies to improve access, demand and positioning for New Zealand meat and related products



**PEOPLE**  
Provide leadership to improve the standing of the sheep and beef sector to attract and retain skilled people



**INFORMATION**  
Provide credible information and analysis to support better decision making

Developing tomorrow's leaders and building a skilled workforce

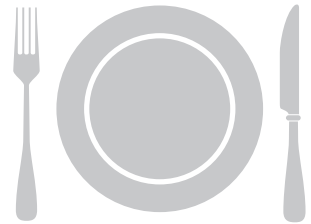


Research and tools to grow more and better grass to meet market needs 

» Delivering independent information and



Eliminating trade barriers and investing alongside meat exporters to promote New Zealand beef and sheepmeat



analysis to help decision making across the sector >>

What has your levy  
achieved?






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To enable you to assess Beef + Lamb New Zealand's performance, a set of metrics and measurements have been developed for an annual scorecard. Please refer to appendix one on page 47 for our full annual scorecard.

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EXPORT PRODUCTION  
FORECAST ACCURACY:

**BEEF** **+1.8**  
**SHEEP** **0**  
**MEAT** **-0.7**

 **80%**  
**UPLIFT**  
OF CO-FUNDED MARKETING  
MONEY BY MEAT COMPANIES

**90%**  
RETENTION OF  
BEEF + LAMB NZ  
UNDERGRADUATE  
SCHOLARSHIP  
RECIPIENTS WITHIN  
THE INDUSTRY

**10,684**  
FARMER INTERACTIONS



## Building a stronger presence in the regions

In 2010 Beef + Lamb New Zealand created a team of specialist Extension and Survey Managers to help us stay connected with farmers and provide outcomes that are relevant and add value to farm businesses.

Regional staff previously split their time between extension work and the Beef + Lamb New Zealand Economic Service's farm survey. There are now two teams – one to focus on collection of the farm survey data and the other to exclusively focus on extension activities.

This means the Extension Managers have a 100 percent focus on extension work – developing and delivering information, resources and solutions that meet the individual regional needs of sheep and beef farmers.

## Farmer Council a key driver of success

The Sheep & Beef Council was reshaped in 2010 and renamed the Beef + Lamb New Zealand Farmer Council, with a new mandate to act as the bridge between grassroots farmers and Beef + Lamb New Zealand.

The Farmer Council's new role is to advise on research investment, and guide the development of extension, alongside Extension Managers and farmer Directors.

Each region has different extension needs and this strengthened regional focus addresses those issues and puts the decision making with those who best understand the local farmer requirements.

## World-first tool for ram buyers launched

New Zealand sheep farmers now have a powerful internet-based tool to help them identify breeders producing rams with the genetic traits most relevant to their operation.

FlockFinder ([www.sil.co.nz](http://www.sil.co.nz)) is the first ram buyer-focused tool of its type, and was developed by Beef + Lamb New Zealand's Sheep Improvement Limited (SIL). It works by trawling through the world's largest genetic evaluation of sheep, held in the SIL database, to locate flocks meeting the search criteria. As a result, it can find flocks a user didn't know about, but which may be able to supply rams that suit their needs.

## Strong investment partnerships

Beef + Lamb New Zealand has developed strong investment partnerships with other industry organisations to research areas of benefit to the sector. This approach increases the likelihood of success and speeds up progress.

An example is our investment in Pastoral Genomics, a joint venture between us, the Foundation for Research, Science and Technology, Fonterra, DairyNZ, DeerResearch and AgResearch. This collaboration is developing new forages that perform better and have a smaller environmental footprint.

## Keeping our eye on the prize

Beef + Lamb New Zealand has supported the New Zealand Government in its efforts to liberalise trade conditions through Free Trade Agreements. In 2010 the United States, our largest beef market, began negotiating to join the Trans Pacific Partnership. We are providing information and advice to the Government negotiators to assist them in achieving an agreement that eliminates tariffs and other trade barriers – and delivers strategic benefits for the sector in the wider Asia/Pacific region.

In 2010 we hosted the Five Nations Beef Alliance, a group set up with beef producers from Canada, the United States, Mexico and Australia to progress common trade policy and technical issues.

## Working together on common issues

Beef + Lamb New Zealand needs to have strong relationships with other sheepmeat and beef producing countries to ensure we can work together on common issues as they arise in key markets.

We convened the International Sheepmeat Forum in Brussels in October 2009 – an unprecedented meeting of 130 delegates from 20 countries looking at ways to address the lack of profitability in the sheepmeat sector. In 2010 we hosted the Five Nations Beef Alliance, a group set up to progress trade policy and technical issues with beef producers from Canada, the United States, Mexico and Australia.



## Marketing efforts \$1 million better off

Beef + Lamb New Zealand attracted commitment for an additional NZ\$1 million from industry to assist with lamb marketing efforts in the United Kingdom and European markets in 2010-11.

This commitment reflects a change in the way Beef + Lamb New Zealand and commercial exporting companies will work together to invest in these markets – away from generic mass marketing to an approach that targets consumers closer to the point of purchase.

## Grass-fed beef brand hits the mark

The New Zealand grass-fed beef brand was launched in North Asia in 2008 to raise the awareness of New Zealand beef with consumers. New opportunities in 2009-10 showed the brand is having a real impact.

A valuable partnership developed with Burger King in Taiwan, culminating in joint marketing and promotional activities highlighting the brand and the attributes of New Zealand grass-fed beef. A number of Taiwanese importers chose to use the New Zealand grass-fed beef brand on their delivery trucks.

## Getting ahead together

Beef + Lamb New Zealand joined forces with DairyNZ and New Zealand Young Farmers to create Get Ahead, a new programme promoting agricultural careers to teenagers.

Get Ahead allows Beef + Lamb New Zealand and DairyNZ to pool funding and other resources, combine the best ideas from each organisation, and present a consistent message about the great career opportunities agriculture provides. Young Farmers will use its extensive network to deliver events like experience days, career expos and teen agriculture clubs.

## Supporting the best

Beef + Lamb New Zealand scholarships support students with a passion for agriculture, so they can gain the education they need to support the sustainable development of New Zealand's sheep and beef sector.

Three Beef + Lamb New Zealand scholarship students were recognised as top achievers in 2010. Hamish Best was named Massey University's Agriculture and Applied Sciences Student of the Year, and diploma students Chris Cowie and Matthew Woods picked up awards at Telford Rural Polytechnic.

## A solid basis for business planning

The accuracy and independence of the information produced by Beef + Lamb New Zealand's Economic Service gives the sector solid information for business planning.

The 2010 lamb crop report was keenly anticipated by the sector following tough spring and lambing conditions in several parts of the country. While New Zealand lamb numbers were back 10 per cent on last season, the Economic Service predicted decreased lamb numbers would not translate directly to lower lamb exports, as fewer replacement lambs would be retained by farmers.

## An objective view of the sector

The Red Meat Sector Strategy, initiated in July 2010, has worked through a huge amount of industry information and data to look at issues and opportunities across the sector from market to farm.

The Economic Service was an important part of the process, preparing a toolbox of objective information on industry structure and the current farm and market data, including analysis to test a range of possible incentives, drivers and opportunities.



# Board of Directors

Farmers elect six of the Beef + Lamb New Zealand Directors, representing three electorates in the North Island and three in the South Island. Their terms are for three years, and elections are rotated. Two directors are appointed to represent the interests of meat processors and exporters.



## Leon Black

Farmer Representative,  
Southern South Island

Served since: 2008  
Term expires: 2011

03 224 6106  
021 855 106  
[blackd@es.co.nz](mailto:blackd@es.co.nz)

Leon runs an all-sheep, mostly stud operation on 328 hectares in Southland.

## Craig Hickson

Processor-Exporter  
Appointee

Served since: 2008  
Term expires: 2011

06 873 9090  
027 439 0009  
[craig@progressivemeats.co.nz](mailto:craig@progressivemeats.co.nz)

Craig runs a mixed 1200 hectare sheep, deer and beef farm in Hawke's Bay. He is the Managing Director and a shareholder of Progressive Meats. He is a shareholder and Director of Ovation NZ Limited, Lean Meats, Te Kuiti Meats, Progressive Leathers and Venison Packers.

## Kirsten Bryant

Farmer Representative,  
Western North Island

Served since: 2010  
Term expires: 2013

06 342 7755  
027 275 1690  
[oneida.hills@xtra.co.nz](mailto:oneida.hills@xtra.co.nz)

Kirsten farms three sheep and beef properties in the Taumarunui and Wanganui districts: 1174 hectares at Kirikau, 410 hectares at Piriaka and 485 hectares at Fordell.

## James Parsons

Farmer Representative,  
Northern North Island

Served since: 2009  
Term expires: 2012

09 409 4056  
021 206 3208  
[jparsonsnuffield@gmail.com](mailto:jparsonsnuffield@gmail.com)

James farms a 370 hectare Northland hill country farm in Broadwood, running 1000 high performance ewes and typically 300-400 bulls wintered on cell grazing systems.



**Andy Fox**

Farmer Representative,  
Northern South Island

Served since: 2006  
Term expires: 2012

03 314 3763  
027 519 9642  
[foxaj@xtra.co.nz](mailto:foxaj@xtra.co.nz)

Andy farms mainly sheep and beef on 1405 hectares at Scargill Valley, one hour north of Christchurch.

**Anne Munro**

Farmer Representative,  
Central South Island

Served since: 2010  
Term expires: 2013

03 685 5772  
027 228 9627  
[munropa@farmside.co.nz](mailto:munropa@farmside.co.nz)

Anne farms a 1037 hectare hill country property in the Mackenzie District. The property runs a diversity of livestock – currently 3500 Romney-cross sheep, 240 breeding cows, 60 goats and 345 grazing dairy stock.

**Keith Cooper**

Processor-Exporter  
Appointee

Served since: 2009  
Term expires: 2012

03 477 3980  
021 442 190  
[keith.cooper@silverfernfarms.co.nz](mailto:keith.cooper@silverfernfarms.co.nz)

Keith is the Chief Executive of Silver Fern Farms. He is a Director of the Meat Industry Association, the NZ Lamb Company North America, Farm Brands and Robotic Technologies.

**Mike Petersen (Chairman)**

Farmer Representative,  
Eastern North Island

Served since: 2004  
Term expires: 2011

06 858 7230  
021 243 7344  
[tepuna@farmside.co.nz](mailto:tepuna@farmside.co.nz)

Mike owns a 400 hectare finishing farm in Hawke's Bay. He is a Director for a number of industry organisations and has grown his farming governance roles since 2005 as a Director of the board of Whangara Farms and several privately owned farming companies. Mike is involved in farming businesses overseeing nearly 200,000 sheep and beef stock units in New Zealand.

## Governance statement

The Board of Directors is committed to a governance framework for Beef + Lamb New Zealand Limited that ensures the strategic guidance of the company, the effective monitoring of management by the Board, and the Board's accountability to the Company and the stakeholders (New Zealand farmers).

The principal functions of the Board of Directors are:

- setting the governance framework
- strategic planning and risk management
- monitoring
- authorisation
- fiscal control.

During 2009-10 the Board adopted the following governance objectives (which are in line with best practice principles recommended by the Securities Commission of New Zealand):

The Board will:

- lay solid foundations for management and oversight
- structure itself to add value
- promote ethical and responsible decision making
- use committees where this enhances its effectiveness in key areas, while retaining Board responsibility
- foster constructive relationships with livestock farmers that encourage them to engage with Beef + Lamb New Zealand

- encourage enhanced performance
- safeguard the integrity of its reporting (both financial and business performance) and make timely disclosures on Beef + Lamb New Zealand's affairs
- ensure that the Company has appropriate processes to recognise and manage risk
- remunerate fairly and responsibly.

The Board has two standing committees to assist it in discharging its responsibilities:

- Audit & Risk Committee
- Honorary, Remuneration & Expense Committee.

Each committee operates in accordance with its Board-approved charter, which is annually reviewed by the Board. Special ad hoc project committees are formed as required. All committees make recommendations to the Board.

The Board also maintains a formal set of delegated authorities that clearly define the responsibilities that are delegated to Management and those that are retained by the Board. These delegated authorities are approved by the Board and are subject to formal review by the Board on a regular basis.





# Chairman's report

2009-10 saw a huge amount of change for the organisation as we launched a new way of doing business.



**Mike Petersen**  
Chairman  
Beef + Lamb New Zealand



2009-10 was a year of significant change for the organisation as we organised ourselves as a meat-only organisation focused on delivering tools, services and information for sheep and beef farmers.

We changed our name to Beef + Lamb New Zealand Ltd on 1 July and share the name and brand with Beef + Lamb New Zealand Inc, responsible for the domestic promotion of beef and lamb. Farmer levies alongside funding from New Zealand meat retailers support this domestic promotion and while we continue to operate as separate entities, sharing the name does align our work more closely on behalf of farmers.

The 2009 referendum delivered a mandate for the next five years and we launched a new Strategic Plan that identifies four programme areas for the organisation to operate in: Farm, Market, People and Information.

The Strategic Plan's vision is for a growing sheep and beef industry providing sustained profits for future generations. We will achieve that vision by delivering tools and services that support decision making and continuous improvement in market access, product positioning and whole farm systems.

Market activities centre on improving access, demand and positioning for New Zealand meat and related products. The organisation is working at the market end, providing more insights through detailed market research and analysis and creating better linkages to align trade and technical policy with the promotion of sheepmeat and beef. Increasingly, we are working alongside New Zealand commercial processors and exporters on targeted promotional programmes to increase preference for New Zealand meat with consumers in export markets.

The People programme has a range of activities designed to attract and retain skilled people – and to develop the next generation of leaders for the sector.

Through the Beef + Lamb New Zealand Economic Service – which has been operating for 60 years – we are providing independent information and analysis to help sheep and beef farmers make the best decisions for their businesses.

We believe if all sheep and beef farmers used the tools and information currently available to them through Beef + Lamb New Zealand, they would achieve a 3 percent increase in their on-farm performance and that's a target we've set for ourselves.

To get farmers to engage with the organisation, find out what's available and then apply the information and resources on-farm, we now deliver our Farm programme extension activities through an electorate-based regional structure.

Specialist Beef + Lamb New Zealand Extension Managers are working closely with the organisation's farmer Directors and the newly formed Farmer Council (formerly the Sheep and Beef Council) to make sure the needs of each region are considered before farmer levies are invested.

There are two Farmer Councils in the Northern North Island electorate (Northland and Mid-Northern North Island) and one each in the other five electorates – Western North Island, Eastern North Island, Northern South Island, Central South Island and Southern South Island.

In each electorate the Farmer Council, Extension Manager and farmer Director are developing regional delivery plans that determine the activities that farmer levies will be invested in within the electorate for the coming year. To best meet the needs of farmers, each electorate will choose the most relevant and valuable tools and services from Beef + Lamb New Zealand. These include Monitor Farms, Beef Profit Partnerships, Farmer Initiated Technology Transfer (FITT) programmes, and events such as seminars, field days and workshops on tools like Land and Environment Plans (LEPs) and Flockmaster.

As well as our new region-based structure, we introduced other initiatives during the year to increase our connection with farmers.

In August 2010 nearly 2000 farmers attended 100 meetings organised in woolsheds up and down the country. They were planned to give farmers the opportunity to ask questions of Beef + Lamb New Zealand Directors and give direction on where the organisation should place its effort. It was also a chance for us to talk about how Beef + Lamb New Zealand is improving the effectiveness of our on-farm extension activities, to ensure farmers can access tools and services to improve productivity and reduce costs.



In September we conducted a series of needs analysis workshops throughout the country, talking to farmers about what they need. A strong theme from all of the workshops was the need for Beef + Lamb New Zealand to play the role of 'independent advisor' on best practice matters. Farmers are inundated from all quarters with teams of sales people selling new animal treatments and forages. They want us – as an independent body working for them – to give them that information.

The Monitor Farm Programme, which sees farmers work with farmers to adopt new technologies, is operating well in many areas but we are reviewing it to see where further improvements can be made. We are also planning a new initiative for demonstration farms that will test new science and apply some of the existing research and information. These will roll out in 2011.

The Emissions Trading Scheme (ETS) remained a concern for many sheep and beef farmers and Beef + Lamb New Zealand continued to lead thinking in this area by providing information and analysis to the Government to ensure sheep and beef farmers are not disadvantaged.

Our work has clearly succeeded in this area, and we now have recognition from the Government that an ETS that includes on-farm animal related emissions will break the sector, if no other countries head in this direction. Various Ministers, including the Prime Minister, have now acknowledged publicly that on-farm animal related emissions will not be included in an ETS if no other country in the world does the same.

The Government's current timeframe has animal emissions included in the ETS in 2015, but there are two prior review periods set for 2011 and 2014 which we will actively participate in. We are working hard to ensure that on-farm animal related emissions are never included in an ETS in New Zealand.

Another key piece of work during 2009-10 was the initiation of the Red Meat Sector Strategy in July. This is a critical step towards improved profitability within the sector and is being developed by Deloitte for Beef + Lamb New Zealand, the Meat Industry Association with funding support from the Ministry of Agriculture and Forestry and New Zealand Trade and Enterprise.

The first part of the strategy is a study of the issues and opportunities across the sector from market to farm. Information has been collated from a wide variety of sources, including farmers and meat processors. This information has been analysed and the emerging themes reported back to the sector for discussion before recommendations are finalised and the strategy released on May 4, 2011.

In Phase Two, willing industry participants will collaborate to adopt and implement initiatives to drive change. These may include research and innovation, market development or whole-of-supply-chain initiatives.

The strategy will have a five to 10 year outlook, but immediate opportunities within the value chain will be identified for rapid action. We are confident this piece of work will allow us to put a stake in the ground to identify the opportunities and then work with like-minded companies to address them.

The low level of confidence in the sector made work on developing the Red Meat Sector Strategy all the more important.

The climate in recent years has delivered successive droughts in some parts of the country and wet weather and snow devastated some areas during 2010.

But despite extreme weather patterns, rising costs and an unfavourable exchange rate, the opportunities for the sector are real. We expect sheepmeat and beef prices to continue their steady upward trend.

The time Beef + Lamb New Zealand has spent on building relationships in Europe, and discussing with our counterpart organisations the importance of sheepmeat imports into Europe has been invaluable. Chilled exports to Europe are up 20 percent year on year in response to demand, which has added significantly to the better pricing we are seeing at home.

As well as a strong market, we are seeing a fall in the global supply of beef and lamb, and continued population and income growth, particularly in Asia, driving real fears about food shortages in the future.

If we took all of the food that New Zealand produces each year we could only feed 20 million people (or 60 million meat meals) in a world that has a population of 6.5 billion, and rising to 8 billion by about 2030. To put it simply, food is the issue and New Zealand sheep and beef farmers are at the heart of this opportunity which we must actively pursue.

In closing, I would like to take this opportunity to thank the many volunteers who contribute to Beef + Lamb New Zealand's activities all over the country, particularly the members of the Farmer Council and those involved in our Monitor Farm Programmes. I would also like to acknowledge the work of Beef + Lamb New Zealand's Directors and staff during another busy year.

It has been a year of significant change for our organisation and we believe the foundations are now set for a more effective organisation with a clear direction.

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Research investment is focused on sustainable farm systems, improved forage for hill country and dry sites and improving young animal growth rates – particularly at time of increased feed availability.

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# Chief Executive's report



**Dr Scott Champion**  
Chief Executive  
Beef + Lamb New Zealand

2009-10 signalled a new direction for our organisation, and it has been a year of intense operational activity as we moved on with a meat-only focus.

It has remained a very challenging business environment for farmers, and we have continued our work to make a difference by investing farmer levies in a range of activities to advance the sheep and beef sector.

In 2009-10 we concentrated on finding more effective and efficient ways of delivering benefit to farmers, and we developed a strategic plan that sets a new course, quite different to that of the past.

The annual report is an opportunity to give you a snapshot of some of the work that has been completed across our four programmes:



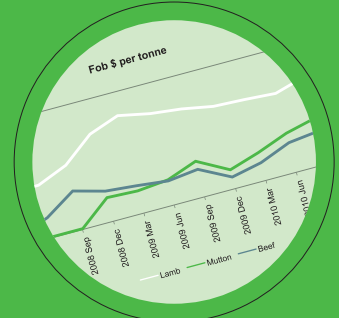
**Farm**



**Market**



**People**



**Information**



## Local issues, local solutions

A key focus for Beef + Lamb New Zealand is developing the best tools and services for farmers, and increasing its extension efforts to achieve greater uptake – and greater productivity – by farmers.

Our regional approach sees the local Farmer Council working closely with Extension Managers and the farmer Director to develop a Region Delivery Plan (RDP). An RDP is the activity plan for the next 12 months, detailing what the Farmer Council will do, how it will do it, and how it will monitor its implementation. This process ensures each Farmer Council has the flexibility to prioritise and allocate funds based on the individual needs of the region, choosing from a range of programmes from Beef + Lamb New Zealand.

The opportunity for more regional input into the investment of levies has been welcomed by Farmer Council members and the wider farming community.

## Staying in touch with farmers

Beef + Lamb New Zealand held more than 240 farmer events in 2009-10, attended by around 8900 farmers. Events ranged from hands-on ewe post-mortem workshops in Northland to science days at Massey and Lincoln Universities, winter seminars in the Southern South Island, a beef focus day in Taranaki, and a series of short woolshed meetings to give Eastern North Island farmers unbiased information on the two new drench families released onto the market, and what they mean for worm management. A series of seminars on entry and exit strategies for sheep and beef farming in the Eastern Northern Island was particularly successful, attracting more than 400 farmers.

Extension Managers continued to keep their local farming communities informed by sending out regular email newsletters of regional events, news and resources.

2009-10 saw a number of regions affected by adverse events, including extreme dry in the Northern and Eastern North Island, earthquakes in Canterbury, spring storms

in the Southern South Island, and tough lambing and spring conditions in parts of the North Island. Beef + Lamb New Zealand Extension Managers were on the ground to assist farmers by monitoring the situation, assessing progress as conditions changed, and providing resources to help farmers recover in the short, medium and long term.

In September 2010 Beef + Lamb New Zealand conducted a series of needs analysis workshops throughout the country, talking to farmers about what they need. The information gathered has shaped our research investment.

## Monitor Farm Programme

The Monitor Farm programme has been supporting sheep and beef farmers for 19 years, with Beef + Lamb New Zealand providing funding, assisting with annual programme development, and analysing and presenting farm production and financial data.

In 2010 a review was initiated to look at how Beef + Lamb New Zealand should fund and support the Monitor Farm programme in the future to ensure it delivers value to sheep and beef farming businesses. There is a growing need for targeted programmes that help farmers develop innovative ways of optimising whole farm systems. For example, farmers need to look at the connections between fertiliser application, forage selection, grazing systems, genetics and market demand – all linked to a supply contract.

With the review in progress, we continued to fund community groups whose individual programmes had finished, so they could hold discussion groups, issue-specific workshops or field days, or special technical interest events for their areas.





## Beef Profit Partnerships

2009-10 saw four Beef Profit Partnerships operating in Gisborne-Wairoa, Waikato, Northern Southland and Southern South Island.

The Beef Profit Partnership (BPP) programme aims to improve the annual profitability of participating farmers by 5 percent within two years. Farmers use accelerated adoption techniques developed by Australia's Beef Cooperative Research Centre (Beef CRC) to measure, monitor and evaluate current practices, and set goals and objectives to improve profitability.

One focus of the Gisborne-Wairoa Beef Profit Partnership was trialling yard weaning, an Australian technique for weaning calves. Farmers in the group were able to get advice from Australian research centres and farmers, and then share their findings with farmers in other regions.

## Demonstration Farms

Planning got underway for a new extension initiative that will use demonstration farms to test new science and apply some of the existing research and information.

Demonstration Farm workshops were planned in conjunction with Massey and Lincoln Universities to develop a framework so regions can build their own programmes.

## Sponsorship to support key industry events

During 2009-10 Beef + Lamb New Zealand sponsored a number of key events that support the development of a growing and sustainable sheep and beef industry.

In 2010 we became sponsors of the Ballance Farm Environment Awards, which highlight best practice farming systems, and recognise sheep and beef farmers using information and tools to support improvements in productivity while creating a sustainable environment.

We affirmed our involvement in the 2011 Maori Excellence in Farming Award, the Ahuwhenua Trophy competition, to showcase excellence in sustainable economic and environmental management by Maori sheep and beef farmers, and also the Grasslands conference, presenting the latest in forage and feed research.

## Steak of Origin and Glammies

The Steak of Origin and Glammies competitions were again successfully held, attracting significant media interest and around 500 entries. Both competitions celebrated the very best of New Zealand beef and lamb and challenged farmers to continually strive for improvements in the paddock to plate journey.

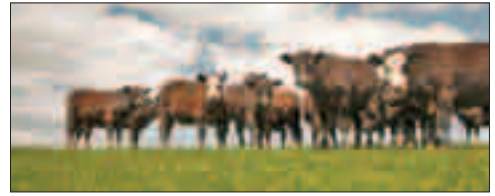
## Genetics

In 2009-10 New Zealand's largest farming company, Landcorp, decided to move the performance recording system for its sheep flocks to Beef + Lamb New Zealand's Sheep Improvement Ltd (SIL) database, making it the most extensive genetic dataset for sheep in the country.

In August SIL launched FlockFinder, a world-first internet-based tool to help farmers identify ram breeders producing rams with the genetic traits most relevant to their operation. A second tool – RamFinder – was also released for testing. This is aimed predominantly at ram breeders who want to find individual animals with specific combinations of genetic merit for different traits.

Genetic evaluations and indexes for growth and meat traits were updated to more effectively separate meat yield from animal size. The previous meat index favoured large animals whereas the new meat index focuses on tissue yield. Size effects are now placed entirely in the new growth index.

SIL worked with Ovita, AgResearch and Pfizer to develop a procedure for blending DNA-based breeding values with SIL's quantitative-based breeding values to produce more informative "genomic breeding values" or gBVs.



## Research and development

Beef + Lamb New Zealand continued to develop strong investment partnerships with other industry organisations to research areas of benefit to the sector, through initiatives like the Sustainable Farming Fund and Pastoral 21.

Investment in Ovita with the Ministry of Science and Innovation and research conducted by AgResearch led to new advances in biological tools to help farmers identify animals that suit specific production systems, market endpoints and climatic conditions. The first commercially available 50,000 SNP chip DNA-marker panel was released by Pfizer Animal Genetics. This product identifies a number of traits in several sheep breeds, including faecal egg count, number of lambs born, carcass weight and weaning weight.

The CarLA Saliva Test for parasite resilience was also commercially launched by AgResearch. This test provides an accurate and simple way to select animals which suffer less from the effects of parasitic worms, and pass fewer worm eggs onto pasture.

Johne's Disease Research Consortium produced new prevalence data for infection rates in New Zealand, and results from immune studies gave us information that may be used to develop new vaccines and diagnostics. The Consortium is also developing Johne's disease control and management information for distribution to farmers and veterinarians.

Our investment supported the Pastoral Greenhouse Gas Research Consortium's world-leading research aimed at reducing agricultural greenhouse gases. Consistent differences were identified in sheep methane emissions, paving the way for animal selection to be used as a mechanism for reducing greenhouse gas emissions in livestock.

During 2009-10 researchers gave 85 presentations to farmers and industry groups on Beef + Lamb New Zealand-funded research projects. Farmers showed particular interest in research on "low cost easy care" sheep and dry area pasture plants. 2009-10 also saw growing interest from sheep breeders in the Central Progeny Test, an ongoing service to New Zealand's sheep industry that identifies sources of rams that are superior for traits important to the buyer, by creating across flock and breed connections.

Other projects funded during the year included heifer and cow production efficiency, Californian thistle control, improving hill country forage, reliable brassica establishment and yield, management of beef cattle for high fertility, increasing the lambing percentage of hoggets, management of ewes with multiple lambs, combining refugia and combination drenches, measuring and reducing nitrate, phosphate, soil losses, and improved management of sheep parasites to slow drench resistance.

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Beef + Lamb New Zealand has developed strong investment partnerships to increase research success and speed up progress.

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...art  
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Schweinesteaks  
... 100g - 59€  
Schweinewitzel  
... 100g - 59€

too Rich  
New Zealand Lamb  
...ker!

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Natürlich zart und lecker -  
New Zealand Lamb





## Five Nations Beef Alliance

In February 2010 Beef + Lamb New Zealand hosted beef producers from Canada, the United States, Mexico and Australia. New Zealand's relationships with the other beef alliance countries ensure we can work together on trade policy and technical issues as they arise in key markets, and engage with international regulators, knowing that the other nations will understand our position and in some cases lend their support.

## Tri Nations Lamb Group

Beef + Lamb New Zealand continued its commitment to the Tri-Nations Lamb Group, a forum that enables us to work with Australian and United States lamb producer groups to develop the United States market.

The Group's major focus has been raising awareness among Americans of the health benefits of eating lamb, regardless of origin. Members have also agreed to align policy positions on various issues wherever possible and share information and networks in areas like sheep genomics.

## Nutrient content of our meat cuts

Work continued on updating data on the nutrient content of New Zealand beef and sheepmeat cuts and offals. This information is needed to meet consumer demand and provide nutritional information at both retail and food service across all key markets. Nutritional data is also essential so we can accurately compare grass-fed and grain-fed beef.

## National Animal Identification & Traceability (NAIT)

Beef + Lamb New Zealand has continued its involvement in the NAIT project, which aims to introduce an animal identification and traceability system that protects New Zealand's access to overseas markets and safeguard farmers' incomes.

In January 2010 the Government committed to the implementation phase of the project for cattle and deer. Beef + Lamb New Zealand is continuing to represent sheep and beef farmers' interests to ensure the system is robust, affordable for farmers, and has strict rules to protect access to and use of data.

## International relationships

The International Sheepmeat Forum held in Brussels in October was a Beef + Lamb New Zealand initiative to look at ways to address the lack of profitability in the sheepmeat sector and falling sheepmeat consumption and production. The unprecedented meeting of 130 delegates from 20 countries generated strong support for the need to work together on the common issues facing the sector, such as developing a common standard for calculating the carbon footprint of sheepmeat.

During the year we met with European farming leaders to further strengthen our relationships. While there is some debate around the shoulders of the season, they showed a clear understanding of the complementary nature of New Zealand's supply and the role that this plays in sustaining Northern Hemisphere demand for sheepmeat year round.

Our attendance at the International Meat Secretariat World Meat Congress in September provided another excellent opportunity to work with other producer organisations on issues like sustainability, animal welfare, animal identification and traceability, and food safety risks, to ensure they don't become barriers to international markets.





## Trade agreements

Free trade agreements (FTAs) are critical for improving access to key markets. Beef + Lamb New Zealand continues to support the New Zealand Government's negotiations by providing the background information and depth of analysis that negotiators need when they deal with agricultural matters.

In 2010 the United States, our largest beef market, began negotiating entry to the Trans Pacific Partnership (TPP), offering the prospect of lower tariffs and improved market access across the Asia Pacific region. In July, Chairman Mike Petersen attended a business roundtable in Seoul to support negotiations with Korea, New Zealand's second largest market for beef, where we face high tariff and technical barriers to trade.

## Environment

Beef + Lamb New Zealand attended the Copenhagen Climate Summit in December 2009 to represent the interests of sheep and beef farmers.

We also supported research to determine the greenhouse gas footprint of New Zealand lamb, to meet the increasing interest in this information and ensure consistent, practical and scientifically based methods were used. Analysis of the greenhouse gas footprint of New Zealand beef got underway during the year.

## A new approach to marketing programmes

2010 marked the start of a significant shift in the way Beef + Lamb New Zealand delivers its global market development programmes.

We are moving away from our traditional generic mass-marketing approach, towards aligning our investment with commercial exporting companies and their partners in the market, targeting consumers closer to the point of purchase.

The first phase will occur in the United Kingdom and European sheepmeat markets during 2010-11 and has attracted an additional NZ\$1 million of commercial export company investment. The second phase will be rolled out in 2011-12 in New Zealand's major beef export markets, based on the findings of market research currently being undertaken.

In the meantime, Beef + Lamb New Zealand staff in Wellington and our offshore offices in Brussels, London, Washington, Tokyo, Seoul and Beijing continued to work hard during 2009-10 to support beef and lamb sales and positioning in key overseas markets.

## Continental Europe

Lamb isn't traditional fare in Germany, so our aim was to kick-start consumption by getting consumers to try New Zealand lamb through in-store tasting promotions at the point of purchase. All New Zealand lamb sold in Germany is identified by the New Zealand lamb rosette or packaging that highlights our natural, pasture-fed production systems.

Beef + Lamb New Zealand supplied the New Zealand lamb that the All Blacks helped prepare at a cooking event organised by New Zealand Trade and Enterprise, ahead of a rugby game against Italy in Milan. This was a great opportunity to promote New Zealand lamb as a premium food product in the promising Italian market.

## United Kingdom

Beef + Lamb New Zealand's "A National Obsession" campaign signalled to consumers the start of the new lamb season in the United Kingdom. Advertising showed a lifeguard – renamed a lambguard – looking after grazing sheep, reinforcing to British consumers that our lamb is grass-fed year-round and produced in natural farming systems.

The campaign had a presence on television and in print media, but an increasing focus was on online media. Through consumer e-newsletters containing recipes, competitions and tips, almost a quarter of a million British households received information about New Zealand lamb in every issue.



## Japan

Beef + Lamb New Zealand plays to the health-conscious Japanese market to grow awareness of New Zealand grass-fed beef and position it as inherently distinct from other beef supplied to the market.

A business forum involving Prime Minister John Key and industry leaders, followed by an All Blacks' Bledisloe Cup match, put the spotlight on New Zealand in late 2009. Beef + Lamb New Zealand capitalised on the attention by holding a media briefing and a number of joint venture promotions in Tokyo and Okinawa to raise the profile of New Zealand beef.

## Taiwan

Beef promotion activities in Taiwan focused on building and defending market position against strong competition from Australia and the United States, particularly after Taiwan further eased its restrictions on United States beef in November 2009.

A highlight of the year was teaming up with Burger King to support two promotions, which saw the New Zealand grass-fed brand prominently displayed in 41 stores across Taiwan. Burger King was keen to align with New Zealand grass-fed beef because of New Zealand's pure and natural farming systems and our beef's consistent quality. The promotions will run at regular intervals through to 2011.

## Korea

New Zealand grass-fed beef is unique in the Korean market, so Beef + Lamb New Zealand's promotional activity in this market focuses on highlighting this point of difference to Korean consumers.

During the year millions of commuters saw New Zealand grass-fed beef advertising in over 500 carriages on two key subway lines, and on the sides of buses running along 48 routes in central and suburban Seoul. The campaign boosted consumer interest in New Zealand grass-fed beef and translated into higher customer numbers at retail outlets.

## China

Beef + Lamb New Zealand promotions in China aim to lift awareness and demand for New Zealand grass-fed beef in the hotel and restaurant sector. Relationships with key importers and influencers are critical, so initiatives included seminars for chefs and importers, point of sale materials to support the food service sector, and joint promotions with hotels, restaurants and importers.

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Beef promotions in North Asia markets focus on New Zealand's point of difference, grass-fed beef.

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## Promoting agricultural careers

OutStanding in the Field experience days funded by Beef + Lamb New Zealand allowed secondary students and teachers to try out the roles agriculture has to offer and learn more about the sector.

During the year Beef + Lamb New Zealand collaborated with DairyNZ and Young Farmers to develop Get Ahead, a new careers promotion programme that will be introduced in 2011. Get Ahead allows us to pool resources to reach more secondary students and teachers in more locations across New Zealand. As well as experience days, Get Ahead will include school visits, a focus on increasing teen agriculture clubs in secondary schools, and events targeted at school principals and careers advisors.

## Scholarships

We continued to award scholarships to students with a passion for contributing to the sheep and beef sector. This year we supported 10 students completing undergraduate degrees at Lincoln and Massey Universities, and seven students enrolled in diploma courses at Taratahi Agricultural Training Centre, Telford Rural Polytechnic, Eastern Institute of Technology and Lincoln University. As well as funding course fees, Beef + Lamb New Zealand provides scholarship students with career guidance and helps them develop their industry knowledge.

## On-the-job training

As there is a direct link between training and business performance, we supported Agriculture ITO by investing farmer levies in training for 522 staff employed on sheep and beef farms. This training builds better employees by allowing them to develop their skills while earning wages.

## Leadership development

We supported a number of programmes to ensure leaders are developed at all levels of the sector. These included Nuffield Scholarships, the Kellogg Rural Leadership Programme, the FAME (Food and Agribusiness Market Experience) programme, and Young Farmers. The Beef + Lamb New Zealand Farmer Council also acts as a valuable link by helping to identify the industry's future leaders.

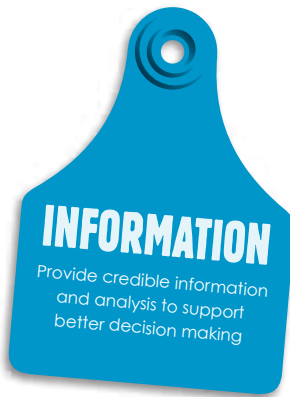
Beef + Lamb New Zealand worked closely with the Agri-Women's Development Trust to support the new Escalator programme, which aims to increase the pool of women with the skills and capability to govern and lead agricultural organisations.

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Beef + Lamb New Zealand is supporting programmes to develop people at all levels of the sector.

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## Farm survey celebrates 60 years

The Beef + Lamb New Zealand sheep and beef farm survey began in 1950 and is central to our activities. It provides a sound base for the Economic Service's forecasts of meat and wool production and trends in the sector, by linking together physical production with financial returns and the capital structure of farms.

During the year the Economic Service Managers visited 550 commercial sheep and beef farms throughout New Zealand to gather information on sales, purchases, production, financial accounts and livestock numbers. Farmers were also contacted at the end of June to update actual stock numbers, and again at the end of lambing, to establish lamb crop numbers.

## Meeting the sector's information and analysis needs

The trends shown by farm survey data were published in several key reports, including the *Stock Number Survey*, *Lamb Crop*, and *Movements in Sheep & Beef Farm Input Prices*. After producing the *Sheep & Beef Mid-Season Update* in February, in September 2010 the Economic Service published its estimate of the actual farm situation for the new season ahead.

The accuracy and independence of the information produced by the Economic Service give farmers, meat processors, consultants and other organisations solid information for business planning. The *Lamb Crop Report* published in November 2010, for example, was particularly anticipated by the sector following tough spring and lambing conditions in the Southern South Island and Central North Island. During the year the Economic Service responded to over 700 media enquiries and requests for presentations or papers.

The Economic Service continued to provide the Government with information and analysis on the Emissions Trading Scheme to ensure sheep and beef farmers are not disadvantaged. We also prepared snapshots of New Zealand sheepmeat and beef production to ensure we accurately represented the position of sheep and beef farmers at international forums.

During 2010 work began on redeveloping the Beef + Lamb New Zealand website. The new website will enable farmers to access Economic Service data and apply it to their own farming businesses. This will allow farmers to compare their businesses against others and provide a useful tool for decision making.

# Promoting beef and lamb in the domestic market



The important work of promoting beef and lamb to domestic consumers continued to be supported by farmer levy investment in Beef + Lamb New Zealand Inc.

Iron Brion toured primary schools to educate children on the importance of lean beef and lamb as part of a healthy, well-balanced diet. Beef + Lamb New Zealand Inc also encouraged the use of beef and lamb through the National Secondary School Burger Competition and Ambassador Chef visits to trainee chefs.

Television advertising featured Sarah Ulmer, Sarah Walker, Caroline Meyer and Georgina Earl, and during the year cyclist Alison Shanks also joined the Iron Maiden team.

Over 700 health professionals and educators received regular nutrition information from Beef + Lamb New Zealand Inc. In addition, more than 200 requests for cookery and health and nutrition resources were answered every month.

Restaurants entering the 2010 Beef and Lamb Excellence Awards were anonymously assessed on their beef and lamb main course dishes, with only those reaching a sufficiently high standard receiving the accolade. In addition, six chefs were chosen as Beef and Lamb Ambassadors because of the exceptional skills they displayed.

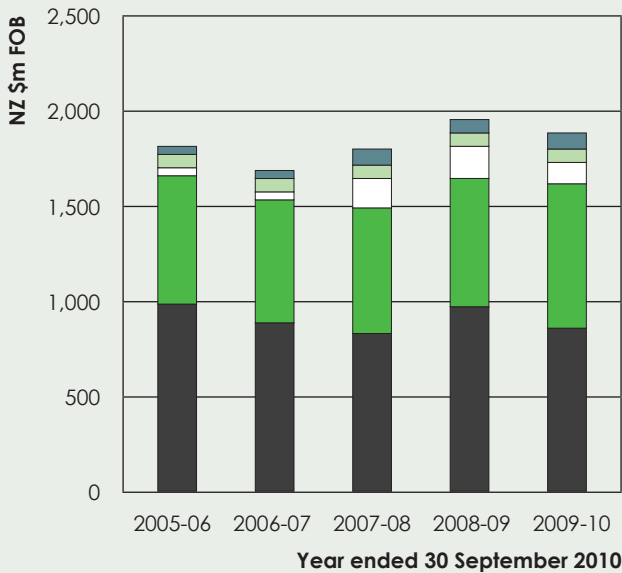
Major retailers continued to show support for the Quality Mark, and it was used as a call to action for shoppers in a 15-second television commercial that aired during the year.

# Statistical highlights

## Value of New Zealand Beef and Veal Exports

● North America ● Asia ○ EU  
● Pacific ● Other

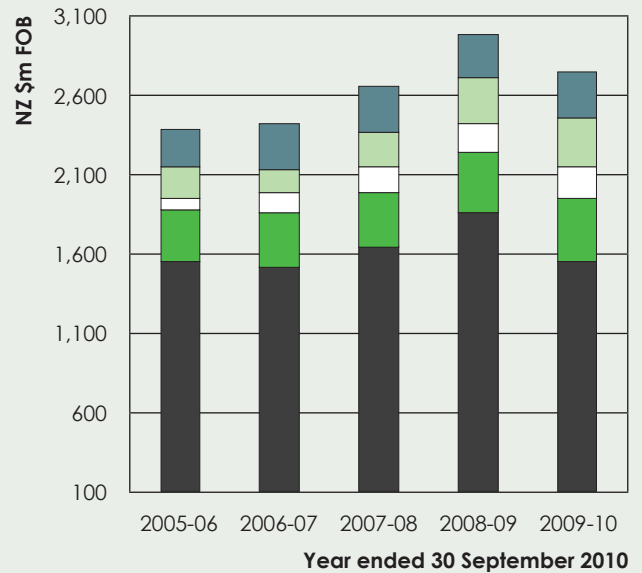
Source: Beef + Lamb New Zealand Economic Service



## Value of New Zealand Lamb and Mutton Exports

● EU ● North America ○ Middle East  
● North Asia ● Other

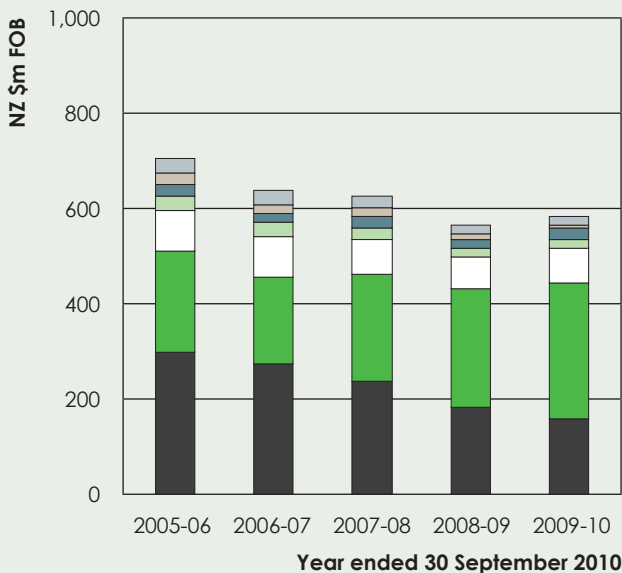
Source: Beef + Lamb New Zealand Economic Service



## Value of New Zealand Wool Exports

● EU ● Northern Asia ○ Southern Asia ● Pacific  
● Middle East ● North America ● Other

Source: Beef + Lamb New Zealand Economic Service, Statistics New Zealand



Independent information  
and analysis.



## Meat Shipments by Destination, Shipped Weight (tonnes)

Year ended 30 September 2010

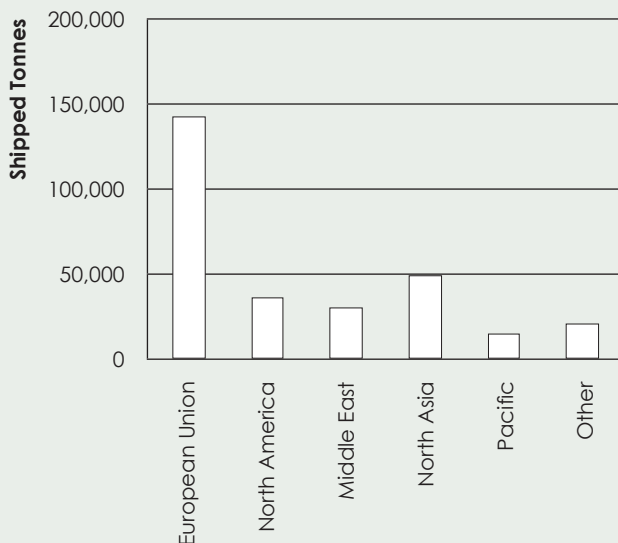
Note: Totals may not add due to rounding. Source: Beef + Lamb New Zealand Economic Service

Destination	– Lamb –		– Mutton –		– Beef & Veal –		– Other –		– Total –	
	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10
Africa	7,593	7,798	4,141	2,993	980	1,458	7,276	7,757	19,990	20,006
Caribbean	4,416	5,184	649	762	2,222	1,843	590	934	7,876	8,723
European Union	153,775	146,319	29,188	18,260	12,107	11,144	15,151	13,810	210,222	189,533
Eastern Europe	1,694	1,402	839	805	619	1,200	2,216	2,702	5,369	6,109
Mediterranean	8	24	10	5	105	96	0	1	124	126
Middle East	28,659	30,010	5,268	6,184	6,112	8,774	2,742	3,763	42,781	48,731
North America	33,639	35,405	7,060	8,750	205,227	183,586	1,246	1,073	247,171	228,814
North Asia	48,761	48,950	10,378	15,241	88,936	93,590	17,075	17,352	165,150	175,133
Pacific	20,364	14,445	3,177	2,248	8,938	9,648	2,258	2,103	34,737	28,444
South America	47	0	1	0	16	0	196	213	260	213
South Asia	3,892	3,846	5,745	7,723	37,889	54,094	14,774	16,405	62,298	82,068
Western Europe	2,351	2,259	152	128	498	593	1	7	3,002	2,987
<b>Total Shipments</b>	<b>305,199</b>	<b>295,642</b>	<b>66,608</b>	<b>63,099</b>	<b>363,649</b>	<b>366,026</b>	<b>63,525</b>	<b>66,120</b>	<b>798,980</b>	<b>790,887</b>

### Major Lamb Markets by Destination

Year ended 30 September 2010

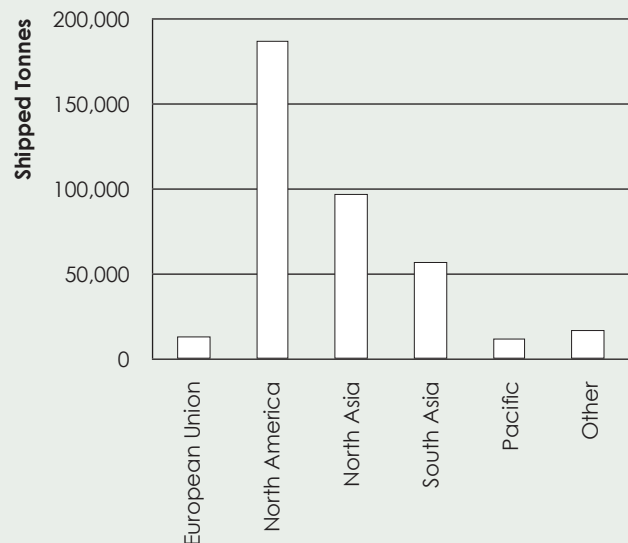
Source: Beef + Lamb New Zealand Economic Service  
New Zealand Meat Board



### Major Beef & Veal Markets by Destination

Year ended 30 September 2010

Source: Beef + Lamb New Zealand Economic Service  
New Zealand Meat Board







## Wool Shipments by Destination (tonnes clean)

Year ended 30 September 2010

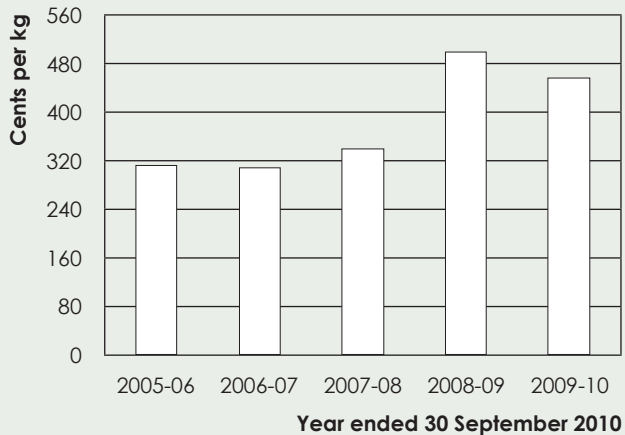
Source: Beef + Lamb New Zealand Economic Service  
Statistics New Zealand

Destination	Fine Wool (< 24 micron)		Medium Wool (24 to 31 micron)		Fine Crossbred (> 31 to 35 micron)		Strong Crossbred (> 35 micron)		Total	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Africa	74	19	157	269	81	38	443	448	755	774
European Union	2,382	1,447	6,851	6,097	13,136	10,076	12,985	19,293	35,354	36,913
Eastern Europe	0	0	60	223	391	313	175	108	625	644
Mediterranean	0	0	78	29	297	227	1,692	2,284	2,066	2,540
Middle East	0	0	0	275	811	1,017	2,929	3,817	3,740	5,109
North America	1	71	271	247	1,224	1,098	1,023	904	2,519	2,320
North Asia	4,337	4,634	13,834	9,825	16,087	23,695	13,139	15,597	47,397	53,751
Pacific	58	39	0	38	292	348	4,500	4,599	4,850	5,024
South America	171	134	206	72	18	106	9	72	405	384
South Asia	131	207	1,634	1,365	3,675	2,350	10,407	12,968	15,847	16,890
Western Europe	0	0	0	0	108	54	157	0	265	54
<b>Total</b>	<b>7,152</b>	<b>6,550</b>	<b>23,089</b>	<b>18,440</b>	<b>36,121</b>	<b>39,321</b>	<b>47,459</b>	<b>60,091</b>	<b>113,822</b>	<b>124,402</b>

### Export Lamb Farm Price

All Grades, incl. wool pull

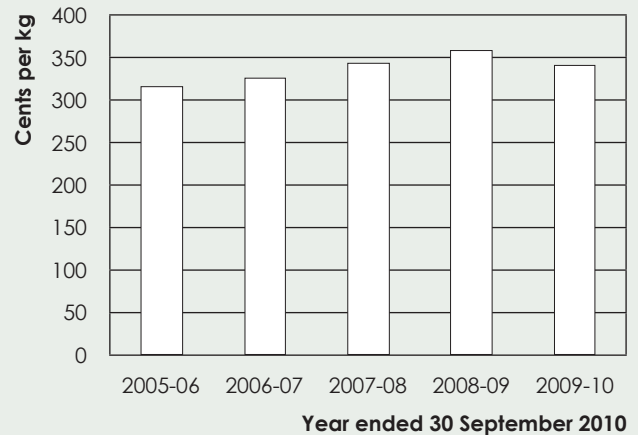
Source: Beef + Lamb New Zealand Economic Service



### Export Steer and Heifer Farm Price

All Weights

Source: Beef + Lamb New Zealand Economic Service

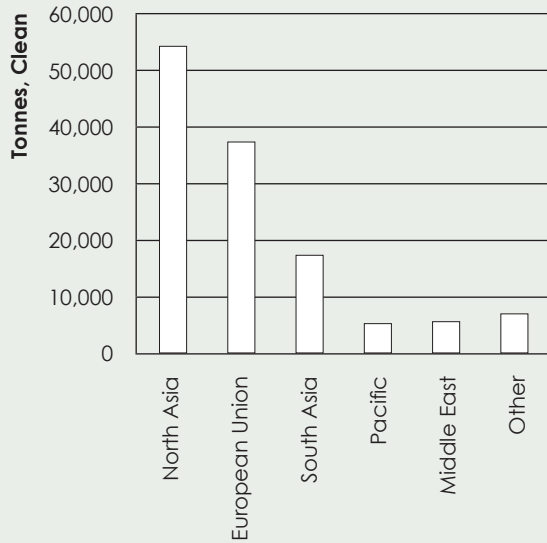




## Major Wool Markets by Destination

Year ended 30 September 2010

Source: Beef + Lamb New Zealand Economic Service



## New Zealand Raw Wool Exports – Clean

Year ended 30 June 2010

Source: Beef + Lamb New Zealand Economic Service, Statistics New Zealand

	Average Auction Price \$ per kg	FOB Wool Shipped \$ per kg	Wool Exports 000 t	Raw Wool FOB Export Receipts \$ m	Export Volume Scoured
2003-04	4.69	5.27	140.4	740.1	73%
2004-05	4.38	4.97	133.9	665.7	78%
2005-06	4.01	4.64	148.4	688.8	75%
2006-07	4.16	4.56	143.5	655.1	79%
2007-08	4.21	4.48	136.9	612.7	77%
2008-09	4.15	4.93	115.4	568.6	72%
2009-10	4.19	4.50	122.9	552.6	73%

## Wool Production

Year ended 30 June 2010

Source: Beef + Lamb New Zealand Economic Service, Statistics New Zealand

	Opening Sheep (000s)	Slip Greasy <sup>1</sup> 000 t	Shorn Greasy 000 t	Total Greasy 000 t	Shorn Wool Greasy kg / head
2003-04	39,552	25.9	191.8	217.7	5.50
2004-05	39,271	28.4	187.1	215.5	5.49
2005-06	39,880	25.5	199.0	224.5	5.63
2006-07	40,098	29.8	187.7	217.5	5.42
2007-08	38,460	30.6	175.1	205.7	5.35
2008-09	34,088	25.1	132.3	157.4	4.62
2009-10	32,384	23.1	155.2	178.3	5.51

1. Post 2004-05 slip excludes sheepskins & Pre 2004-05 includes sheepskins.



## Average Export Carcase Weights

kilograms per head  
Year ended 30 September 2010

Source: New Zealand Meat Board

	2008-09	2009-10p
<b>LAMB</b>		
North Island	17.70	17.58
South Island	17.65	17.68
New Zealand	17.67	17.63
<b>MUTTON</b>		
North Island	23.65	23.38
South Island	25.44	26.12
New Zealand	24.56	24.74
<b>STEER AND HEIFER</b>		
North Island	272.56	279.96
South Island	285.20	292.91
New Zealand	275.96	283.53

p: provisional.

## Value of New Zealand Exports<sup>1</sup>

\$ million FOB<sup>2</sup>

Source: Beef + Lamb New Zealand Economic Service  
Statistics New Zealand

Year ended 30 September	2009	2010
<b>Meat</b>		
Lamb	2,589.8	2,346.6
Mutton	346.5	344.2
Beef and Veal	1,906.4	1,852.7
Edible Offal	180.0	187.6
Other Meats	448.2	401.0
<b>Total Meat</b>	<b>5,470.8</b>	<b>5,132.0</b>
<b>Other animal products</b>		
Hides and Skins	171.5	174.8
Tallow	120.6	134.3
Animal Oils and Fats	18.7	22.3
Crude Animal Materials <sup>3</sup>	341.8	291.8
Meat meal and Pet food	172.1	116.7
<b>Total Other Animal Products</b>	<b>824.7</b>	<b>739.9</b>
<b>Total Meat Sector</b>	<b>6,295.5</b>	<b>5,871.9</b>
<b>Wool Sector</b>		
Raw Wool	550.4	570.2
Tops, Yarns & Sliver	93.6	99.5
Carpets & Rugs	69.3	82.0
Other Final Woollen Products	32.9	30.1
<b>Total Wool Sector</b>	<b>746.2</b>	<b>781.8</b>
<b>Total Meat and Wool Sector</b>	<b>7,041.6</b>	<b>6,653.7</b>
Dairy	9,782.8	10,027.6
Livestock and Other	166.9	202.9
Total Horticulture & Arable	2,259.4	2,105.8
Processed Agriculture (Excluding Processed Wool)	1,776.8	1,802.6
Other Agricultural Exports	660.1	597.1
<b>Total Agriculture</b>	<b>21,687.6</b>	<b>21,389.6</b>

1. Excludes re-exports.

2. FOB: Free on Board.

3. Sausage casings, tripe, glands, bladders, etc.



## Total Inspected Livestock Slaughtering

Thousand head<sup>1</sup>

Source: Ministry of Agriculture and Forestry

Year ended 30 September	2008-09	2009-10
Lambs	22,640.9	21,410.6
Adult Sheep	4,223.7	3,926.7
Calves & Vealers	1,421.6	1,552.3
Adult Cattle	2,430.8	2,375.9
Pigs	690.6	694.1
Goats	109.4	112.2

1. Slaughtering at meat export slaughterhouses and local market abattoirs only. Slaughtering include those of animals wholly condemned.

## Meat Production Available for Export<sup>1</sup>

Thousand tonnes, bone-in

Source: New Zealand Meat Board

Year ended 30 September	2009	2010p
Lamb	397.9	369.1
Mutton <sup>2</sup>	98.3	90.5
Beef	591.7	580.9
Bobby Veal	25.4	25.1
Goat	1.2	1.2
<b>TOTAL</b>	<b>1,114.4</b>	<b>1,066.8</b>

1. Includes production withdrawn from export stocks for local consumption.

2. Mutton includes hogget.

p: provisional.

Note: Totals may not add due to rounding.

## Total Inspected Meat Production<sup>1</sup>

Thousand tonnes

Source: Ministry of Agriculture and Forestry

Year ended 30 September	2008-09	2009-10
Lamb	397.6	375.2
Mutton	101.9	95.7
Bobby Veal and Veal	24.9	25.3
Beef	611.7	610.2
Pigmeat	46.7	47.0
Goatmeat	1.2	1.2
<b>Total</b>	<b>1,184.0</b>	<b>1,154.6</b>

1. Bone-in or carcase weight. Meat production from livestock slaughtering at meat export and local market abattoirs only. Meat from horses is excluded.

Note: Totals may not add due to rounding.

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Data collected from 550 commercial sheep and beef farms is used by the Economic Service for its meat and wool production forecasts.

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## New Zealand Sheep Numbers

At 30 June 2010  
Thousand head

Source: Beef + Lamb New Zealand Economic Service  
Statistics New Zealand

	2009	2010p
Total Sheep	32,384	32,515
Breeding Ewes	22,169	21,727
Breeding Ewes as % of total	68.5	66.8
Number of Lambs Tailed <sup>1</sup>	27,895	24,820
Lambing % Breeding Ewes <sup>2</sup>	121.5	109.6

1. Lambs tailed includes lambs from hoggets.

2. Lambing % for calendar year shown.

p: provisional.

## New Zealand Cattle Numbers

At 30 June 2010  
Thousand head

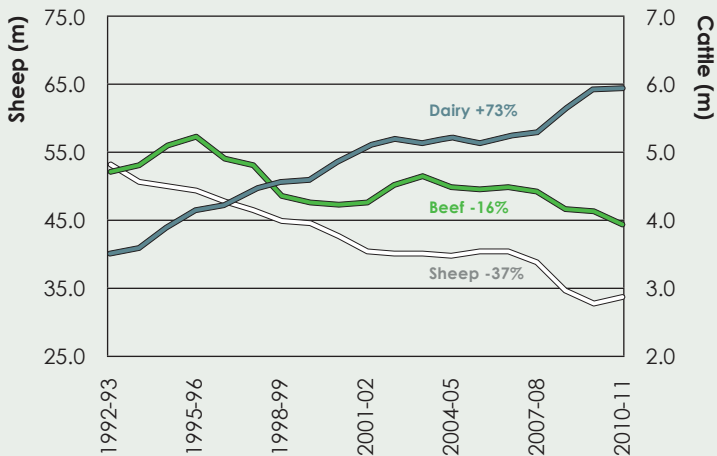
Source: Beef + Lamb New Zealand Economic Service  
Statistics New Zealand

	2009	2010p
Dairy Cows and Heifers in Calf or Milk	4,607	4,684
Other Dairy Cattle	1,254	1,319
<b>Total Dairy Cattle</b>	<b>5,861</b>	<b>6,003</b>
Beef Breeding Cows	1,096	1,137
Other Beef Cattle	3,005	2,787
<b>Total Beef Cattle</b>	<b>4,101</b>	<b>3,924</b>
<b>Total Cattle</b>	<b>9,962</b>	<b>9,927</b>

p: provisional.

## New Zealand Sheep and Cattle

Source: Beef + Lamb New Zealand Economic Service





# Financial statements

## Income Statement

For the year ended 30 September 2010

In thousands of New Zealand dollars	– Year Ended 2010 –			– Year Ended 2009 –		
	Total	Levy Stream	Non Levy Stream	Total	Levy Stream	Non Levy Stream
Levies received	24,368	24,368	-	28,962	28,962	-
Other income	11,696	7,486	4,210	10,558	7,192	3,366
Other operating expenses	(34,969)	(33,036)	(1,933)	(41,731)	(37,587)	(4,144)
<b>Net operating surplus/(deficit) from operating activities</b>	<b>1,095</b>	<b>(1,182)</b>	<b>2,277</b>	<b>(2,211)</b>	<b>(1,433)</b>	<b>(778)</b>
<b>Net finance income</b>	<b>230</b>	<b>(299)</b>	<b>529</b>	<b>2,699</b>	<b>1,312</b>	<b>1,387</b>
Share of surplus/(deficit) of associates	(51)	(51)	-	(544)	-	(544)
<b>Surplus/(deficit) before income tax</b>	<b>1,274</b>	<b>(1,532)</b>	<b>2,806</b>	<b>(56)</b>	<b>(121)</b>	<b>65</b>
Income tax expense	-	-	-	-	-	-
<b>Surplus/ (deficit) for the period</b>	<b>1,274</b>	<b>(1,532)</b>	<b>2,806</b>	<b>(56)</b>	<b>(121)</b>	<b>65</b>

This statement is to be read in conjunction with the accounting policies and notes on page 42.

## Statement of Comprehensive Income

For the year ended 30 September 2010

In thousands of New Zealand dollars	2010	2009
<b>Surplus/(deficit) for the period</b>	1,274	(56)
<b>Other comprehensive income</b>		
Effective portion of changes in fair value of cash flow hedges	429	(820)
Net change in fair value of available-for-sale financial assets	16	(329)
<b>Other comprehensive income for the period</b>	445	(1,149)
<b>Total comprehensive income for the period</b>	1,719	(1,205)
Attributable to:		
Levy payers	(1,103)	(678)
Meat Education Fund	(118)	(423)
Special Reserves	2,940	(104)
<b>Total recognised income and expenses for the period</b>	1,719	(1,205)

This statement is to be read in conjunction with the accounting policies and notes on page 42.



## Parent Statement of Levy Stream Performance

For the year ended 30 September 2010

2010 In thousands of New Zealand dollars	Beef	Sheep	Goat	Wool	Total Levy Stream
<b>Income</b>					
Levy Income	9,039	11,445	-	3,322	23,806
Grant Funding from New Zealand Meat Board	474	1,665	-	-	2,139
Finance Income	123	198	-	119	440
Fees	83	414	-	65	562
Other Income	613	923	-	169	1,705
R & D Tax Credits	2	3	-	-	5
<b>Total income</b>	<b>10,334</b>	<b>14,648</b>	<b>-</b>	<b>3,675</b>	<b>28,657</b>
<b>Expenditure</b>					
Market Development	4,134	4,659	-	82	8,875
Research & Development	1,189	2,717	9	442	4,357
Wool Technical, Enterprise & WIN (2009)	-	-	-	1,850	1,850
Market Access	1,171	1,827	-	98	3,096
Administration	1,349	2,044	-	235	3,628
Uptake	802	1,259	-	74	2,135
Information & Analysis	623	1,155	-	85	1,863
People & Capability	152	281	-	242	675
Communications	267	385	-	25	677
<b>Total operating expenditure</b>	<b>9,687</b>	<b>14,327</b>	<b>9</b>	<b>3,133</b>	<b>27,156</b>
<b>Net operating surplus/ (deficit) for the period</b>	<b>647</b>	<b>321</b>	<b>(9)</b>	<b>542</b>	<b>1,501</b>

This statement is to be read in conjunction with the accounting policies and notes on page 42.

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Beef + Lamb New Zealand Ltd Group  
records \$1.274 million surplus.

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## Statement of Changes in Equity

For the year ended 30 September 2010

In thousands of New Zealand dollars	– 2010 –				– 2009 –			
	Contributed equity	Investment fair value reserve	Retained earnings	Total Equity	Contributed equity	Investment fair value reserve	Retained earnings	Total Equity
Balance at beginning of period, 1 October	-	(874)	27,583	26,709	-	275	27,639	27,914
<b>Total comprehensive income for the period</b>								
Surplus/ (deficit) for the period	-	-	1,274	1,274	-	-	(56)	(56)
<b>Other comprehensive income</b>								
Effective portion of changes in fair value of cash flow hedges	-	429	-	429	-	(820)	-	(820)
Net change in fair value of available-for-sale financial assets	-	16	-	16	-	(329)	-	(329)
<b>Total other comprehensive income</b>	-	445	-	445	-	(1,149)	-	(1,149)
<b>Total comprehensive income for the period</b>	-	445	1,274	1,719	-	(1,149)	(56)	(1,205)
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-
<b>Balance at end of the period, 30 September</b>	-	(429)	28,857	28,428	-	(874)	27,583	26,709

This statement is to be read in conjunction with the accounting policies and notes on page 42.

## Statement of Cash Flows

For the year ended 30 September 2010

In thousands of New Zealand dollars	2010	2009
Net cash flows from operating activities	1,852	62
Net cash flows from investing activities	(8,569)	(4,544)
Net cash flows used in financing activities	(783)	149
Net increase/ (decrease) in cash and cash equivalents	(7,500)	(4,333)

This statement is to be read in conjunction with the accounting policies and notes on page 42.

## Balance Sheet

As at 30 September 2010

In thousands of New Zealand dollars	2010	2009
<b>TOTAL EQUITY EMPLOYED</b>	28,428	26,709
<b>Represented by:</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	8,187	15,687
Trade and other receivables	3,668	3,234
Other investments	18,460	5,370
Derivative financial instruments	22	625
<b>TOTAL CURRENT ASSETS</b>	30,337	24,916
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	415	327
Intangible assets	291	146
Investments in associates	317	368
Other investments	2,488	7,013
Term receivables	91	38
<b>TOTAL NON-CURRENT ASSETS</b>	3,602	7,892
<b>TOTAL ASSETS</b>	33,939	32,808
<b>CURRENT LIABILITIES</b>		
Trade and other payables	4,434	3,915
Derivative financial instruments	138	636
Provision for restructuring	-	750
Deferred income	144	-
Employee entitlements	492	759
<b>TOTAL CURRENT LIABILITIES</b>	5,208	6,060
<b>NON CURRENT LIABILITIES</b>		
Derivative financial instruments	-	12
Lease liabilities	197	-
Loans and borrowings	81	-
Employee entitlements	25	27
<b>TOTAL NON-CURRENT LIABILITIES</b>	303	39
<b>TOTAL LIABILITIES</b>	5,511	6,099
<b>NET ASSETS</b>	28,428	26,709



**M C Petersen**  
Chairman

**A C D Fox**  
Chairman Audit & Risk Committee

The Board of Directors authorised these financial statements for issue on 08 December 2010.

This statement is to be read in conjunction with the accounting policies and notes on page 42.



## Notes to Summary Financial Statements:

1. These summary accounts have been prepared in accordance with NZGAAP for a public benefit entity as it relates to summary financial statements.
2. The specific disclosures included in the summary financial report have been extracted from the audited financial statements dated 8 December 2010. The audit opinion expressed was unqualified.
3. This summary report does not provide the detail included in the full financial report and reports the financial result for the Beef + Lamb New Zealand Group only. The full financial report including both the Parent and Group financial statements has been prepared in accordance with NZGAAP and complies with New Zealand equivalents to International Financial Reporting Standards (NZIFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities.
4. If you require a complete set of the annual financial report please contact: Chief Operating Officer, Beef + Lamb New Zealand, P O Box 121, Wellington or phone 04 473 9150.

Alternatively the Financial Statements are available on our website [www.beeflambnz.com](http://www.beeflambnz.com).

## Statutory Disclosures

### Disclosure of Interests by Directors

The following particulars of notices were given by Directors of Beef + Lamb New Zealand Limited pursuant to section 140(2) of the Companies Act 1993.

Director	Interest	Organisation
Mike Petersen	Director	Wool Research Organisation of NZ, Wool Industry Network Ltd, NZ Wool Industry Charitable Trust
Andy Fox	Director	MIRINZ Inc, Wool Industry Network Trust, Meat Biologics Research Ltd
Leon Black	Director	Ovita Ltd, AgITO, Pastoral Greenhouse Gas Research JV
Craig Hickson	Director	Progressive Meats Ltd (Managing Director), Ovation NZ Ltd, Te Kuiti Meats Ltd, Lean Meats Ltd, Ovita Ltd, Wool Research Organisation of NZ
Keith Cooper	Director	New Zealand Lamb Company (North America) Ltd, Silver Fern Farms Ltd, Richmond Equities Ltd, Farm Brands Ltd, Robotic Technologies Ltd, Richmond Enterprises (1996) Ltd
James Parsons	Director	Wool Enterprise Programme

Ron Frew and David Douglas resigned as Directors on 24 March 2010, Kirsten Bryant and Anne Munro were appointed as Directors on 24 March 2010.

All of the Directors of Beef + Lamb New Zealand Limited are also Directors of the New Zealand Meat Board.

Some of the Directors of Beef + Lamb New Zealand Limited own shares in or own New Zealand meat companies. Some of the Directors are directors, employees or trustees of New Zealand meat companies. Some of the Directors are involved in farming operations.

### Board of Directors Fees

	2010 (\$000)	2009 (\$000)
Chairman	62	62
Directors	26	26

The above fees represent the annualised fees payable to Directors. Beef + Lamb New Zealand Limited pays no other fees to Directors including for representation on subsidiary or other related organisations.



### Directors' Indemnity and Insurance

In accordance with section 162 of the Companies Act 1993 and the constitution of Beef + Lamb New Zealand Limited, the company has insured all its Directors and Officers against liabilities to other parties that may arise from their positions as Directors of the company. This insurance does not cover liabilities arising from criminal actions and deliberate and reckless acts or omissions by the Directors.

### Use of Company Information by Directors

No notices were received from Directors pursuant to section 145 of the Companies Act 1993 requesting to use company information received in their capacity as Directors which would otherwise not have been available to them.

### Employee Remuneration

Set out below is the number of employees of Beef + Lamb New Zealand Limited and its subsidiaries who received remuneration and other benefits of \$100,000 or more during the year in their capacity as employees.

The remuneration of staff resident outside New Zealand has been converted to New Zealand dollars for the purpose of this disclosure.

Remuneration Range (\$000)	Number of Employees	
	2010	2009
100-109	5	2
110-119	4	5
120-129	2	1
130-139	3	2
140-149	2	1
150-159	3	1
170-179	-	2
180-189	1	-
190-199	-	-
200-209	-	1
210-219	-	-
220-229	1	1
240-249	-	1
250-259	1	-
280-289	1	-
320-329	-	1

The Honoraria, Remuneration & Expense Committee of the company's Board approves the company's remuneration policy.

### General Disclosures

The following persons held the office of Director of the respective subsidiaries during the year to September 2010. Directors appointed (A) or who resigned (R) during the year are indicated. Staff appointments do not receive Directors' fees or other benefits as a Director.

Agritech Investments Ltd	Scott Champion
Agritech Clover Company Ltd	Scott Champion
Johne's Disease Research Limited	Richard Wakelin
Meat NZ Emissions Company Ltd	Scott Champion
Meat Biologics Research Ltd	Andy Fox
Primary Resources Ltd	Mike Petersen
Freesia Finance Ltd	Mike Petersen
Freesia Meat Holdings Ltd	Mike Petersen
Meat & Wool Innovation Ltd	Scott Champion
Meat & Wool NZ Johnesco Limited	Scott Champion
Meat & Wool Trust Ltd	Mike Petersen Anne Munro (A) Andy Fox Kirsten Bryant (A) Leon Black Craig Hickson James Parsons Keith Cooper David Douglas (R) Ron Frew (R)
Pastoral Greenhouse Gas Research Ltd	Leon Black
Pastoral Genomics Ltd	James Parsons
Ovita Ltd	Leon Black Craig Hickson



# Auditor's report

## Independent Auditor's Report on the Summary Financial Statements

### To the stakeholders of Beef + Lamb New Zealand Limited

The accompanying summary financial statements on pages 38 to 42, which comprise the summary balance sheet as at 30 September 2010 and the summary income statement and summary statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, are derived from the audited financial statements of Beef + Lamb New Zealand Limited ("the company") for the year ended 30 September 2010. We expressed an unmodified audit opinion on those financial statements in our report dated 8 December 2010.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Beef + Lamb New Zealand Limited.

### Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of a summary of the audited financial statements, in accordance with *FRS-43 Summary Financial Statements*.

### Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810 *Engagements to Report on Summary Financial Statements*.

The firm has no other relationship with, or interest in, the company.

### Opinion

In our opinion, the summary financial statements, derived from the audited financial statements of Beef + Lamb New Zealand Limited for the year ended 30 September 2010, are a fair summary of those financial statements, in accordance with *FRS-43 Summary Financial Statements*.



8 December 2010  
Wellington

# Beef + Lamb New Zealand directory

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## Farmer Council National Deputy Chair

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# Appendix one: Annual scorecard

Category	Metric	Result 2009-10 yr	2011 Target	Commentary
Farm	Farmer interactions completed	10684	11250	This indicates the number of farmers recorded as having attended events. These events are defined as those where levy funds have been a significant supporting element in the delivery of the event to farmers. These events are unlikely to have occurred without levy investment.
	Farm surveys undertaken (Economic Service)	565	450	There will be a reduced full farm analysis in 2011 due to reduced resources following the restructure from M&WNZ to B+LNZ.
	Farmer events conducted	308	350	This is the number of events co-ordinated by B+LNZ where levy funds have been a significant supporting element in the delivery of the event. These are the events from which the "farmer interaction" measure (see above) is calculated.
	Research investment	\$5,500,000	\$5,900,000	Research investment is matched with other investors to increase the value of outcomes for farmers. \$5.5m of levy investment in 2009/10 leveraged a further \$19.7m. \$5.9m of levy investment is targeted in 2011 which is forecast to leverage a further \$20m.
Market	Industry contribution (\$) alongside B+LNZ to co-funded sheepmeat & beef marketing	\$2,381,180	\$3,000,000	Industry contribution refers to the amount invested in joint venture international marketing programmes by commercial processors and exporters alongside B+LNZ. 80% of available B+LNZ joint venture funding was utilised in collaborative marketing programmes in 2009-10. It is expected that the industry's contribution to marketing will continue to increase.
	Market access costs on a per farm basis	\$18,435	\$18,100	This measure calculates the cost impact of tariffs paid by the New Zealand sheep and beef industry on a per farm basis, assuming the cost flows back to the farm gate. The 2011 target assumes the same trade patterns as 2009-10 and shows the effects of changes in tariff rates independent of farm consolidation or diversion of product to other markets. Improvements are based on tariff gains already negotiated and assumes that agreements currently under negotiation will have no impact in the 2011 year.
	Tariffs sheepmeat	\$42,290,227	\$39,500,000	New Zealand's major sheepmeat markets have relatively low tariffs and in particular the EU quota negotiated as part of the GAIT round provides for tariff free entry of 227,854 tonnes carcass weight equivalent. The small improvements in tariff payments are the result of the China FTA.
	Tariffs beef	\$192,990,486	\$192,100,000	Beef tariffs are substantially higher than those for sheepmeat in most markets in order to protect domestic beef industries. Japan and Korea both have high tariffs and are major beef markets for New Zealand.
	Total tariffs	\$235 million	\$231 million	B+LNZ supports New Zealand's Government through the provision of detailed analysis on the red meat sector to underpin both multilateral (WTO) and bilateral trade negotiations. While progress on the multilateral front is more comprehensive, it is slow. New Zealand is in the process of negotiating a number of FTAs, including with Korea, Russia-Belarus-Kazakhstan, India, an expanded Trans Pacific Partnership and the Gulf Co-operation Council.
Information	Export sheepmeat production (numbers) forecast accuracy	- 0.7%	+/- 5%	This measure represents the difference between the July 2009 forecast for export lamb and mutton (see B+LNZ Sheep & Beef New Season Outlook 2009-10) and the actual production for the same period.
	Beef production forecast accuracy	+1.8%	+/- 5%	This measure represents the difference between the July 2009 forecast for export beef (see B+LNZ Sheep & Beef New Season Outlook 2009-10) and the actual production for the same period.
	Service provision of info, analysis and presentations	754	650	Individual requests to the B+LNZ Economic Service for information, publications and presentations.

Category	Metric	Result 2009-10 yr	2011 Target	Commentary
People	Number of people who participate in leadership programmes funded by B+LNZ	151	160	B+LNZ has supported participants in a variety of rural leadership programmes including Kellogg (20), Nuffield (3), FAME (2), NZ Young Farmers (100), Agri-Womens' Development Trust (11), Rural Women (1) and Federated Farmers (14).
	Retention of B+LNZ undergraduate scholarship recipients within the industry	90%	80%	B+LNZ scholarship recipients have continued to take up roles within the sector from shepherd and rural banker to farm ownership and management.
	Sheep and beef trainees who complete AgITO national qualifications	23%	45%	B+LNZ supports AgITO to enable sheep and beef farm employees to have the opportunity to complete qualifications on the job. However, the completion rate has been low in recent times. AgITO is working on changes to the qualification structure, which will assist to raise the completion rate. B+LNZ strongly supports these changes.
	B+LNZ employee turnover	16%	12%	The restructure of the levy funded organisation from M&WLNZ to B+LNZ resulted in a higher voluntary resignation.
	% of salary budget invested in staff learning and development	2.06%	2%	Investment in staff development is at the target level. It is acknowledged that this target is low compared with some sectors where a more typical target is in the order of 3%.
	B+LNZ staff satisfaction with their role	65%	80%	This result was expected following the restructure of the organisation in 2010. With the organisation now rebuilding as B+LNZ we are working to improve satisfaction through 2011.
Financial	Sheep & beef levy expenditure (actual)	\$27.2 million	\$29.0 million	B+LNZ annual levy expenditure. Levy income is not reported given that B+LNZ has no control over this. Instead "other income" which B+LNZ can control is reported below.
	Other income (excluding NZMB Grants and interest earnings)	\$1.97 million	\$1.0 million	Includes income from third party organisations paid to B+LNZ for services provided. No market development joint venture funding is included here as this uses a different mechanism (see commentary above).
Customer	Farmer awareness of B+LNZ	62%	75%	The restructure from M&WLNZ to B+LNZ following the 2009 referendum created a task for the new organisation to build recognition under a new brand. Activities to raise the profile and understanding of the new levy organisation will continue throughout 2011.
	Farmer satisfaction with B+LNZ	41%	50%	Farmer satisfaction with B+LNZ varies across regions and with farm size. With respect to individual activities, regional activities such as Monitor Farms and field days recorded the greatest support (57%) followed by promotion of beef and lamb consumption (56%). Those dissatisfied with the performance of B+LNZ dropped 4% in the three months to the end of the reporting period providing a good platform from which to deliver valued programmes through 2011.
Sector	Farmer confidence in the future of the sheep and beef industry	38%	50%	Farmer confidence in the future of the sector reached a low of 29% in mid 2010 but began to recover through the third quarter rising 9% by October 2010.
	Farm productivity change – lambing %	121.5%	109.6%	Lambing percentage dropped sharply with 2.8 million fewer lambs in 2011 due to adverse weather events during lambing in both the North and South Islands.
	Farm productivity change – steer carcase weight at slaughter	312kg	311kg	Steer slaughter weights are forecast to reduce slightly (-1kg) due to early slaughter in some regions driven by drought impacting feed supply.
	Farm input costs	-3.5%	3.1%	Prices for farm inputs are forecast to rise 3.1% in 2010-11 after a decline in 2009-10 that was driven by decreased fertiliser costs and lower interest rates.
	Sheep and beef farm profit before tax	\$61,000	\$67,600	Under an exchange rate scenario of \$1 NZD = USD 0.76 cents, sheep and beef farm profit before tax is estimated to increase 10.8% from 2009-10.







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