

beef + lamb
new zealand

Buy from farmers.

For farmers.



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BOARD OF DIRECTORS

Farmers appoint 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.

Anne Munro
Farmer Representative



Leon Black
Farmer Representative



Craig Hickson
Processor-Exporter Appointee



Mike Petersen
Farmer Representative



James Parsons
Farmer Representative



Kirsten Bryant
Farmer Representative



Andy Fox
Farmer Representative



Mark Clarkson
Processor-Exporter Appointee

Mike Petersen

Farmer Representative, Eastern North Island

Served since: 2004 | Term expires: 2014
06 858 7230
021 243 7344
tepuna@farmside.co.nz

Mike owns a 400 hectare finishing farm in Hawke's Bay. He is a director of 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 150,000 sheep and beef stock units in New Zealand.

Anne Munro

Farmer Representative, Central South Island

Served since: 2010 | Term expires: 2013
03 685 5772
027 228 9627
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.

James Parsons

Farmer Representative, Northern North Island

Served since: 2009 | Term expires: 2015
09 434 6084
021 206 3208
jparsonsnuffield@gmail.com

James farms a 370 hectare Northland hill country farm in Broadwood, running high performance ewes, bulls and breeding cows. James is a director of Northland Inc. Chairman of Kaitaia Vets Inc. and a Nuffield Farming Scholar.

Kirsten Bryant

Farmer Representative, Western North Island

Served since: 2010 | Term expires: 2013
06 342 7755
027 275 1690
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.

Leon Black

Farmer Representative, Southern South Island

Served since: 2008 | Term expires: 2014
03 224 6106
021 855 106
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: 2014
06 873 9090
027 439 0009
craig@progressivemeats.co.nz

Craig runs a mixed 1400 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 New Zealand, Lean Meats, Te Kuiti Meats, Progressive Leathers and Venison Packers.

Andy Fox

Farmer Representative, Northern South Island

Served since: 2006 | Term expires: 2015
03 314 3763
027 519 9642
foxaj@xtra.co.nz

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

Mark Clarkson

Processor-Exporter Appointee

Served since: 2012 | Term expires: 2015
03 358 2200
027 432 8896
mark.clarkson@anzcofoods.com

Mark is the Managing Director of ANZCO Foods Group. ANZCO operates seven processing sites (Riverlands and CMP) and three manufactured foods plants. ANZCO also has eight offshore marketing offices as well as investments in cattle feedlotting (Five Star Beef - 20,000 head capacity) and farming (2,502 hectares sheep, beef and cropping).



Chairman's report

The global financial crisis continues to dominate headlines and the uncertainty of its impact on us here in New Zealand undoubtedly affected farmer confidence during the 2011/12 year. I have spoken on many occasions emphasising that we should expect increased volatility as a result of market uncertainty, and this has been particularly evident for sheep farmers who have seen sheep meat and wool returns fall dramatically from the highs experienced in 2011. However while short term challenges remain, New Zealand sheep and beef farmers still hold a very powerful card. Food.

Consider this. A city the size of Los Angeles needs to be built every three months for the next 30 years to cope with population growth. New Zealand sheep and beef farmers can only feed about 20 million people a year, or 100 million on western diets, even with the huge productivity gains made by farmers over the past 20 years. New Zealand cannot feed the world, but instead needs to target the world's most discerning consumers who are prepared to pay handsomely for our safe, quality and nutritious products. Increasingly that opportunity is moving to Asia, but for now the mature markets of Europe and USA remain crucially important.

Your organisation

The past year has been a big year for Beef + Lamb New Zealand. Beef + Lamb New Zealand is your organisation - By farmers. For farmers. We developed this tagline for use with the Beef + Lamb New Zealand logo to describe how we work. Beef + Lamb New Zealand is not an island and you can decide where levy investments are best made.

Your investment is important at many points in the value chain. From on farm productivity gains and more profitable farm systems to gaining greater access and better returns from offshore markets your levy investment in Beef + Lamb New Zealand is making a difference. However none of this works until you as farmers apply this knowledge and opportunity on farm.

Over the past year we have continued to focus Beef + Lamb New Zealand on where we can assist farmers in the areas where we have influence. We have also worked hard to ensure that farmers understand the role of Beef + Lamb New Zealand within the wider industry. Simply put, pricing and market issues remain the domain of those processing and exporting companies transacting and selling products in the market. Where Beef + Lamb New Zealand works is in the area of on farm productivity, industry analysis, gaining better access into markets and developing skilled people. Our market research indicates that we have made real progress in this over the past year alongside the work of our farmers.

Strategy drives Beef + Lamb New Zealand activities

The Red Meat Sector Strategy developed in 2011 with the Meat Industry Association (MIA) is a key guide for us in pursuing greater opportunities for our farmers. About half of the total gains envisaged between now and 2025 are on farm and there is steady progress in this important area.

There is no doubt that the sharp correction in sheep meat and wool pricing has made the ultimate

prize more challenging. While we predicted a return to a more normal pricing pattern, this correction reinforces the need for farmers and meat companies to work closer together to get greater transparency on pricing and allow long-term market related commitments to grow. This is a strong theme from the Red Meat Sector Strategy.

Alongside the MIA, we also held the second Red Meat Sector Conference during the year, another initiative to keep the Red Meat Sector Strategy top of mind for farmers and meat processors and to create opportunities for the industry to come together. We had a good turnout of farmers and meat industry people and a great line-up of speakers who brought us 'big picture' perspectives. McDonald's Senior Director and Head of Strategy for China and Hong Kong, Arron Hoyle talked about the high value McDonald's places on food safety which is why the New Zealand sheep and beef industry is so important to McDonald's who place the integrity of their brand above everything. More than likely you will have eaten a McDonald's lamb burger and seen the Beef + Lamb New Zealand branding alongside McDonald's on the box, a further endorsement of our partnership.

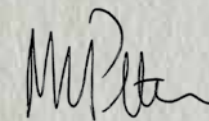
Beef + Lamb New Zealand has worked hard for farmers on a number of big issues this year, including the very important theme of water and the environment. The focus for the past year has been on the Land and Water Forum, which brought together the diverse range of interests who were charged with making a plan on water use and quality for the good of all New Zealanders. While some outcomes from the report will challenge farmers in some areas, we can no longer sit back

and treat water as a by-product of what we do. We are comfortable that the final report strikes the right balance between protecting the environment and enabling the rural economy to go about the business of producing the world's finest sheep and beef products to secure New Zealand's economic future.

As we look ahead to 2013, we are continuing to refine the work and investments you make through Beef + Lamb New Zealand. A large focus for the past year has been the development of an application for funding to the Government's Primary Growth Partnership, (PGP). This has been a collaboration of work alongside meat companies and a range of agribusiness providers to deliver a programme aligned to the gains we are seeking on-farm from the Red Meat Sector Strategy. We are confident of a successful outcome here, which will see new tools available to assist farmers to be more profitable and responsive to market needs.

Finally can I thank all of the people in Beef + Lamb New Zealand and our related organisations for the work achieved day to day for farmers. From the volunteers on the ground in our Beef + Lamb New Zealand Farmer Council to our staff in Wellington and offshore we have a group of people working hard to secure the future of sheep and beef farming.

Beef + Lamb New Zealand. By farmers. For farmers.



Mike Petersen | Chairman

Chief Executive's report

The 2011/12 year was one of implementation and consolidation for Beef + Lamb New Zealand. It saw us complete what we viewed as a re-focusing of the organisation through 2010, 2011 and 2012, as we rebranded and launched a new approach to delivering better value to farmers through new programmes, tools and services.

Input from Beef + Lamb New Zealand's seven Farmer Councils along with findings from targeted needs analysis work, guided what we delivered across the organisation and particularly through the Farm programme. This helped us determine research needs and create an extension programme with a far wider reach.

Under the 'Project Farm' banner, a range of on-farm extension sites focusing on different issues were set up and these sites got on with monitoring, measuring and trying new tools and techniques to improve productivity and lower costs. This included a range of Farming for Profit sites tailored for sheep and others for beef.

This broadening of activity saw the number of extension sites around the country expand from a peak of 33 under the old Monitor Farm programme, to 57 farms today. These Project Farm sites are vital to sharing the information gathered through the on-farm activity. Additionally, the sites host a range of field days. There were 265 events held last year.

New information channels

We know not all farmers like to receive information in the same way and this year we've been working on some new ways to get information to you. The seasonal toolbox series packaged a range of 'R&D Briefs' and fact sheets, relevant to particular times of the year and we made these available direct from us,

online and also in-store through some vets and rural supply businesses. They can be requested by visiting our website www.beeflambnz.com/toolbox

Speaking of the website, we were pleased to win the WriteMark New Zealand Plain English Award for the best plain speaking private sector website in 2012. I encourage you to visit the website because there is new information posted every day and we're getting feedback that it's good stuff. Make it your homepage so you visit each time you switch on your computer.

We've become active on Twitter as a way of directing followers to new information, events and timely information for their farm. Of particular success is the lucerne Twitter information where followers have a direct line to lucerne expert Professor Derrick Moot and they can ask questions and get his feedback in realtime. This twitter/text alerts feed has over 400 active participants and it's growing.

These social media tools are also effective in our export markets. For example the Taiwanese Beef + Lamb New Zealand consumer website runs a blog written by Marton farmer Will Morrison who writes about the care and consideration he gives to running his farm and raising quality stock.

In Germany the Beef + Lamb New Zealand Facebook page has 3,380 'likes' and there is a high degree of interaction with those followers, which is evident every time new recipes are posted.

While these types of activities provide a platform to educate and promote New Zealand beef and lamb in export markets, the work we do alongside the meat companies creates other market opportunities.

This year we saw a good uptake of our joint venture market development programmes with meat companies, whereby Beef + Lamb New Zealand and participating meat companies provide 50:50

cash contributions into the marketing activity. This matching of farmer levies by the meat companies is invested to build demand and preference for New Zealand beef and sheepmeat products.

The technical policy team within our Market programme supported an important project run by the Ministry for Primary Industries (MPI), testing and evaluating how prepared New Zealand is should there be a Foot and Mouth outbreak. The work did show up some areas for attention and we continue to work closely with MPI on this, because we must ensure an incursion of this nature is prevented at all costs.

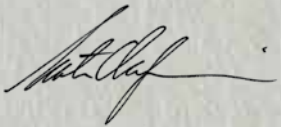
Forecasts and analysis

This year the Beef + Lamb New Zealand Economic Service again provided the range of signature reports and forecasts that it has become highly respected for and that industry uses to benchmark and make business decisions. Additionally, based on Economic Service data, there are some new interactive tools on the website for benchmarking to determine how your farm is performing in relation to other properties in your region and throughout the country.

During 2011/12, Beef + Lamb New Zealand's People programme supported a range of talented young New Zealanders by awarding them scholarships to support their studies in agriculture. We do this to develop well qualified people who will carry our sector to new levels of performance built on innovation, productivity and top class management skills. We work closely with DairyNZ and New Zealand Young Farmers to promote careers in agriculture through initiatives including 'Get Ahead' in secondary schools and the Primary Industry Capability Alliance (PICA) (see www.pica.org.nz).

Having developed new channels for delivering information this year, we have been keen to measure how effective these activities are and what we have learned is that many more of you now recognise Beef + Lamb New Zealand as your organisation and the new tagline By farmers. For farmers supports this.

Our challenge is to keep the best information, tools and services in front of you so you can make good decisions at the right time. That's what drives us. If you're currently involved with Beef + Lamb New Zealand activities in your region, thanks for your support and always feel free to tell us how we can improve. If you haven't been to our events or looked at our range of resources, can I encourage you to do so. It's your organisation and we're here to support you and your farming business.



Scott Champion | Chief Executive Officer



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.

The Board has 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
- Honoraria, 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 which are delegated to Management and those which 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.



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TURBO
INTER COOLER

Beef + Lamb New Zealand

By farmers. For farmers



Beef + Lamb New Zealand belongs to New Zealand sheep and beef farmers. It's funded by farmers, investing together to benefit the whole industry and it's guided by farmers, through our Farmer Councils in the regions and our farmer-elected Directors. This collective investment and oversight delivers outcomes to farmers that couldn't be achieved alone.

The New Zealand red meat sector is big. It contributes around \$8 billion each year to the New Zealand economy. Its success is critical to everyone who lives in New Zealand – that's why it's known as the backbone of the country.

Beef + Lamb New Zealand is your organisation and it plays a role at many points in the value chain, providing independent information, tools and services that can help farmers make the best business decisions.

We deliver the activities through four programme areas – Farm, Market, People, and Information.

It's all geared towards making continuous improvements on your farm, securing better access to overseas markets, and elevating the status of New Zealand beef and lamb to boost demand for the meat you produce.

FARM

Delivering research, development and technology transfer for whole farm systems



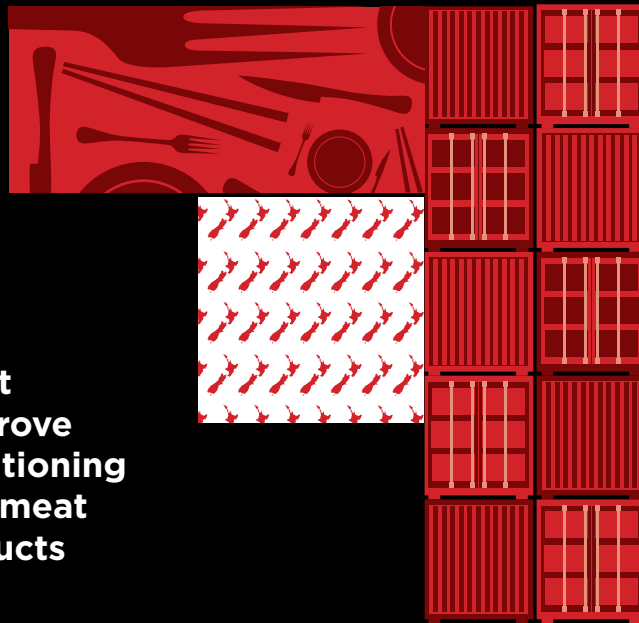
INFORMATION

Providing credible information and analysis to support better decision making



MARKET

Delivering market strategies to improve demand and positioning for New Zealand meat and related products



PEOPLE

Providing leadership to improve the standing of the sheep and beef sector to attract and retain skills





Farm

Research and Development

Research and development investments of \$2.2 million were made across six categories last year:-

- Sustainable land and environment management
- Improved forage and feed efficiency
- More productive and efficient sheep
- More productive and efficient cattle
- Reducing the impact of internal parasites
- Dairy beef integration

The principal investment was \$900,000 in the 'Improved forage and feed efficiency' area, and \$661,800 for 'more efficient and productive sheep'.

These investments delivered outcomes including the following:

Production costs of Cooperia in cattle

This research was to determine the production cost of failing to control drench resistance of Cooperia in young cattle. Interim reports have indicated Cooperia does have an impact on growth rates over winter, but compensatory growth had returned by Christmas.

Best practice parasite management

The objective of the research was to reduce development of drench resistance on farms with multiple resistances by applying known best practice parasite management. Farmers taking part in the trial are now using a minimum of five practices to reduce selection for drench resistance. Details can be seen at www.beeflambnz.com/animal-health. The project has also confirmed Ivermectin resistant Ostertagia on one farm and they are indicated on another. This is a serious finding due to the pathogenicity of this worm in older cattle, and the absence of any new actives for use in cattle.

Management of ewes with multiple lambs

The objective of the research is to improve multiple born lamb survival, growth and total weight of lambs weaned per ewe. Key findings that emerged during the project were:

- Multiple bearing ewes can be restricted to pre and post-grazing feed masses of 1100 and 800 kg DM/ha until at least day 136 of pregnancy. This does not negatively affect lamb weaning weight and survival if they are subsequently offered covers above 1200 kg DM/ha in lactation.
- Triplets were found to be proportionally smaller than twin lambs which results in them being born colder, with low energy levels and relatively oxygen deprived. The lightest born triplet lamb within a set of triplets is 3.2 times more likely to die.
- There is still a lack of objective information on the effects of feeding levels in lactation and how these interact with feeding levels and condition score in late pregnancy.

Increasing the lambing percentage of ewe hoggets

This research was to identify how to increase hogget lambing percentages. Outcomes were listed in the "Hogget Performance" booklet, including optimum teaser ram ratios, ideal nutritional management and feeding levels during pregnancy.



Breed influences on the profitability of beef finishing

This research was to review what we know of the effect of beef breed on carcass quality, yield and meat value and the likely effect on farm profitability. The final report will address the common belief that the quality of beef produced from animals of dairy origin is different to non-dairy beef production.

Extension

Beef + Lamb New Zealand is actively developing knowledge and tools, from research investments to implement and drive productivity and profitability with lower inputs and more sustainable farm systems.

Tools and services in 2012 were delivered through:

Seasonal toolboxes

Information matched to the relevant season was assembled into toolboxes to help farmers identify critical on-farm decisions. The aim was to provide guidance on what to do, when to do it and where to get more information.



Publications

This year's major publications included:

- Bull Selection Book
- FeedSmart 2 resource book
- Pasture Quality Principles and Management book
- Cattle Feed Requirements book
- Hogget Performance book

Distribution of these publications was through Project Farm field days, special workshops, seminars and email Information Updates to around 8,000 email addresses.

Call 0800 233 352 if you would like to receive any of these resources.

Region delivery plans

The delivery of information and technology to farmers and industry is through a regional network of Beef + Lamb New Zealand Extension Managers working closely with the regional Beef + Lamb New Zealand Farmer Council and industry networks.

Each year Beef + Lamb New Zealand Extension Managers and the Beef + Lamb New Zealand Farmer Council develop region delivery plans (RDPs) which map the key extension and uptake activities for the region for the coming 12 months. The RDP framework recognises the unique needs and issues of individual regions and enables those in the region to guide local activity.

The plans enable more targeted extension activities from a range of extension frameworks including Monitor Farm, Farming for Profit, Profit Partnerships, Farmer Focus Groups and Demonstration Farm Programmes.

Monitor Farms – six operating around the country

A farm is selected within the region to implement improvements and changes in farming systems as recommended and guided by a community group. Farm performance is measured to monitor changes in farm performance as a result of recommendations from the community group, and is reported back to the community.

Each year an annual on-farm field day is held to showcase the changes and outcomes from these. The key principle of the Monitor Farm uses a single farm. A community group is formed to prioritise community issues to be addressed, a chair is nominated from the community group to lead the programme and an industry professional is engaged to provide support and guidance to the farmer and the community group.

Northland Monitor Farmers Dan and Nicky Berger wanted to grow young cattle well throughout the winter and reduce soil damage across the farm, while growing more feed. They have had success with a winter kale crop which grew 14 tDM/ha.

Farming for Profit – 17 operating around the country

The Farming for Profit Programme addresses issues faced by the community from a farm systems perspective. It was introduced at the request of farmers so issues relevant to their local region can be focused on.

The Farming for Profit Programme will identify the critical farming issues within a farming community and develop a programme of activities to address these, and deliver through a range of mechanisms. The programme shares information and monitors progress of a whole community rather than an individual farm. It comes up with solutions for local needs and provides practical tools needed to help farmers improve their farm business.

The South Canterbury Farming for Profit Programme identified the need to understand the regulation implications of the Land and Water Forum Plans. A field day was held in Aubrey with speakers from the regional council and fertiliser companies who discussed the opportunities and challenges.

Profit Partnerships – five operating around the country

A Profit Partnership is a group of 10 - 15 farmers from the same area who agree to meet regularly and work together on improving the financial returns from either sheep or beef. Successful networking relies on participants having the capacity to achieve sustainable improvements and adopt innovative farming practices.

The benefit of belonging to a Profit Partnership Programme is to help farmers make rapid and measurable improvements in productivity, profit and business growth for either sheep or beef. Farmers who take part in the programme aim to make an extra 5% in annual profit year-on-year within two years of joining.

The Northern South Island Sheep Profit Partnership is made up of 11 farmers, each with their own targets to maximize their specific farm system. Tom Costello, farming in Hawarden is focusing specifically on reducing old ewe death rates, lifting lamb weaning weights and yield and providing better nutrition during lambing and lactation. The progress already made in meeting Tom's goals was showcased at a field day.

Farmer Focus Groups – three operating around the country

Farmer Focus Groups provide a range of activities that do not fit within the structured activities of other project farm activities. These may include expanded discussion groups, local trial groups or subject-specific activities. In some areas groups have been formed to deal with opportunities or issues that may be region or farm-type-specific.

Beef + Lamb New Zealand provides financial support for new and existing farmer groups where the outcomes and solutions developed can provide new or additional information and “know how” for other sheep and beef farmers. Farmer Focus Groups are smaller (usually less than 80 people at a big day) with most events around 30-40 farmers.

The Farmer Focus Group based in Porangahau in the Hawkes Bay is a great example of where the local community has identified key issues and opportunities. A recent field day focused on lambs after weaning. An in-depth analysis was given on lamb trading versus contract grazing, rearing replacements and realistic lamb finishing. This provided valuable information from which to make informed decisions.

Demonstration Farms - eight operating around the country

Demonstration Farms showcase a narrow category of farming activity rather than taking a whole-farm approach. Demonstration Farms use recognised farming businesses to identify tools and practices that result in real financial improvement in the farming enterprise. With its focus on innovation, the Demonstration Farm programme delivers results for early adopters and high-performing farmers with scientist coming together to build on the collective thoughts of both groups. The elements being demonstrated are usually new to market or untested. The demonstration farm programme is “innovation in practice” and carries some risk of not finding solutions.

Richard Scholefield of Whangara Farms in Gisborne is currently trialling broadcasting plantain clover mixes onto hill country blocks to increase pasture quality to maximize weaned lamb growth rates. This trial has already demonstrated impressive results in the first year. A plantain clover crop has also been planted on the rolling country to maximize twin bearing hogget weights.

B+LNZ Genetics - SIL

Sheep Improvement Ltd (SIL) provides a performance recording and genetic evaluation tool for ram breeders and buyers.

SIL works with ram breeders and buyers to help improve understanding of the tools available and how to apply them on farm.

Eight “better ram buying” workshops were held throughout New Zealand in early 2012, modelled on similar workshops developed for the beef industry on “better bull buying”. They were practical workshops, communicating key concepts enabling farmers to better use SIL data to buy rams that deliver value.

The better ram buying workshops talk about how farmers can select the best rams for their

farming businesses. They discussed which genetic information is most critical to study during the pre-purchase phase. Farmers also learned how selection indexes work and how SIL’s internet-based tools can simplify the ram buying process.

The day concluded with a mock ram auction, where farmers were given a ram buying scenario and budget, then asked to discuss their “purchase” and whether their chosen ram represented good value for money.

The workshops are designed to give more farmers the confidence to use genetic information when buying rams. The key is to use information to target the best rams for individual farm needs.



Market



Market Access

Free Trade Agreements

Beef + Lamb New Zealand supported New Zealand Government negotiators on a range of Free Trade Agreements (FTAs) this year. This is so the best trade arrangements can be secured for New Zealand sheep and beef farmers. The FTAs under negotiation are:

- **New Zealand-Gulf Cooperation Council Free Trade Agreement (concluded but not yet signed)**
- **New Zealand-Russia-Belarus-Kazakhstan Free Trade Agreement**
- **New Zealand-India Free Trade Agreement**
- **New Zealand-Korea Free Trade Agreement (currently stalled)**
- **Trans-Pacific Strategic Economic Partnership**
- **Regional Comprehensive Economic Partnership (RCEP)**

Tri-Lamb initiative tempts Americans to try lamb

A collaboration between Beef + Lamb New Zealand and sheep producer organisations in Australia and the US is working to "make lamb famous" in the United States.

Supper clubs are a staple of the joint North American lamb marketing programme. Lamb is provided free to the hosts, who are all food bloggers with the power to influence not only their dinner guests, but also their readers.

It's a recipe for success, as shown by these quotes from blog readers:

"I love lamb so much more than other meats. Its flavour is second to none, its flesh sweet and always succulent...it makes the best burgers and kebabs."

"This dinner truly showed me how flavourful and versatile lamb can be. I look forward to trying out more dishes."

"The lamb looks wonderful, I need to experiment with lamb more often!"

"Holy WOW I want to eat all of that!"

Find out more at leanonlamb.com

New Zealand/China FTA delivers

Beef + Lamb New Zealand's analysis of the New Zealand/China FTA showed savings of \$55 million on New Zealand sheep and beef products going into China for the year ended December 2011. This is money that previously (prior to the FTA) would have been paid in tariffs.

As well as tariff reductions, the New Zealand/China FTA also provides the opportunity to reduce non-tariff barriers and improve trade facilitation measures, such as processes to resolve trade access issues.

New Zealand exported over \$1 billion worth of sheep and beef products, including co-products, to China for the 2011 calendar year. This was a significant increase from 2010, an additional NZ\$296 million in value or an increase of approximately 41% between the years. The main increases in exports, in order of priority, were wool, hides and skins, frozen sheepmeat and fats and casings.

Foot and Mouth Disease exercise

Beef + Lamb New Zealand took part in a Foot and Mouth Disease simulated exercise set up by the Ministry for Primary Industries (MPI) to test how prepared the agriculture industry would be should there be an outbreak of this devastating disease. The exercise highlighted some areas for extra attention and Beef + Lamb New Zealand continues to work closely with MPI to address those issues. Foot and Mouth Disease is our greatest biosecurity risk and Beef + Lamb New Zealand is focused on protecting our disease-free status.

NAIT

The National Animal Identification and Tracing scheme (NAIT) became mandatory for cattle in July 2012. Beef + Lamb New Zealand has produced materials for consumers in key export markets promoting the improvements in individual animal traceability brought about through NAIT, with enhanced assurances about food safety being particularly welcome.

Environment

We have developed the Beef + Lamb New Zealand Environment Strategy to help farmers and others in the sector deal with environmental challenges. Good environmental management and profitable farming should not be in conflict. Sheep and beef farmers pride themselves on being guardians of the land, investing in improvements for generations to come.

Fertile land, clean available water and fresh air are the foundations on which New Zealand's successful farming businesses have been built, so what is good for the environment is also good for farmers.

One of the tools to assist with this is a revised version of our Land and Environment Planning Toolkit which provides a guide to understand land and environmental issues on individual farms. It shows how to make a plan to manage them.

The toolkit includes workbooks and guidelines for three different levels of planning. It also includes modules on topics related to farm environment issues, such as:

- ways to keep stock out of water
- erosion and sediment management
- nutrient management

It aims to help manage your farm sustainably, through addressing the environmental factors that make your farm unique.

Download it and get started at beeflambnz.com/LEP



Southland farmers take sustainability message to off-shore markets

Southland farmers Grant and Bernie Weller love talking about their farm and the challenges of balancing profitability with environmental sustainability. So the opportunity to share their passion with an international audience was the 'icing on the cake' for the national winners of the 2011 Ballance Farm Environment Awards.

The Wellers returned from an industry-backed trip to Europe where they visited a number of key markets for New Zealand sheep, beef and dairy products to showcase New Zealand's stance on agricultural sustainability.

Bernie says Beef + Lamb New Zealand's Europe manager, Dave Harrison, did a great job of organising the tour schedule, ensuring she and Grant had the opportunity to visit a number of key players in the livestock industry.

Beef + Lamb New Zealand is proud to be a national sponsor of the Farm Environment Awards, as part of our commitment to sustainable farming that develops practical solutions to support farm business goals, as well as caring for the environment.

The Wellers, who farm an 890ha (850ha effective) sheep and beef farm in the Waimea Valley, say the Europe trip capped off an incredible year.

The couple won the Supreme title in the 2011 Southland Ballance Farm Environment Awards. This led to the annual Sustainability Showcase where they were thrilled to be announced

national winners of the 2011 awards, becoming the inaugural holders of the Gordon Stephenson trophy.

Bernie points out they didn't enter for the prizes. "We did it because we wanted to show that when you are working with the land, environmental sustainability and profitability go hand in hand."

Winning the national title has enabled the Wellers to share their passion with a far wider audience than they would ever have imagined.

"We've met some fascinating people and the whole experience has been fantastic," says Grant.

The aim of the March trip was to learn more about offshore markets and exchange views on topics of crucial interest to New Zealand.

While there is no doubting New Zealand farmers face some major challenges in future, particularly when it comes to environmental issues, Grant says he came back feeling that New Zealand farmers are doing really good things.

"And that must continue, otherwise we will face increasing regulations that we have little say in."

During the trip the Wellers visited industry and government agency contacts in London, Brussels, France and the Netherlands, and representatives from environmental groups and media organisations.

Grant says one of the highlights of the trip was eating lamb from their own farm at a processing plant in England. The chilled lamb had been dispatched from New Zealand eight weeks earlier, held for their arrival and cooked at the plant.

Grant says the maturation period made the lamb "even better" than lamb eaten in New Zealand.

"It was some of the best lamb I've ever had, and it made us realise why New Zealand lamb is so popular in the United Kingdom and Europe. Even one of our taxi drivers said his mum bought only New Zealand lamb."



Market Development

Overseas consumers 'like' New Zealand beef and lamb

Social media is playing an increasingly important role in Beef + Lamb New Zealand's international marketing programmes, as more and more tech-savvy shoppers turn online for the scoop on consumer products.

In Germany, the UK, and now Taiwan too, Facebook is enabling communities of fans to come together and tell their friends about how much they like New Zealand beef and lamb. The site provides a forum for consumers to share information and inspiration, as well as seek it. Fans can post recipes and pictures of dishes that they've cooked, ask questions - and answer them.

Beef + Lamb New Zealand has consumer websites in the UK, Germany, Korea and Japan, as well as one for China, Hong Kong and Taiwan, and jointly hosts another in the US. They're a valuable way of providing easily accessible product information that helps to boost people's preference for buying Kiwi. Adding Facebook to the mix only increases our reach even further.

UK consumers enjoy magazine-style site

Digital media has been successful in broadcasting the UK public relations campaign to an audience of many millions eager to learn more about lamb recipes, the available cuts and simple marinades.

Our UK website is designed to look like a glossy food magazine, with an updated 'edition' each month to keep readers coming back. Almost 300,000 people also subscribe to a bi-monthly newsletter featuring lamb recipes, cooking tips and competitions.

Wanganui-born chef Peter Gordon remains a strong ambassador for New Zealand lamb in the UK, where we enlist his help as a spokesperson on radio, in print, and in a series of popular online videos. One of the most watched videos this year showed Peter teaching England and British Lions rugby player Will Greenwood how to cook a Mother's Day lunch for his wife. See loveourlamb.co.uk



Germany

German festival-goers flock to eat New Zealand lamb and venison

New Zealand lamb and venison were so popular at Northern Europe's biggest summer festival, the organisers had to get in extra chefs to meet demand.

It was the first time in the history of the 130-year-old Kieler Woche festival that New Zealand has been represented. The joint venture between Beef + Lamb New Zealand and Deer Industry New Zealand aimed to raise awareness of New Zealand lamb and venison in Germany, where consumers do not traditionally eat much of either.

Working 16 hours a day for 10 days, the Kiwi culinary team led by Marton-born chef Cristian Hossack served 7,000 lamb burgers, venison wraps and lamb salads.

As well as tasting New Zealand lamb and venison, festival-goers were able to find out where to buy it, how to cook it, and ask questions about everything from knife sharpening to sustainable farming practices.

This is only a small part of our work in Germany, which also includes an extensive programme of in-store tastings (759 tastings and 128,000 consumers sampling New Zealand lamb), an active online presence, and press releases targeting food journalists. This year alone German media published around 90 stories about New Zealand lamb - equivalent to €615,049 of advertising (almost NZ \$1 million).

Japan

Raising the steaks

Award-winning chef Darren Wright visited Korea and Japan in May to promote grass-fed Kiwi beef.

Beef + Lamb New Zealand teamed up with the Christchurch chef to host cooking demonstrations for prominent media and local chefs. The demos are a palatable way to get across marketing messages – especially in Asian countries where consumers are more familiar with beef fed on grain than grass. A highlight at these events is always the demonstration of how to cook a good steak.

Japan and Korea are important markets for New Zealand beef farmers. Japan is New Zealand's number two beef export market by value, worth NZ\$251.0 million, and Korea is New Zealand's number four export beef market by value, worth \$148.3 million (figures for season ending September 2012).

Beef + Lamb New Zealand works on behalf of farmers in these markets to introduce consumers to New Zealand grass-fed beef and then to develop a preference for it. Working with chefs and encouraging them to use our product is an important part of getting more Japanese and Korean people to eat New Zealand beef. Influential media also have a valuable role to play in highlighting the health benefits of grass-fed beef that make it lower in fat and higher in Omega-3s than grain-fed beef.



Grass-fed New Zealand beef wows young crowd at Tokyo festival

Harajuku in Tokyo is one of the world's fashion capitals, renowned for street style and youth culture. It's also home to the Super Yosakoi dance and music festival, attracting around 800,000 visitors and performers each year.

Food takes a starring role at the event. This year New Zealand beef was in the spotlight. We barbecued a whopping 700 kilograms of beef for festival-goers - that's more than 40,000 servings.

A wide range of foodstuffs was on offer, but there was little doubt New Zealand beef was the most popular.

In other work in the Japanese market, Beef + Lamb New Zealand used the release of a nutritional report detailing the nutritional benefits of New Zealand grass-fed beef as a platform to emphasise these qualities in the health-conscious market.

Korea

A competition to design a smartphone application to drive traffic to the Beef + Lamb New Zealand Korean website is underway. It's been really popular with university students, and the competition challenge is to develop creative apps that connect New Zealand grass-fed beef with Korean consumers. Other market development initiatives in Korea this year have included attendance at the premier food trade show, Seoul Food, and a number of receptions featured New Zealand grass-fed beef dishes, including barbecued loin cuts and short ribs which are a favourite with Korean consumers.

China

Market development activity in the Chinese market centred on educational workshops with local importers and trade. We provided information on New Zealand meat and its natural, nutritious and safe attributes.

In-store tastings and New Zealand meat promotions with hotels and restaurants are all part of the promotional mix.

Taiwan

Beef marketing delivers



Delivery trucks emblazoned with cattle grazing in scenic New Zealand landscapes are a common sight on the streets of Taiwan. The trucks also feature delicious-looking beef dishes, to tell a complete story of grass-fed Kiwi beef, from pasture to plate.

Using trucks as mobile billboards is a cost-effective way to drive awareness of the New Zealand beef brand. Whether the trucks are parked outside restaurants and supermarkets or seen in high traffic areas while out doing deliveries, they are keeping New Zealand grass-fed beef front of mind for consumers.

Taiwan is New Zealand's largest beef export market for prime cuts. Local beef promotions focus on building and defending New Zealand's market position against strong competition from Australia and the USA.

Beef + Lamb New Zealand created the New Zealand grass-fed beef brand in Taiwan in 2007 to distinguish Kiwi beef from other products in the market.

The English translation of our marketing slogan is: "New Zealand grass-fed beef - your lean and tender choice bred in nature's pastures." The brand also supports the 'three-low' message popular in North Asia - our beef is low calorie, low cholesterol, and low fat.

As well as campaigns like this which directly target consumers, Beef + Lamb New Zealand provides targeted promotional support to importers who supply the food service sector with New Zealand grass-fed beef, and works closely with specific restaurants to increase its visibility in the market.

We worked closely with the large burger chain, MOS Burger, which only uses New Zealand beef in its burger patties across 130 stores and for the first time, we worked with Bravo Group which is a leading food service business with 17 restaurants throughout Taiwan.

People



Young Farmer becomes Young Rancher with a Beef + Lamb New Zealand Scholarship

Pete Fitz-Herbert is the Chairman of the Marton Young Farmers Club and stock manager on the family farm in Hunterville, and he is the 2012 winner of a scholarship that took him to the Five Nations Beef Alliance Young Rancher Programme in Canada.

The Alliance is charged with progressing initiatives to benefit beef producers in the five member nations - New Zealand, Australia, Canada, USA and Mexico.

“In the prep for the Young Ranchers, I learnt more about our own industry. The ability to hang out with Ben O’Brien (Beef + Lamb New Zealand General Manager Market Access) and James Parsons (Beef + Lamb New Zealand Farmer Director), was remarkably valuable in learning about the issues that the beef industry faces.

The Five Nations Beef Alliance conference was a great chance to informally meet some very impressive people and see some beautiful country. In Banff the opportunity to sit in on the meetings was eye opening. We had the ability to address the Alliance as the Young Ranchers, on our perspective of a sustainable beef industry and the need to have a younger perspective involved in the decision making process.

The opportunity to speak to a room full of speakers was challenging, but the whole experience provided a real view into the backroom of the industry and a look at the complexities of trade issues.

The exposure to this experience created for me a real awareness of the issues affecting the beef industry, the similarity and differences of our international markets and competitors.”

- Pete Fitz-Herbert

Farmers are working online

Beef + Lamb New Zealand partnered with Open Polytechnic and AgITO to offer the Level 5 Certificate in Production Management to sheep and beef farmers. The programme is divided into four modules and the pilot team of famers working towards the qualification in Whangarei, Waipukurau and Invermay are coming to grips with the world of online learning and online discussions, and submitting assignments on time.

Beef + Lamb New Zealand sought this education opportunity because farmer owner/operators are not able to receive the subsidised learning available to farm employees through AgITO. Partnering with the Open Polytechnic has opened a new door and new opportunities for farmers.

Escalator is moving in the right direction

The Agri-Women’s Development Trust graduated the second class of Escalator women in 2012. Beef + Lamb New Zealand is a major sponsor of this programme that works with women to develop current and future leaders with the skills and capabilities to govern and lead rural organisations, farming businesses and communities.

Involving small numbers with the ability to make a big impact in agriculture, Escalator builds on and enhances the skills women have accumulated within their businesses and communities. One notable graduate is Dawn Sangster, a farmer from Maniototo and a recent appointment to the Alliance Group Board.

Beef + Lamb New Zealand Farmer Council Professional Development

The seven Beef + Lamb New Zealand Farmer Councils are a bridge between grass roots farmers and Beef + Lamb New Zealand, advising on research investments and guiding work in the regions.

The Beef + Lamb New Zealand Farmer Council Executive identified a need for a structured professional development programme for farmers involved in Farmer Council and B+LNZ Project Farm Programmes.

The idea is to build regional capability and expose emerging farmer leaders to new opportunities.

Beef + Lamb New Zealand worked closely with Lindy Nelson, sheep and beef farmer and Executive Director of the Agri-Women’s Development Trust to develop a customised series of modules to pilot for farmer leaders.

The programme modules are:

- Governance
- Improving Communication and Enhancing Decision Making
- Leadership

The first two of these modules were run in 2012.

Information



It all starts with the Farm Survey

The Beef + Lamb New Zealand Sheep and Beef Farm Survey underpins the organisation's Information programme. It provides a robust framework for independently gathering and analysing over 800 pieces of physical, financial and capital structure information about commercial sheep and beef farms, representing the vast majority of sheep and beef cattle in New Zealand.

We've just completed the 62nd year of the Beef + Lamb New Zealand Sheep and Beef Farm Survey. The survey structure provides the vital base for a historical analysis and more importantly for Beef + Lamb New Zealand's team to develop forecasts. This is done to inform a wide range of audiences including meat processing and exporting companies, banks, rural professionals, and industry organisations. Additionally, the team processed over 600 requests for information, to support and inform farmers, farming organisations and the meat industry. Information is used to support and inform policy decisions with government and regional councils.

Valued independent information

A wide range of publications, analyses and interactive tools are available to farmers and they rely heavily on the survey framework and processes.

The signature reports from the Beef + Lamb New Zealand Economic Service include:

- Livestock Number Survey
- Lamb Crop Survey
- Compendium of New Zealand Farm Facts
- New Season Outlook
- Mid-Season Update
- Movement in Input Prices

Improving information availability to farmers

Dynamic tools to benchmark farm performance against the statistically robust Sheep and Beef Farm survey are available on the Beef + Lamb New Zealand website.

One is a lambing percentage calculator, a topical and straight forward farm benchmarking indicator. You can see how your farm ranks in the overall distribution of lambing percentages within New Zealand by farm class and by region (www.beeflambnz.com/interactive-tools).

Continuous Improvement

The Sheep and Beef Farm Survey is being upgraded to capture more detail on meat production, to aid industry decision-making. This recognises the trend to grazing stock on contract, including dairy grazing and contract grazing for meat companies.

beef+lamb
new zealand

ECONOMIC SERVICE
Class Quintile Analysis of the 2010-11
Sheep and Beef Farm Survey

Dear Survey Farmer
Thank you for your valued and continued support of Beef + Lamb New Zealand's Economic Service Sheep and Beef Farm Survey.

The following analysis of your last season results is tailored for farmers (P&B) before interest, tax and other per hectare (BIBR \$/ha). It includes a graphical analysis showing your outcome against the survey sample mean for your class and your outcome in the previous year.

This publication with your unique farm data is available to you alone and augments the existing farm summary.

The Survey and Source of Data
The Sheep and Beef Farm Survey is a sample survey of approximately 800 farms. The sample is randomly selected and stratified by geographical regions and by sheep and beef cattle stock units. Data associated with physical and financial aspects of sheep and beef farming are recorded.

Timing
Because financial accounts are required to complete the farm analysis and these are published up to 12 months after the close of the June farming year, the ability to provide regional analysis in any year is limited by the receipt of the last set of accounts. Means of improving this timing are being investigated.

Statistical Requirements
The survey observes two fundamental principles:

- The sample size is large enough to avoid the undue influence of abnormal items
- The selection of farms has been made of random, so that each and every unit of the population has had an equal chance of being selected

The frame that is used for the random sampling is a comprehensive list of sheep and beef farms, in order that the selection of farms is made as representative as possible. Considerable use is made of existing empirical knowledge about sheep and beef farming.

Farm Classes Defined (ranked from extensive to intensive by island)

North Island

- Class 3. Hard Hill Country 1,155 Farms - Sheep hill country or low fertility soils with most farms carrying six to ten stock units per hectare. While some stock units condition, many breeding properties.
- Class 4. Hill Country 4,020 Farms - Easter Hill country or higher fertility soils than Class 3. Carrying between eight and fifteen stock units per hectare, a high proportion of sale stock sold in forward sale or prime condition.
- Class 5. Intensive Finishing Farms 1,542 Farms - Easy contour farmland with the potential for high production. Carrying between ten and fourteen stock units per hectare, a high proportion of stock is sent to slaughter and requirements are often bought in. These tend to be smaller farms focused on high production per hectare. In most cases 100% of the properties are able to be worked with a tractor.

South Island

- Class 1. South Island High Country 220 Farms - Extensive run country located at high altitude usually carrying the wool sheep, with wool as the main source of revenue. Often carry breeding cows and deer. Located mainly in Marlborough, Canterbury and Otago.
- Class 2. South Island Hill Country 892 Farms - Traditionally stone stock producers with a traditionally sold prime in good seasons. Carrying proportion sold prime in good seasons. Carrying between two and seven stock units per hectare; they usually have a significant proportion of beef cattle.
- Class 4. South Island Finishing Breeding Farms 2,735 Farms - A more extensive type of finishing farm, also encompassing some irrigation units and some cash cropping. Carrying capacity ranges from six to eleven stock units per hectare on dryland farms and over twelve stock units per hectare on irrigated units. Located mainly in Canterbury and Otago. This is the dominant farm class in the South Island.

468 FARMS SURVEYED
OVER 800 FINANCIAL AND PHYSICAL DATA
QUINTILE ANALYSIS PREPARED BY REGION AND FARM CLASS

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INVESTMENT BY NEW ZEALAND SHEEP + BEEF FARMERS



High-achieving sportswomen, BMX Olympic silver medallist, Sarah Walker, Olympic swimming gold medallist Sophie Pascoe and Olympic kayak gold medallist Lisa Carrington are ideal role models for promoting a healthy diet, which includes lean red meat. They recognise the importance of a balanced diet and believe in the benefits of eating lean red meat including the essential minerals iron and zinc as well as the B vitamins and high quality protein R11 all required for optimum performance.

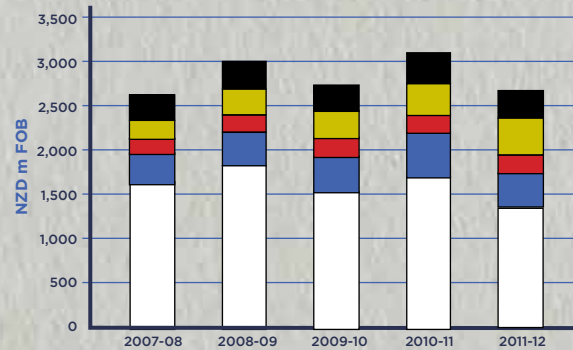
These Iron Maidens are the face of Beef + Lamb New Zealand's latest domestic marketing campaign.



Statistical highlights

Value of Lamb and Mutton Exports

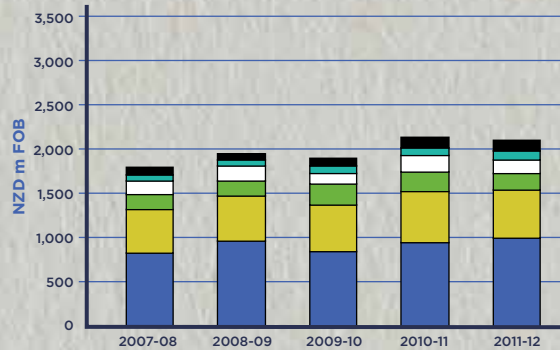
Year ended 30 September



Source: Beef + Lamb New Zealand Economic Service

Value of Beef and Veal Exports

Year ended 30 September

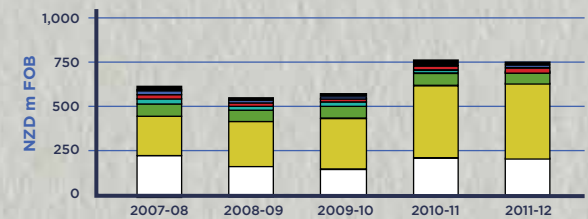


Source: Beef + Lamb New Zealand Economic Service



Value of Wool Exports

Year ended 30 September



Source: Beef + Lamb New Zealand Economic Service

Meat Exports (tonnes shipped weight)

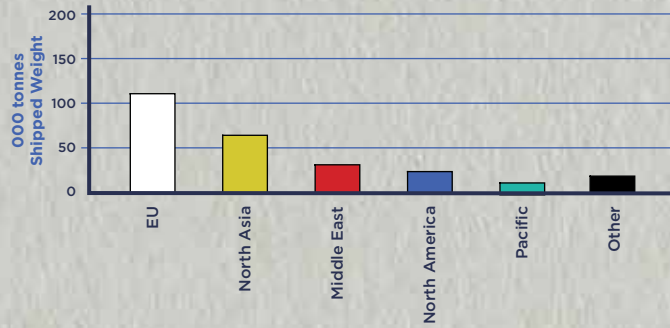
Year ended 30 September

	Lamb		Mutton		Beef		Other		Total	
	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12
Africa	6,379	8,171	3,726	2,840	1,991	1,285	8,866	10,145	20,963	22,441
Caribbean	3,771	3,705	1,780	857	3,322	2,775	572	520	9,446	7,857
European Union	128,763	111,083	21,440	17,315	13,875	12,657	10,977	9,664	175,056	150,718
Eastern Europe	1,639	956	1,496	1,517	2,408	3,279	2,920	3,588	8,464	9,340
Mediterranean	36	56	11	5	82	190	4	0	133	251
Middle East	23,198	32,655	7,332	4,289	10,166	9,487	4,914	6,076	45,610	52,507
North America	31,106	24,677	12,664	6,566	175,902	178,875	2,817	2,826	222,489	212,943
North Asia	53,265	64,734	17,212	18,888	92,828	91,667	16,961	19,736	180,266	195,024
Pacific	12,711	12,414	1,396	1,139	11,295	11,566	2,415	2,540	27,817	27,658
South America	33	109	0	9	15	0	178	70	226	188
South Asia	3,355	4,126	10,450	7,491	43,859	37,991	11,980	10,345	69,644	59,952
Western Europe	1,856	1,973	232	125	868	803	0	4	2,956	2,906
Total	266,113	264,659	77,741	61,040	356,610	350,574	62,606	65,514	763,070	741,787

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

Major Lamb Markets

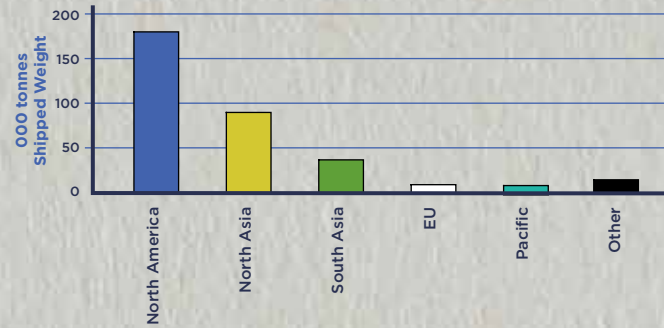
Year ended 30 September 2012



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

Major Beef and Veal Markets

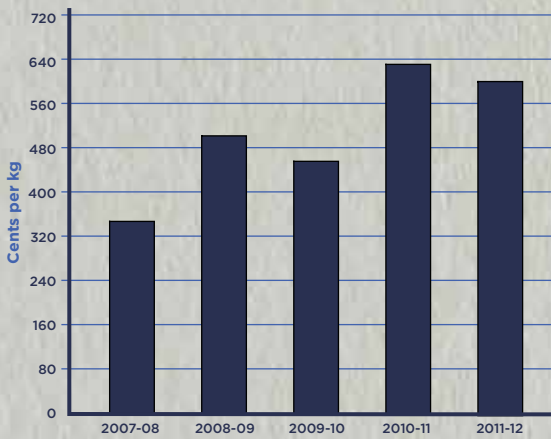
Year ended 30 September 2012



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

Export Lamb Farm Price¹

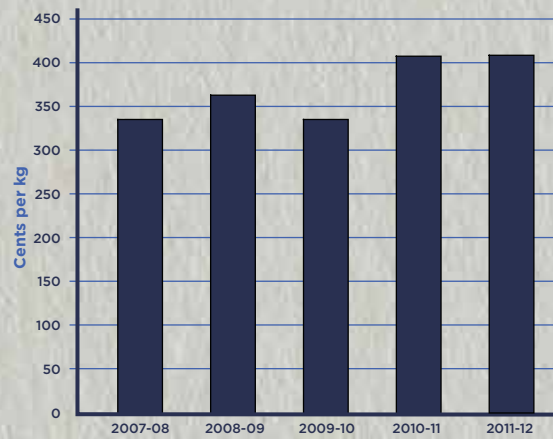
Year ended 30 September



¹ All Grades, incl. wool pull
Source: Beef + Lamb New Zealand Economic Service

Export Steer and Heifer Farm Price¹

Year ended 30 September



¹ All Weights
Source: Beef + Lamb New Zealand Economic Service



Wool Exports (tonnes clean)

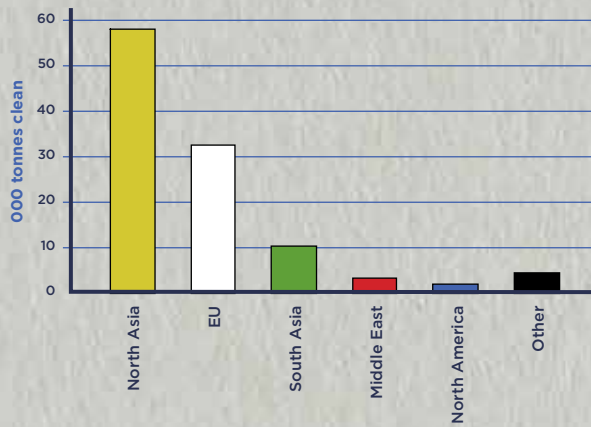
Year ended 30 September

	Fine Wool (< 24 micron)		Medium Wool (24 to 31 micron)		Fine Crossbred (> 31 to 35 micron)		Strong Crossbred (> 35 micron)		Total	
	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12
Africa	131	58	452	261	89	164	378	139	1,050	622
European Union	2,274	1,652	6,570	7,212	10,911	7,721	12,407	14,840	32,162	31,426
Eastern Europe	0	0	79	38	146	72	0	38	225	149
Mediterranean	0	0	96	98	164	266	1,094	1,357	1,354	1,721
Middle East	0	0	34	20	1,032	749	1,754	2,087	2,820	2,856
North America	26	66	345	279	658	718	633	929	1,662	1,991
North Asia	4,233	4,870	7,898	11,705	24,930	18,538	17,326	24,050	54,387	59,162
Pacific	1	6	10	7	160	153	2,880	1,205	3,050	1,371
South America	14	0	708	166	137	0	0	0	860	166
South Asia	135	221	1,300	1,296	3,006	1,053	6,878	7,227	11,320	9,798
Western Europe	0	0	0	0	127	161	117	118	244	279
Total	6,814	6,873	17,492	21,082	41,361	29,595	43,466	51,990	109,134	109,540

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

Major Wool Markets

Year ended 30 September 2012



Source: Beef + Lamb New Zealand Economic Service

Wool Exports and Price

Year ended 30 June

	Wool Exports				Average Auction Price
	000 tonnes clean	Proportion Scoured	NZD m FOB	\$ per kg clean	\$ per kg clean
2003-04	140.4	73%	740.1	5.27	4.69
2004-05	133.9	78%	665.7	4.97	4.38
2005-06	148.4	75%	688.8	4.64	4.01
2006-07	143.5	79%	655.1	4.56	4.16
2007-08	136.9	77%	612.7	4.48	4.21
2008-09	115.4	72%	568.6	4.93	4.15
2009-10	122.9	73%	552.6	4.50	4.21
2010-11	113.7	72%	715.3	6.29	6.02
2011-12	106.3	68%	777.1	7.31	6.63

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

Wool Production

Year ended 30 June

	Opening Sheep	Shorn	Slip ¹	Total	Shorn Wool
	000 head	000 tonnes greasy	000 tonnes greasy	000 tonnes greasy	kg greasy / head
2003-04	39,552	191.8	25.9	217.7	5.50
2004-05	39,271	187.1	28.4	215.5	5.49
2005-06	39,880	199.0	25.5	224.5	5.63
2006-07	40,098	187.8	29.8	217.6	5.43
2007-08	38,460	175.2	30.6	205.8	5.35
2008-09	34,088	132.4	25.1	157.5	4.62
2009-10	32,384	162.8	23.0	185.8	5.74
2010-11	32,563	154.6	21.7	176.3	5.41
2011-12	31,132	143.2	21.3	164.5	5.28

1. Wool on sheepskins included prior to 2004-05 and excluded from 2004-05.
Source: Beef + Lamb New Zealand Economic Service, Statistics New Zealand

Average Export Carcase Weights

Year ended 30 September

	Kilograms per head		
	2010-11	2011-12	% change
LAMB			
North Island	18.10	18.87	4.3%
South Island	18.35	18.47	0.7%
New Zealand	18.23	18.66	2.4%
MUTTON			
North Island	22.85	24.71	8.1%
South Island	25.52	26.50	3.8%
New Zealand	24.17	25.66	6.2%
STEER AND HEIFER			
North Island	272.62	286.27	5.0%
South Island	286.63	291.54	1.7%
New Zealand	276.36	287.81	4.1%
COW			
North Island	194.97	204.00	4.6%
South Island	206.96	208.58	0.8%
New Zealand	198.17	205.48	3.7%
BULL			
North Island	296.70	308.80	4.1%
South Island	306.48	309.77	1.1%
New Zealand	298.56	309.00	3.5%

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

Value of Exports¹

Year ended 30 September

	NZD million FOB ²	
	2010-11	2011-12
MEAT		
Lamb	2,540.7	2,284.5
Mutton	490.3	337.3
Beef and Veal	2,078.0	2,046.4
Edible Offal	203.0	210.7
Other Meats	422.5	445.4
Total Meat	5,734.4	5,324.4
OTHER ANIMAL PRODUCTS		
Hides and Skins	278.4	349.6
Tallow	161.1	137.4
Animal Oils and Fats	24.1	46.6
Crude Animal Materials ³	346.0	414.1
Meat Meal and Pet Food	123.6	126.9
Total Other Animal Products	933.1	1,074.6
Total Meat Sector	6,667.6	6,398.9

cont...

	NZD million FOB ²	
	2010-11	2011-12
WOOL SECTOR		
Raw Wool	756.3	749.2
Tops, Yarns & Sliver	98.7	74.2
Carpets & Rugs	79.2	104.5
Other Final Woollen Products	26.3	23.9
Total Wool Sector	960.4	951.8
Total Meat and Wool Sector	7,628.0	7,350.7
Dairy	12,189.2	12,732.8
Livestock and Other	251.8	234.6
Total Horticulture & Arable	2,236.9	2,282.5
Processed Agriculture (Excluding Processed Wool)	1,936.9	2,007.5
Other Agricultural Exports	639.4	785.3
Total Agriculture	24,882.2	25,393.5

1. Excludes re-exports

2. FOB: Free on Board

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

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

Total Inspected Livestock Slaughtering¹

Year ended 30 September

	thousand head	
	2010-11	2011-12
Lambs	19,682.5	19,367.2
Adult Sheep	4,576.3	3,615.4
Calves & Vealers	1,656.2	1,694.5
Adult Cattle	2,381.2	2,191.9
Pigs	729.3	719.7
Goats	113.1	96.0

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

Source: Ministry of Primary Industries

Total Inspected Meat Production¹

Year ended 30 September

	thousand tonnes bone in	
	2010-11	2011-12
Lamb	356.2	357.3
Mutton	109.1	90.9
Bobby Veal and Veal	27.0	27.8
Beef	595.7	575.3
Pigmeat	50.2	49.8
Goatmeat	1.2	1.0
Total	1,139.4	1,102.0

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

Note: Totals may not add due to rounding
Source: Ministry of Primary Industries

Meat Production Available for Export¹

Year ended 30 September

	thousand tonnes bone-in	
	2010-11	2011-12
Lamb	351.0	353.2
Mutton ²	106.0	87.3
Beef	571.8	549.8
Bobby Veal	26.9	27.6
Goat	1.2	1.0
TOTAL	1,056.9	1,018.9

1. Includes production withdrawn from export stocks for local consumption

2. Mutton includes hogget

Note: Totals may not add due to rounding
Source: New Zealand Meat Board

Sheep Numbers

At 30 June

	thousand head	
	2011	2012p
Total Sheep	31,132	31,939
Breeding Ewes	20,485	20,614
Breeding Ewes as % of total	65.8	64.5
Number of Lambs Tailed ¹	25,425	26,257
Lambing % ²	119.3	122.0

1. Lambs tailed includes lambs from hoggets

2. Lambing % for calendar year shown.

p: provisional

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

Cattle Numbers

At 30 June

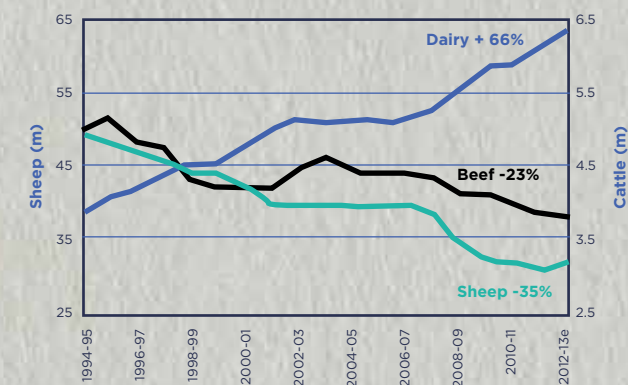
	thousand head	
	2011	2012p
Dairy Cows and Heifers in Calf or milk	4,816	5,021
Other Dairy Cattle	1,359	1,348
Total Dairy Cattle	6,175	6,369
Beef Breeding Cows	1,053	1,053
Other Beef Cattle	2,793	2,831
Total Beef Cattle	3,846	3,884
Total Cattle	10,021	10,253

p: provisional

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

New Zealand Sheep and Cattle Numbers

1994-95 to 2012-13



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

Financial Statements



Statement of Comprehensive Income

For the year ended 30 September 2012

In thousands of New Zealand dollars	GROUP Year Ended 2012			GROUP Year Ended 2011		
	Total	Levy Stream	Non Levy Stream	Total	Levy Stream	Non Levy Stream
Levies Received	21,791	21,791	-	21,640	21,640	-
Other income	8,095	7,457	638	7,562	7,562	-
Other operating expenses	(32,763)	(31,082)	(1,681)	(32,756)	(30,693)	(2,063)
Net operating deficit from operating activities	(2,877)	(1,834)	(1,043)	(3,554)	(1,491)	(2,063)
Net finance income	583	(29)	612	792	137	655
Share of surplus/(deficit) of associates	(397)	(397)	-	557	557	-
Net operating deficit for the year before income tax	(2,691)	(2,260)	(431)	(2,205)	(797)	(1,408)
Income tax expense	-	-	-	-	-	-
Net operating deficit for the year	(2,691)	(2,260)	(431)	(2,205)	(797)	(1,408)
Other comprehensive income						
Unrealised gains and (losses) on financial instruments	2	2	-	115	115	-
Net change in fair value of available-for-sale financial assets	136	-	136	73	-	73
Total comprehensive income for the year	(2,553)	(2,258)	(295)	(2,017)	(682)	(1,335)
Attributable to:						
Levy payers	(2,258)	(2,258)	-	(682)	(682)	-
Meat Education Fund	(105)	-	(105)	(137)	-	(137)
Special Reserves	(190)	-	(190)	(1,198)	-	(1,198)
	(2,553)	(2,258)	(295)	(2,017)	(682)	(1,335)

This statement is to be read in conjunction with the notes on page 42. A copy of the full financial report is available from Beef + Lamb New Zealand Limited.

Parent Statement of Levy Stream Performance

For the year ended 30 September 2012

2012 In thousands of New Zealand dollars	Beef	Sheepmeat	Goat	Total Meat	Wool
Income					
Levy Income	9,185	12,606	-	21,791	-
Grant Funding from New Zealand Meat Board	414	2,662	-	3,076	-
Finance Income	124	127	-	251	93
Fees	36	408	-	444	-
Other Income	570	880	-	1,450	-
Total income	10,329	16,683	-	27,012	93
Expenditure					
Market Development	4,284	3,796	-	8,080	-
Research & Development	1,561	5,361	6	6,928	-
Residual Wool Levy Fund	-	-	-	-	150
Market Access	881	1,589	-	2,470	100
Administration	1,485	2,059	-	3,544	-
Extension	1,934	3,167	14	5,115	250
Information & Analysis	625	1,164	-	1,789	100
People & Capability	244	454	-	698	65
Total operating expenditure	11,014	17,590	20	28,624	665
Net operating deficit for the year	(685)	(907)	(20)	(1,612)	(572)

Statement of Changes in Equity

For the year ended 30 September 2012

In thousands of New Zealand dollars	GROUP				PARENT			
	Hedging reserve	Fair value reserve	Retained earnings	Total Equity	Hedging reserve	Fair value reserve	Retained earnings	Total Equity
Balance at 1 October 2011	(2)	(239)	26,652	26,411	(2)	(239)	25,927	25,686
Deficit for the year	-	-	(2,691)	(2,691)	-	-	(2,615)	(2,615)
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedges	2			2	2	-	-	2
Net change in fair value of available-for-sale financial assets		136		136	-	136	-	136
Total other comprehensive income	2	136	-	138	2	136	-	138
Total comprehensive income for the year	2	136	(2,691)	(2,553)	2	136	(2,615)	(2,477)
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-
Balance at 30 September 2012	-	(103)	23,961	23,858	-	(103)	23,312	23,209

Balance Sheet

As at September 2012

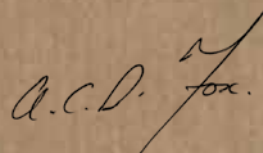
In thousands of New Zealand dollars	GROUP		PARENT	
	2012	2011	2012	2011
EQUITY EMPLOYED				
Reserves	(103)	(241)	(103)	(241)
Retained earnings	23,961	26,652	23,312	25,927
TOTAL EQUITY EMPLOYED	23,858	26,411	23,209	25,686
Represented by:				
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	4,439	6,880	3,196	5,921
Trade and other receivables	2,198	3,052	1,980	2,487
Other investments	19,620	19,120	19,620	19,120
Derivative financial instruments	4	71	4	71
TOTAL CURRENT ASSETS	26,261	29,123	24,800	27,599
NON-CURRENT ASSETS				
Property, plant & equipment	559	488	559	488
Intangible assets	224	304	103	205
Investments in subsidiary companies	-	-	720	745
Investments in associates	477	874	-	-
Other investments	2,697	2,562	2,697	2,562
Derivative financial instruments	-	4	-	4
Term receivables	112	130	112	130
TOTAL NON-CURRENT ASSETS	4,069	4,362	4,191	4,134
TOTAL ASSETS	30,330	33,485	28,991	31,733

cont...

In thousands of New Zealand dollars	GROUP		PARENT	
	2012	2011	2012	2011
CURRENT LIABILITIES				
Trade and other payables	5,141	6,011	4,516	5,014
Derivative financial instruments	149	46	149	46
Deferred Income	217	59	152	29
Employee entitlements	616	538	616	538
TOTAL CURRENT LIABILITIES	6,123	6,654	5,433	5,627
NON CURRENT LIABILITIES				
Lease Liabilities	257	315	257	315
Loans and Borrowings	64	77	64	77
Employee entitlements	28	28	28	28
TOTAL NON-CURRENT LIABILITIES	349	420	349	420
TOTAL LIABILITIES	6,472	7,074	5,782	6,047
NET ASSETS	23,858	26,411	23,209	25,686



M C Petersen
Chairman



A C D Fox
Chairman Audit &
Risk Committee

The Board of Directors authorised these financial statements for issue on 5 December 2012.

Statement of Cash Flows

For the year ended 30 September 2012

In thousands of New Zealand dollars	GROUP	
	2012	2011
Net cash flows from operating activities	(1,379)	(246)
Net cash flows from/ (to) investing activities	(1,048)	(1,061)
Net cash flows used in financing activities	(14)	-
Net increase/ (decrease) in cash and cash equivalents	(2,441)	(1,307)

Notes:

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 5 December 2012. The audit opinion expressed was unqualified.
3. This summary report does not provide the detail included in the full financial report. 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 website beeflambnz.com

Independent auditor's report on the summary financial statements

To the stakeholders of Beef + Lamb New Zealand Limited

The accompanying summary financial statements from pages 37 to 42, which comprise the balance sheet as at 30 September 2012, the statement of levy stream performance and statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes on page 42, are derived from the audited financial statements of Beef + Lamb New Zealand Limited ("the company") for the year ended 30 September 2012. We expressed an unmodified audit opinion on those financial statements in our report dated 5 December 2012.

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 the company.

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 these financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810 Engagement to Report on Summary Financial Statements.

Other than in our capacity as auditor we have no relationship with, or interests in, the company

Opinion

In our opinion the summary financial statements have been correctly extracted from the audited financial statements of the plan for the year ended 30 September 2012, and the information reported in the summary financial statements is consistent, in all material respects, with the audited financial statements, in accordance with FRS-43 Summary Financial Statements.

KPMG

5 December 2012
Wellington

Appendix One | Scorecard

FARM



Metric	Result (Target) 10/11	Result (Target) 11/12	Target 12/13	Commentary
Farmer Attendances	14741 (11250)	14216 (15500)	14000	Attendances at B+LNZ facilitated events have remained steady, with increasing focus on quality of event versus numbers attending. Farmer Council leadership in the regions has increased the quality and relevance of events to local farming needs.
Sheep and Beef Farm Survey	448 (450)	458 (505)	517	Economic Service Managers survey farms across New Zealand to collect farm business information as the basis of the B+LNZ Economic Service reporting.
Farm events conducted	268 (350)	265 (275)	300	There is increasing focus on creating collaborative events with other providers to increase value for sheep & beef farmers. Reducing competing events on the same day within areas and matching local and seasonal needs to the extension calendar
Research investment	\$5,092,000 (\$5,900,000)	\$5,663,000 (\$5,913,000)	\$5,587,000	New investment in 2011/2012 was the partnership investment in sustainable hill country forage systems. This is the Pastoral 21 research partnership with Government. The primary focus for sheep and beef farmers in this programme is through improving early spring feed supply on hill country, improved summer/autumn feed quality, improving profitability through integrated farm planning and use of breakthrough technologies in remote pasture measurement.

MARKET DEVELOPMENT



Metric	Result 10/11	Result (Target) 11/12	Target 12/13	Commentary
Industry contribution (\$) alongside Beef + Lamb New Zealand to co-fund sheepmeat and beef marketing	\$3,000,000	\$3,000,000 (<i>\$3,000,000</i>)	\$3,000,000	Beef + Lamb New Zealand funding available for matching with processor and exporter contributions (1:1) was 85% utilised in 2012 (target was to lift from 77% last season to above 80% this season). The objective for 2013 will be to retain utilisation above 80% .
Market access burden, per farm basis	\$19,694	\$19,458 (<i>\$18,250</i>)	\$19,318	Overall a modest reduction in tariff rates reflected on a per farm basis. The areas of tariff reduction are described below.
Total index sheepmeat	950	896 (<i>900</i>)	845	Mitigation of sheepmeat tariff costs arose from a reduction in tariffs under the China FTA and a small reduction for the Philippines as a result of AANZFTA.
Total index beef	995	989 (<i>985</i>)	988	Mitigation of beef tariffs resulted from reductions in tariffs in China (China FTA), Thailand (Thai FTA) and ASEAN (AANZFTA) . The majority of beef tariffs under AANZFTA have been reduced to 0% in the calendar year 2012, further reductions are now reliant upon favourable results from FTAs currently under negotiation.
Total tariff index	989	978 (<i>975</i>)	971	The tariff index is an indicator of the reduction in tariff rates across major markets. Actual tariff payments will fluctuate with changes in trade patterns. Tariff reduction is just one of the outcomes targeted by Beef + Lamb New Zealand's market access activities.



Metric	Result (Target) 10/11	Result (Target) 11/12	Target 12/13	Commentary
Number of participants in leadership programmes funded by B+LNZ	222 (160)	235 (230)	240	B+LNZ fund a variety of Leadership initiatives for the sheep & beef sector, such as; New Zealand Young Farmers, Nuffield New Zealand, Kellogg Rural Leaders, Agri-Womens Development Trust, Federated Farmers, Rural Women, Five Nations young rancher programme, training farm cadets, Rural Business Network, level 5 certificate in production management training for farmers, and a FAME scholarship.
Retention of B+LNZ undergraduate scholarship recipients within the industry	87.5% (80%)	100% (80%)	85%	With the demand increasing for qualified people in the sector, the graduating scholars are gaining employment in their chosen area.
Sheep & beef trainees who complete AgITO national qualifications	30% (45%)	48% (45%)	45%	This completion rate was as of March 2012. Completions have greatly improved on previous years, due to the re-structure of some qualifications, and streamlining of reporting processes with TEC.
B+LNZ employee turnover	9.5% (<12%)	17.5% (<10%)	13%	Staff turnover for the year included three staff who did not return to the organisation after taking maternity leave.
% salary budget invested in staff learning and development	2.7% (2%)	3.8% (2.5%)	2.5%	Attendance at conferences increased in 2012, which has resulted in a larger spend in learning and development for 2012 than anticipated.
B+LNZ staff satisfaction with their role	68% (80%)	66.7% (75%)	70%	B+LNZ participate in a national employee survey annually, this gives the organisation the opportunity to benchmark against other organisations. The satisfaction level has remained constant with 2011.

INFORMATION



Metric		Result (Target) 10/11	Result (Target) 11/12	Target 12/13	Commentary
Forecast accuracy: export lamb production	% variation	-5.5% (± 5%)	-1.9% (± 5%)	Actual ± 5%	The difference between the July 2011 forecast export lamb and export mutton production published in the Beef + Lamb New Zealand New Season Outlook 2011-12 and actual production for the year ended 30 September 2012. These forecasts for 2011-12 were "good", though heavier lamb carcasses than forecast compensated to some extent for a lower-than-expected lamb slaughter.
Forecast accuracy: export mutton production	% variation	+18.7% (± 5%)	+3.0% (± 5%)	Actual ± 5%	
Forecast accuracy: export sheepmeat production	% variation	-0.9% (± 5%)	-1.0% (± 5%)	Actual ± 5%	
Forecast accuracy: export beef production	% variation	+3.6% (± 5%)	+3.6% (± 5%)	Actual ± 5%	The difference between the July 2011 forecast export beef production published in the Beef + Lamb New Zealand New Season Outlook 2011-12 and actual production for the year ended 30 September 2012. These forecasts for 2011-12 overstated beef production due to a lower- than-forecast dairy cull cow slaughter. The low dairy cow slaughter reflected the good season and unusually low level of "empty" cows (not in calf) available for slaughter.
Providing services: information, analysis and presentation projects	Number	734 (650)	597 (760)	Actual 600	The reason for the decrease is due to a focus on the provision of web-enabled user information.
Providing services: information website page views	Number	15,900 (10,000)	74,700 (30,000)	Actual 100,000	Website hits have substantially exceeded the target and this is due to the redesign of the website making information more accessible. The success of the website was also acknowledged when it was named best private sector website in the WriteMark Plain English Awards.

SECTOR

Metric		Result (Forecast) 10/11	Result (Forecast) 11/12	Forecast 12/13	Commentary
Farm productivity change - lambing %	%	110.6 (109.6)	121.3p (119.3)	123.3	The 2012-13 increase was due to sheep being in good condition thanks to favourable feed conditions before mating.
Farm productivity change - steer carcase weight at slaughter	kg per head	306 (311)	314 (309)	309	Carcase weights are forecast to decrease in 2012-13, after exceptionally good growing conditions in 2011-12 allowed high carcase weights.
Farm input costs	% change	4.1 (2.5)	2.4 (3.2)	2.2	Inflation remains low in New Zealand.
Sheep and Beef Farm Profit Before Tax	\$ per farm	112,240 (54,000)	146,000p (106,200)	96,500	The weighted average All Classes Farm Profit Before Tax is estimated to decline from 2011-12 primarily driven by decreased revenue from sheep, due to lower lamb prices, and a small decline in expenditure.



CUSTOMER

Metric	Result 10/11	Result (Target) 11/12	Target 12/13	Commentary
Farmer awareness of B+LNZ	49%	59% (75%)	75%	Awareness of B+LNZ increased over the course of the 2011/12 year. A sharp jump was observed in February 2012 on the back of significant media coverage on the role of the industry good body and significant interest in two director elections held at that time.
Farmer satisfaction with B+LNZ	49%	53% (60%)	60%	Farmer satisfaction with B+LNZ increased by 4% over the period. This is a pleasing result for the organisation in the face of farmer uncertainty over pricing and future outlook. Satisfaction with B+LNZ peaked at 54% in Jan 2012 before easing in the middle part of the year to recover almost to the January high.
Farmer confidence in the sheep and beef sector	61%	42% (50%)	50%	Farmer confidence in the future of the red meat sector fell sharply (-19%) over the course of the year after having peaked with three consecutive months at record high 67% confidence between Nov 2011 and Jan 2012. Sharp corrections in market pricing driven by difficult trading in Europe saw confidence fall to a low of 37% in July before stabilizing and firming to end the year at 42%.

pet + food

New Zealand



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