



ANNUAL
REPORT

2012-2013





Beef + Lamb New Zealand
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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.



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.



KIRSTEN BRYANT

*Farmer Representative,
Western North Island*

Served since: 2010
Term expires: 2016
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.

ANNE MUNRO

*Farmer Representative,
Central South Island*

Served since: 2010
Term expires: 2016
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 478 hectare hill country farm in Tangowahine, Northland, running a Coopworth sheep stud, commercial ewes, bulls and breeding cows. James was a 2008 Nuffield Farming Scholar.

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), three manufactured foods plants, as well as farming a 20,000 head capacity cattle feedlot. ANZCO also has eight offshore marketing offices as well as investments in ingredients and healthcare businesses, plus 2,502 hectares sheep, beef and cropping.

**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.

**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.



CHAIRMAN'S REPORT

During the past year Beef + Lamb New Zealand has continued to evolve to meet the changing needs of farmers.

Core activities undertaken in the areas of on-farm research and extension, education and training and improving market access have retained their focus, however other priorities have also taken centre stage.

Water quality, and ensuring that farming minimises its effect on the environment is demanding increased resources within Beef + Lamb New Zealand as farmers look to their organisation for help in meeting the increasing regulatory requirements. Progressing the themes of the Red Meat Sector Strategy has also continued to be a priority for Beef + Lamb New Zealand this year, centred heavily on the formation of the collaborative Red Meat Profit Partnership. In these two areas alone, Beef + Lamb New Zealand will continue to evolve as we look to effectively support our farmers.

With regard to environmental and water issues, we must continue to use good management practices to reduce our environmental footprint. To support farmers, Beef + Lamb New Zealand rolled out the refreshed Land and Environment Planning (LEP) Toolkit, a resource to help farmers manage land and environmental issues on their farms.

The organisation also represented sheep and beef farmer interests on the Land and Water Forum. This was a diverse group made up of primary industry representatives, environmental and recreational NGOs, iwi and other organisations with an interest in freshwater and land management. Ensuring these participants understood that good land and water management can work in tandem with profitable farming was one of our key messages. It was also important for us to reinforce in this forum many other challenging realities like the wide variation in terrain and land use for our sheep and beef farms.



In the coming year we are looking to increase our environment extension resources to meet the growing demands from our farmers nationwide.

The Red Meat Profit Partnership and its \$64.3million investment in sheep and beef farming over the next seven years got underway just before Christmas 2013. The make-up of the Red Meat Profit Partnership in itself is an achievement – comprising major meat companies Alliance Group, ANZCO Foods, Blue Sky Meats, Greenlea Premier Meats, Progressive Meats, Silver Fern Farms, two banks, ANZ and Rabobank, and Beef + Lamb New Zealand on behalf of farmers, plus the Government. The grouping represents a significant portion of the red meat sector and the strength of the collaboration cannot be underestimated as these partners use the information and tools developed in the programme, and deliver them through their own networks and communications channels to support farmers and their farm businesses.

All of this activity aligns to the Red Meat Sector Strategy, developed in 2011 by Beef + Lamb New Zealand and the Meat Industry Association, with support from government via the then Ministry of Agriculture and Forestry and New Zealand Trade and Enterprise. In December 2013, an update was released outlining progress to date in meeting the Red Meat Sector Strategy goals. This progress report outlined the very real challenges in lifting sector revenues given the Global Financial Crisis and the widespread drought during the 2012/13 season. Importantly however, in some areas, there has been significant progress. The sector is investing heavily in its future, with almost \$200 million currently committed alongside matching government funding to the Red Meat Profit Partnership and other Primary Growth Partnership projects by meat processing companies, farmers, and other sector participants like banks. While these various projects have their own particular focus, the

bottom line is about improving operating performance on both sides of the farm gate.

During the past year we have also refreshed our strategic direction to ensure Beef + Lamb New Zealand focuses on the areas that matter for farmers. As part of this work we have reviewed our vision for the sector and also the role that we carry out on behalf of our farmer owners to help make this vision a reality. All of this work is vitally important as we evolve the organisation even further in the lead up to the 2015 farmer referendum.

Simply put, we want to see a confident and profitable sheep and beef sector. Beef + Lamb New Zealand is looking to contribute to this vision by helping farmers make better business decisions and promote their collective interests.

Our tagline ‘By Farmers. For Farmers’ continues to resonate positively with farmers. It’s our organisation, working for us. It’s also a good way to describe how the seven Beef + Lamb New Zealand Farmer Councils, whose members are sheep and beef farmers from your region, are working on your behalf. The Councils have provided important direction and oversight in the delivery of extension activities in all regions. Importantly, the Beef + Lamb New Zealand Farmer Council is a two way vehicle, ensuring farmer views are passed back into the organisation. On behalf of our farmers I would like to thank this passionate group of people working tirelessly on our behalf.

In this annual report you will see a number of highlights for the year in review. The work by our staff in the areas of market access, market development and people and leadership is vital to support the research and extension that is more farmer-facing in the regions. The analysis and forecasting in our Beef + Lamb New Zealand Economic Service remains world-leading, and is an asset other primary sectors are trying to emulate. Supporting all of this work for farmers is the

team in Wellington, communicating and managing projects to ensure they deliver value for farmers. I can assure you that within New Zealand’s primary sector Beef + Lamb New Zealand is a leader in the work it carries out on your behalf, and does this in a very cost effective manner.

This is my last report to you as Chairman of Beef + Lamb New Zealand as I have noted during the year that I would not seek re-election when my terms ends at the Annual Meeting in March 2014. It is right that after 10 years on the board of Beef + Lamb New Zealand and its predecessors – seven of those as Chairman – that I stand aside to allow people with fresh ideas to come forward. I came into the organisation at the end of the Meat Board days and since then the organisation has undergone massive change, evolving from a statutory board to an organisation that is owned operated and guided by farmers every day.

It has been a privilege to be a director in this important area working for farmers. I have had the honour of serving with other deeply passionate directors and hugely committed staff in my time in this role. I would like to thank all of the people who have guided and helped me as we have worked to support our farmers, and I know that the next generation will continue the great work we have underway.

Finally, thank you to all the farmers in New Zealand for your support. Remember that Beef + Lamb New Zealand is not an island. It is merely an extension of your farming business, and the tools and services it develops on your behalf can help make your business more profitable.

‘By Farmers. For Farmers’ tells the whole story.



Mike Petersen
Chairman
Beef + Lamb New Zealand

CHIEF EXECUTIVE'S REPORT

Priorities for Beef + Lamb New Zealand in the 2012-13 year centred on supporting sheep and beef farmers with the right tools and information at the right time.

Guided by the Red Meat Sector Strategy, on-farm activities were geared to focusing on the areas within farmers' control. A couple of new interactive website tools using Beef + Lamb New Zealand Economic Service data were rolled out. They included a benchmarking tool which allows farmers to compare their own farm business performance - both productive and financial. The tool allows farmers to select farm data relative to their farm class and region so they can plot their performance relative to neighbouring properties. In the same vein, the Beef + Lamb New Zealand lambing calculator allows farmers to compare their own lambing percentage with others around them.

The Beef + Lamb New Zealand Pasture Growth Forecaster to calculate how much grass will grow was launched in the spring and it has had good pickup by farmers. It's a web-based tool designed specifically for New Zealand's climatic conditions and it considers soil types and temperature, solar radiation and how much water is available in order to forecast grass growth. The development of the forecaster was jointly funded by Beef + Lamb New Zealand and DairyNZ to help farmers increase profitability by better feed budgeting - especially during those times of the year where pasture growth can be highly variable.

Another less conventional way of receiving information is through twitter and text messaging. We've used these communication channels successfully to share information about the drought-tolerant pasture Lucerne. During the year we passed the milestone of having 500 text message subscribers who are getting free real-time updates from plant science specialist Professor Derrick Moot. It's a two-way communication with subscribers getting reminders, ideas and information on the latest research as well as observations from other farmers. And they can send in any questions, which is almost like having Professor Moot as their own personal advisor.

We have now been measuring and monitoring a range of targets for the past three years and we have seen positive lifts in a variety of areas including the numbers attending Beef + Lamb New Zealand events. We exceeded our target of 300 events and 14000 attendees by 24% and 26% respectively.

Likewise, the Market Development programme has scored some significant gains. In the European Sheepmeat Joint Promotion Programme where meat companies invest dollar for dollar alongside farmer funding, the individual project investments reported a range of positive results. In category level promotions, the Peter Gordon webcasts promoting New Zealand Lamb in the UK attracted strong interest and use, while in North Asian beef promotion the focus remained strongly on telling the positive production and nutrition story of New Zealand grass-fed beef.





Our work in support of the Government around improving market access and reducing barriers to trade often flies beneath the radar. It is the Beef + Lamb New Zealand policy team that ensures our government negotiators have all the information they need about the sheep and beef sector to strike the best deal for farmers.

Ensuring we are developing future leaders for our sector, along with a talented workforce are key planks of our People programme and this year has seen us support 21 scholarship students. A particular highlight this year was Beef + Lamb New Zealand scholar Isabel Tait being awarded overall top agriculture and horticulture student for 2013 at Massey University. We've also continued our support of the Nuffield Farming Scholarships which support the development of future leaders and have collaborated with DairyNZ and Young Farmers on the 'Get-Ahead' programme to showcase the range of job opportunities in the sector to secondary school students.

As the Chairman has outlined, the Red Meat Profit Partnership is going to offer significant opportunities for sheep and beef farmers into the future and Beef + Lamb New Zealand is excited to play our part in ensuring farmers get the information and tools they need to improve farm profits and efficiencies.

Dr Scott Champion
Chief Executive
Beef + Lamb New Zealand

OUR MISSION

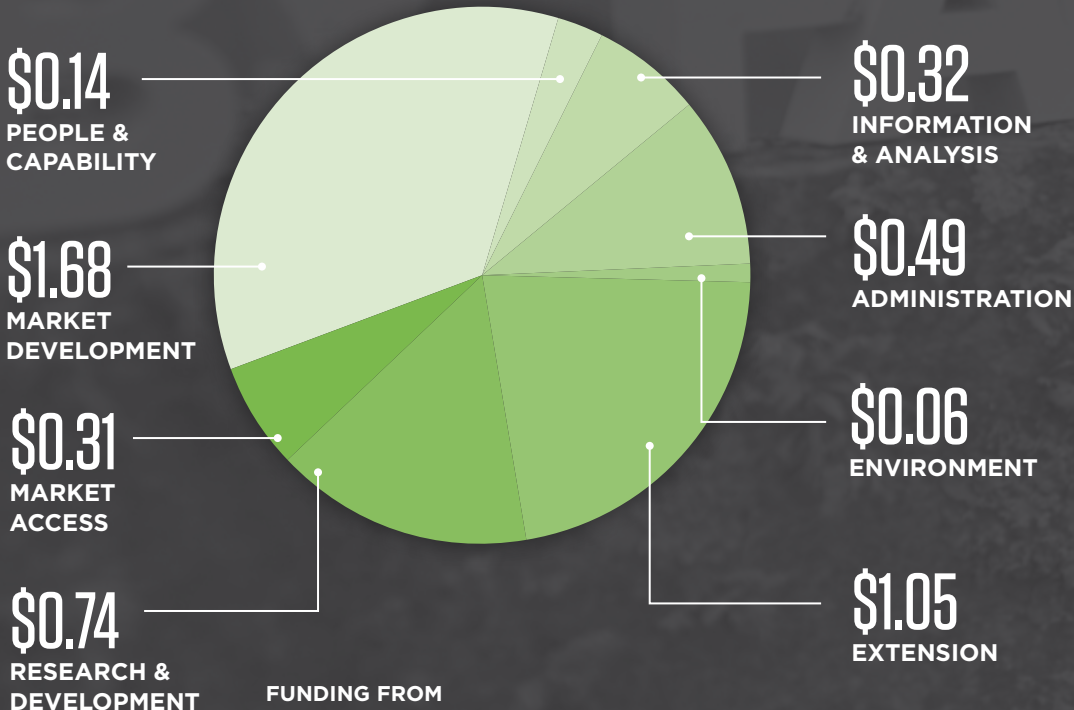
BY FARMERS. FOR FARMERS

Beef + Lamb New Zealand is working for a profitable and confident sheep and beef sector by helping farmers make informed business decisions and promoting their collective interests.



BUDGET 2014 – PROPOSED SPREAD OF ACTIVITY FOR THE COMING YEAR

Beef (Dollars Per Head)



FUNDING FROM

| | |
|----------------------------------|--------|
| BEEF + LAMB NEW ZEALAND LEVY | \$4.40 |
| NEW ZEALAND MEAT BOARD GRANT | \$0.24 |
| BEEF + LAMB NEW ZEALAND RESERVES | \$0.15 |



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.

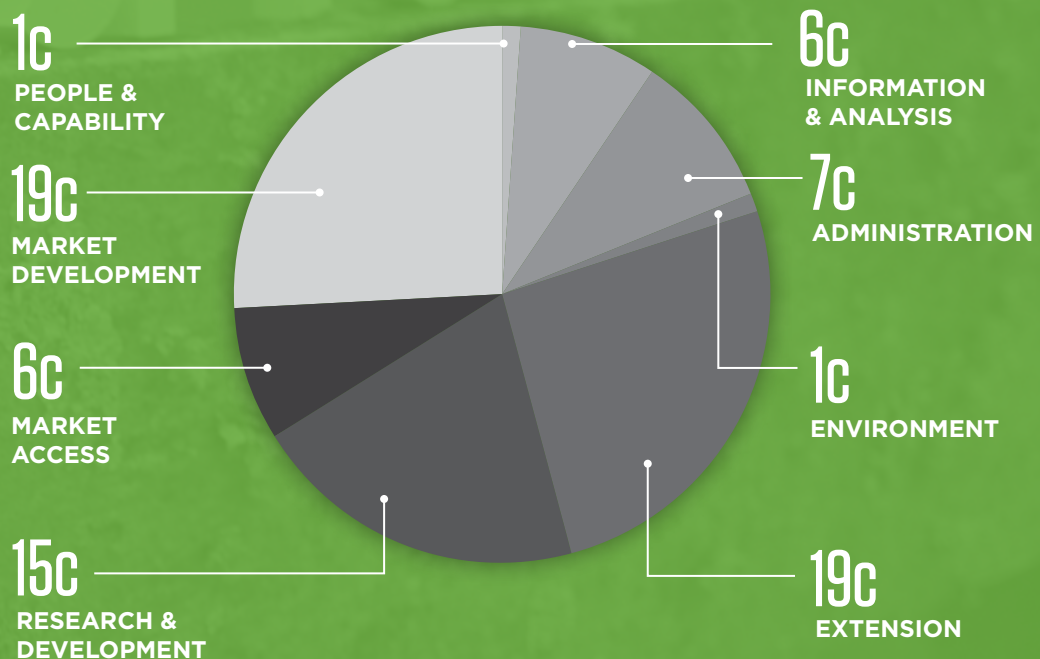
The Board has two standing committees to assist it in discharging its responsibilities:

- 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.

Sheepmeat (Cents Per Head)



FUNDING FROM

| | |
|----------------------------------|----------|
| BEEF + LAMB NEW ZEALAND LEVY | 60 CENTS |
| NEW ZEALAND MEAT BOARD GRANT | 10 CENTS |
| BEEF + LAMB NEW ZEALAND RESERVES | 4 CENTS |



FARM

Delivering research,
development and
technology transfer for
whole farm systems

Project Farms for 2012-13

There has been an increased focus on integrating research and extension initiatives and delivering financial benefit through the Beef + Lamb New Zealand Project Farms.

During 2012-13, there were 125 farms involved in 40 Beef + Lamb New Zealand projects – three times the number involved in 2009.



DEMO FARM PROJECT

Plantain on uncultivable hill country: a game changer?

A B+LNZ Demonstration Farm project investigating plantain on uncultivable hill country is looking promising.

Whangara Farms – a partnership between two Maori incorporations – covers 7100ha near Gisborne and runs 70,000 stock units. As one of 10 B+LNZ Demo Farms, its project centres around the potential of plantain to enhance the finishing capability of steep hill country. With sheep farming being pushed further into hill country areas, the need to provide higher-quality feed in this environment becomes more urgent.

Farm Manager Richard Scholefield has been dabbling in plantain in recent years. “Some of the performance we were seeing was really good, so when we were talking about improving the quality of feed on the steep hill country, we thought ‘why not’. If anything is going to grow on that sort of country, it will be plantain and clover.”

The project has attracted about 120 farmers onto the property for various field days (pictured) held on the property during the past year.

➔ *More detail on the Whangara project and other B+LNZ Demo Farm projects can be found at www.beeflambnz.com/demofarms.*

Sheep Industry Awards

Southern South Island Extension Manager Paul McCauley led the team that developed and implemented this highly successful event celebrating excellence and acknowledging top-performing ram breeders. After only two years, the awards have become a marquee event for the sheep industry and will now be a fixture on the calendar, alternating between the North and South Islands. The awards are based on Sheep Improvement Limited (SIL) information and acknowledge sheep breeders and industry participants for their contribution to the sheep industry.

Kellogg Rural Leaders programme

Beef + Lamb New Zealand supports the development of rural people through sponsorship of the Kellogg Rural Leaders programme. In addition to the sponsorship, Mid-Northern Extension Manager Erica van Reenen completed a project – “Increasing uptake of environmental practices on sheep and beef farms” – which is being utilised by Beef + Lamb New Zealand, Federated Farmers and regional councils.



Science seminar

The Beef + Lamb New Zealand Farmer Council's Sheep and Beef Science Seminar and Roadshow involved four interactive events across the country during May and June. They were held in Ruakura, Feilding (as part of the 2013 AgInnovation event), Lincoln and Invermay. The programme included three keynote speakers, who presented at each of the seminars: Mike Barton, a Taupo farmer working within a nitrogen-capped region; Peter Fennessy of AbacusBio, discussing where opportunities in agriculture lie now and in the future; and Paul Higgins, an Australian consultant talking about how to deal with uncertainty and change in a volatile world. Each seminar was based around the keynote speakers and supported by relevant local content. For example, the Lincoln seminar included presentations on cattle nutrition and wintering best practice, legume establishment on uncultivable hill country, Californian thistle control and clover root weevil.



Swardstick

Demonstrating industry partnership, Beef + Lamb New Zealand worked with Farmax and AgResearch to develop the swardstick. About 5500 swardsticks were distributed at field days and workshops over the year and more are being produced for the 2013-2014 season. Swardsticks are now commonplace in farm utes and on motorbikes – serving to both assess pasture cover, while also acting as a friendly reminder to pop down to grass level and take a measurement.



AWARD WINNERS

The importance of matching livestock to environment

You know your breeding programme is going exceptionally well, if you've sold your excess female lambs before they are even born.

That is the situation that the 2012 Ewe Hogget Competition winners Preston and Tori Hope (pictured) have found themselves in. The couple farm Forest View – 1029ha near Middlemarch. The property runs 3250 mixed-age Perendale ewes and 40-50 breeding cows.

Hopes bought the property 10 years ago and had a clear vision for the type of ewe that would perform on the property. "When we first came here, we could not buy the type of stock we wanted to farm, so set about breeding something that was worthwhile on this property," Preston says.

Hopes, who buy their rams from Newhaven Perendale stud, have a clear breeding objective: to produce a ewe that brings in two live lambs at weaning. That ewe has lambed by herself and the lambs get a drink by themselves.

During the past five years, the lambing percentage has increased from 116 per cent, to 146 per cent.

➔ *A detailed article on Hopes' approach to ram selection can be found on the B+LNZ website – www.beeflambnz.com (search "hope").*



Delivery ready workshops

Over 2012-13, Beef + Lamb New Zealand developed a series of workshops that farmer groups throughout New Zealand could request and action “anywhere, anytime”. The workshop toolkits support specialist extension consultants, so they can readily deliver Beef + Lamb New Zealand tools and services – developed by Beef + Lamb New Zealand farmer levies – across the country. A feed budgeting workshop formed the template and there are now workshops on dog training, body condition scoring, developing Land and Environment Plans (LEPs), bull buying, ram buying and internal parasite management.

Research and development needs analysis workshops

A series of workshops were conducted throughout New Zealand with the Beef + Lamb New Zealand Farmer Council. Participants ranked and prioritised the areas of research and product development the Council members deemed important for farmers in their area. The key issues identified for research were: environmental sustainability, business management, benchmarking and developing our people.

Ahuwhenua Trophy for excellence in Maori farming

Beef + Lamb New Zealand is a gold sponsor of the Ahuwhenua Trophy and was delighted to congratulate Tarawera Station as 2013’s winner. That year marked 80 years of the competition and was celebrated with the publication of the competition’s history. The Ahuwhenua Trophy is competed for bi-annually among sheep and beef farmers, alternating with a dairy competition every other year. As an interesting aside, the trophy was first awarded by Lord Bledisloe and is a “sister trophy” to the famous Bledisloe Cup.

Ram buyer workshops

Beef + Lamb New Zealand introduced Ram Buyer Workshops to guide farmers with little or no experience in using genetic information to understand key ideas and gain confidence in using this information for ram selection. Eight workshops were run across New Zealand, focused on ram breeders and commercial farmers. They involved a combination of theory and practical exercises, culminating in a “mock auction”, where participants used SIL information to make their ram selections and bid for the rams they had chosen.

Climate change technology transfer

“Farming the Wild Weather” is an extension programme associated with the Ministry of Primary Industries’ Climate Change Technology Transfer project. Beef + Lamb New Zealand successfully tendered for the opportunity to assist in the technology transfer to farmers and land managers. The aim was to lift the awareness of sheep and beef farmers on the climatic issues facing them over the next 50 to 100 years, using a series of workshops and Hui. The workshops provided a high-level awareness campaign that informed farmers and land managers of the “size of the prize” and then worked through mitigation options for their farm system.

Beef + Lamb New Zealand Genetics

New Zealand farmers have experienced dramatic increases in productivity per ewe over the past 20 years. Ewes now produce about 80 per cent more kilograms of lamb compared to 20 years ago – and genetic gain makes a significant contribution to this increase.

Beef + Lamb New Zealand proposes setting up a new entity, Beef + Lamb New Zealand Genetics, to provide a strong focus on the sector’s future genetics needs. Many issues facing the sheep industry are common to the beef industry, so Beef + Lamb New Zealand Genetics will also work in this area.

Past success in genetic improvement has greatly increased profit per head. However, some experts argue that associated increases in ewe size mean profit per hectare has changed much less. Future goals must shift to profit per farm, which means introducing key new traits into our breeding programmes. There is also the need to benchmark our genetics with on-farm performance to identify optimums for breeding systems suited to particular farming situations.



BREEDING SELECTION

Reacting to changing land use

Reflecting changing land use, the formation of B+LNZ Genetics will see a greater focus on ewe and breeding cow performance in harder hill country environments.

One farmer who knows all about “harder” properties is Central Otago’s Phil Dowling (pictured). Phil took over the family property in 1991. While it is flat to rolling and includes access to irrigation, the climate is harsh and exposed, with regular snowfalls through winter and scorching summers.

Despite the property’s ewes lambing around the mid 120 per cent mark in the early 1990s, Phil believed there was scope to improve. He found himself at Rick Spence’s St Leger stud. “Rick’s rams were the same size as our ewes, so I did wonder what I’d struck. But I ran a small trial.”

Today, the five-year lambing average is 152 per cent – and last year’s was a record 160 per cent – but Phil says that statistic alone does not tell the whole story. “Our traditional sheep needed far more looking after.”

➔ *More information on Beef + Lamb New Zealand Genetics can be found on the B+LNZ website – www.beeflambnz.com/genetics.*



MARKET

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

Market Development

A key focus for the Beef + Lamb New Zealand Market Development team during 2012-13 was continuing to build our digital strategy. Facebook was used to connect directly with consumers and drive traffic to local language websites.



Being able to contact consumers using digital media – websites, online advertorials and newsletters – has significantly contributed to the UK public relations programme.

The collaboration with famous British cook Delia Smith's website – www.deliaonline.com (average monthly unique visitors, 2.1 million) –

was continued for another year and saw a specific New Zealand Lamb recipe hub set up for the period February to April 2013. The hub concentrated on new recipes using different cuts of lamb.

Kiwi-born chef Peter Gordon featured in three more webcasts designed to demonstrate quick and easy recipes in a mini TV programme format. The webcasts appeared on over 20 websites worldwide which collectively have average unique visitor numbers per month into hundreds of millions.

Working with well known consumer brands such as Le Creuset kitchenware and SMEG kitchen appliances has enabled the audience for our messages to be widened whilst increasing their credibility.



New Zealand exports of lamb (excluding offal) to Germany rose by 8.1 per cent – to 15,689 tonnes – compared to 2011-12.

In terms of New Zealand lamb promotional activity, there was significant growth across all three platforms: in-store tastings, social media and public relations.

At the end of September 2013, the German “New Zealand Lamb” Facebook page had 7500 fans. The most popular post to date was an Easter lamb leg recipe.

In-store tasting days almost doubled compared to the previous year. Across the 1449 tasting days, more than 240,000 German consumers sampled New Zealand lamb and 84,000 took away recipe brochures. Meanwhile, about 3900 meals were served at June's large Kieler Woche summer festival.

About 150 print and online articles were published – worth an estimated advertising value of €1.1 million – as a direct result of public relations work in the German market.



DEMO FARM PROJECT

Indoor beef wintering: does it stack up?

An on-farm trial in Central Otago is challenging the cost effectiveness of 100 per cent indoor beef wintering. However, a more profitable “floating” option is emerging.

As one of 10 B+LNZ Demonstration Farms around New Zealand, Bevan and Tiffany McKnight (pictured) are analysing the cost effectiveness of wintering beef cattle indoors.

McKnights farm Merino Ridges – a 5000ha merino breeding and finishing operation at Poolburn in the Ida Valley.

Bevan says the trial is designed to answer the question: “How do we winter cattle best in the Ida Valley?”

The property already had an established wintering shed available. The trial involved rising-one-year-old calves split into three mobs: full time in the shed; full time on brassica; and a “floating” mob, with full access to both the shed and a break-fed, short-rotation ryegrass crop.

The trial is scheduled to run for three years, but year one's data indicates the “floating” option is the most promising.

➔ *More detail on the McKnights' project and other B+LNZ Demo Farm projects can be found at www.beeflambnz.com/demofarms.*



Facebook provided the basis for a special fans event, run by Beef + Lamb New Zealand in partnership with Taiwanese restaurant chain Royal Host – a health-conscious chain which uses only New Zealand grass-fed beef. Many of the attendees have their own blogs and wrote about the event afterwards.

New Zealand farmers and winners of the Ballance Farm Environment Awards, Blair and Jane Smith (see sidebar) also attended and were able to talk face to face with local consumers.

Facebook was used to advertise a “Let’s cook grass-fed New Zealand beef” consumer workshop, where our chef demonstrated recipes he had developed for home cooking. Apple Daily News – a leading Chinese language newspaper – featured the workshop.



Beef + Lamb New Zealand also ran educational seminars and joint promotions with the food service sector during the year. As well as Royal Host, we worked with MOS Burger – a large chain which only uses New Zealand beef in its burger patties – Bravo Group, and Big E Steakhouse. This activity further exposes consumers to New Zealand grass-fed beef.



Social media played a critical role in promotional activities in Japan during the past year, with Beef + Lamb New Zealand’s Japanese-language Facebook page providing the main vehicle for communications.

A new Japanese-language logo and supporting sound bites were introduced for New Zealand grass-fed beef during the year. Targeted research identified a health message with the most appeal to Japanese

consumers: “New Zealand grass-fed beef – healthy beef grown in nature”.

In December 2012 – and for the fourth year – we set up a grass-fed beef booth at the Naha Marathon in Okinawa – a region where New Zealand grass-fed beef enjoys a high level of popularity. A New Zealand grass-fed beef stand was also set up during February’s Yakiniku Business Fair in Osaka.

A media dinner for 60 selected media contacts was held in Tokyo in June 2013. The event focused on the nutritional merits of New Zealand grass-fed beef, as well as suitable cooking methods. It generated a good level of positive media exposure. The following month, 150 bloggers attended another Tokyo event – this time aimed at consumers and including a nutritional presentation and tasting session.

Beef + Lamb New Zealand media seminars were conducted in Fukuoka, Kumamoto and Tokyo in September 2013, with Chairman Mike Petersen providing the keynote address at Tokyo. A total of 10 seminars have now been held in Japan over the past four years.



For the past five years, Beef + Lamb New Zealand has been using transportation advertising during Korea's two main holiday periods – the Lunar New Year and Chuseok (Korean Thanksgiving). This year's campaign contents were refreshed to include a greater consumer component, which proved to be a successful approach.

The 2012-13 year also provided an opportunity to enhance the Korean-language New Zealand grass-fed beef logo, by adding “healthy choice for our family” alongside the logo.

Reflecting the focus on nutritional messaging in Beef + Lamb New Zealand's overall programme in Korea, a seminar and sampling session was held in April with Nutriand, a key publication for nutritionists in Korea. A subsequent feature article in Nutriand resulted in broad exposure for New Zealand grass-fed beef with an important target audience.



Beef + Lamb New Zealand ran grass-fed beef booths at two exhibitions in Seoul – one during Food Week in November 2012, and the other during the Healthy Kids' Fair in June.

A New Zealand grass-fed beef reception was hosted in June for key trade, media and bloggers at the residence of the New Zealand Ambassador to Korea. A special feature of this year's reception was the presence of the National Culinary Team of Korea.



Within the China market, Beef + Lamb New Zealand runs educational workshops with local importers

and trade – that is, chefs and key purchasers. The workshops introduce New Zealand production systems, that cattle are grass-fed, the nutritional benefits and the safety aspects of New Zealand beef.

During the past year, an in-store cooking and tasting demonstration was hosted at Qingdao's most exclusive supermarket, Hisense, where New Zealand beef cuts were showcased to consumers.

Beef + Lamb New Zealand also undertook joint promotion and sponsorship with an importer, who sells via a television shopping channel.



AWARD WINNERS

Award-winning farmers impressed by market activity

As winners of last year's Ballance Farm Environment Awards, Otago sheep and beef farmers Blair and Jane Smith travelled to South Korea, China and Taiwan during May.

The industry-supported trip had two objectives: exposing the winning farmers to the marketplace, its consumers and industry representatives; and introducing importers and retailers to the Smiths, who – through their win – showcase New Zealand's agricultural sustainability.

The 16-day tour included a lunch (pictured) with about 40 Taiwanese fans of New Zealand beef – the result of a B+LNZ Facebook competition for Taiwanese consumers.

Blair says he was pleasantly surprised to see the role B+LNZ plays in the marketplace. “I'm on the Central South Island Farmer Council, but I have wondered how Beef + Lamb implements its crucial role in the overseas market. What I saw them doing overseas – with limited budget – showed me that we are definitely getting good bang for our buck.”

➔ *B+LNZ supports the annual Ballance Farm Environment Awards through its sponsorship of the Livestock Farm Award. Learn more at www.nzfeatrust.org.nz.*

Technical Policy

The Beef + Lamb New Zealand technical policy team continued to make progress in a number of areas, including biosecurity.

Pasture Pest Hazard Identification

Pasture pests pose a significant risk to farm productivity. Recognising the impacts associated with pests already present in New Zealand, B+LNZ led an approach by the pastoral industries to the Ministry for Primary Industries, seeking a study on what other threats could potentially enter New Zealand. This led to a 'Pasture Pest Hazard Identification' report being prepared by technical experts, jointly funded by B+LNZ, pastoral industry partners and MPI. The report has identified approximately 20 'high hazard' exotic pasture pests and has prompted MPI to initiate more in-depth risk analyses on some of these to determine if risk management measures currently in operation at the border require strengthening.

Theileria

Late in 2012 and throughout 2013, beef farmers in parts of the North Island have been battling with a tick-borne parasite of cattle, known as *Theileria Ikeda*. Staff from B+LNZ have worked with partners from other industry groups as part of the Ministry for Primary Industries - led response to ensure farmers have been provided with the most up to date advice available for prevention and control of the disease. Unfortunately, the nature and distribution of *Theileria Ikeda* means it cannot be eliminated from New Zealand but over time it is expected that farmers will be able to largely mitigate impacts associated with the disease.





Foot and Mouth Disease Preparedness

B+LNZ has been active in engaging with the Ministry for Primary Industries (MPI) on improving New Zealand's readiness for foot and mouth disease (FMD). This has included direct participation on behalf of the sector in the FMD Preparedness Programme, which was initiated in response to industry concerns and a report by the Office of the Auditor General. Focus areas for the programme include:

- vaccination policy and deployment
- planning for carcass disposal and farm disinfection
- trans-Tasman cooperation on contingency planning
- mobilisation and coordination of wider government resources
- assessment of market strategies and disease-free zoning to enable trade to continue in the event of an incursion.

Animal welfare

Sheep and beef cattle in New Zealand enjoy some of the highest standards of animal welfare anywhere in the world. Maintaining this situation is essential for retaining customer preferences for our products in overseas markets. During 2013, B+LNZ:

- developed and extended to farmers a guide for body condition scoring sheep
- provided submissions on behalf of the sector on the new Animal Welfare Amendment Bill
- worked with partners from Alliance, Sainsbury's and the Sustainable Farming Fund on a project assessing the production and welfare impacts of different tailing / docking strategies
- helped to develop guidance for farmers on the welfare of animals selected for transport.



DEMO FARM PROJECT

Saving triplets: How far would you go?

B+LNZ Demonstration Farmers Andrew (pictured) and Gretchen Freeman want to capture the triplet lamb opportunity – not just for the financial advantage it offers, but also because of the unnecessary wastage it represents from an end consumer perspective.

The Demo Farm programme showcases innovation and tests how recent research performs on the farm. The Freemans, who farm 733ha 20km east of Masterton, chose their project based on the premise that many triplets are born healthy, but slowly fade away over subsequent weeks, due to under feeding.

Andrew says the opportunity for extra feed lies in the single ewes, via mothering on, and high energy feeding, via plantain and clover. "Success will be significantly higher kilos of live weight per ewe at weaning."

The couple have established the "triplet lamb transfer system". It targets at-risk triplet sets by taking one lamb back to the shed for mothering on to ewes which lambed singles.

➔ *More detail on the Freemans' project and other B+LNZ Demo Farm projects can be found at www.beeflambnz.com/demofarms.*



Trade Policy

Improving access for New Zealand beef and sheepmeat

Improving market access is one of B+LNZ's core objectives. We actively support the New Zealand Government's Free Trade Agreement (FTA) negotiations through providing information about the sheep and beef sector and advocating for the best outcomes for our sector. This involves sitting down with New Zealand's negotiators and going over the detail of our preferred outcomes; not just once but over a long period – in many cases the negotiations take years!

The best outcome would always be completely eliminating tariffs immediately, but that's not always possible – generally there is at least some sort of phase-out period. We provide guidance to government negotiators on what the best outcomes for our sector would be, in terms of phasing-out tariffs and any other gradual liberalisation that might be achieved (e.g. transitional quotas).

At the moment the New Zealand Government has a very active FTA agenda which B+LNZ has supported to get high quality, comprehensive outcomes.

Just recently we've seen the Economic Cooperation Agreement (ECA) with Taiwan (formally called ANZTEC) come into force (refer to next story).

B+LNZ continues to support the New Zealand government with a packed trade agenda including conclusion of the Trans-Pacific Partnership agreement, ongoing negotiations with Korea, a Russia/Belarus/Kazakhstan FTA, and an India FTA.

Great opportunities in Taiwan

An FTA success story for this year was in the important Taiwan market. Beef + Lamb New Zealand supported the Government in its negotiations that resulted in all tariffs on sheepmeat and beef exports into Taiwan being eliminated – starting next year and completely effective by 2017.

The Economic Cooperation Agreement with Taiwan is significant because Taiwan is an important market for both sheepmeat and beef products. In 2012 \$18 million in tariffs was incurred on the \$208 million of sheepmeat and beef into Taiwan.

As we saw with the China FTA there is a first mover advantage for New Zealand (ANZTEC is Taiwan's first FTA) but others will be looking to follow quickly. The agreement makes New Zealand's red meat exports more competitive in what is already the sector's eighth-largest export market and it also complements New Zealand's existing free trade agreements with China and Hong Kong.

'Speak Meat' inaugural visit

A new initiative to increase government officials' understanding of the red meat sector so they can better assist on trade issues was launched by Beef + Lamb New Zealand and the Meat Industry Association. A successful inaugural 'Speak Meat' visit took place in mid-March 2013. The delegation included nine officials from the Ministry of Foreign Affairs and Trade and the Ministry for Primary Industries, Terry Meikle, the Beef + Lamb New Zealand Regional Manager North America, plus other representatives from both Beef + Lamb New Zealand and the Meat Industry Association. The initiative has been considered effective by all parties and will be run on an ongoing basis several times a year.



DEMO FARM PROJECT

Goal of 30 per cent lift in farm profit

Increasing farm profit by 30 per cent over three years is an ambitious goal by anyone's standards, but King Country farmers Anna and Blair Nelson (pictured) are not ones to shy away from a challenge.

When approached by B+LNZ to be part of the Demonstration Farm programme, Nelsons were told to choose an ambitious goal – something capable of a 20 per cent return on investment.

Blair said it was an easy call. "We've been cruising along for a while, but with the option of a dairy conversion coming up in business discussions more frequently, we were keen to try and make more money without converting."

The specific objective of their particular Demo Farm project is to raise farm gross income by \$200,000 annually, which equates to increasing the gross margin per hectare from \$700/ha to \$900/ha. How? By improving feed supply/demand decisions and improving feed quality – both with the goal of lifting ewe and lamb performance.

➔ *More detail on the Nelsons' project and other B+LNZ Demo Farm projects can be found at www.beeflambnz.com/demofarms.*



PEOPLE

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



Top award for Beef + Lamb New Zealand scholar

Graduating Beef + Lamb New Zealand scholar Isabel Tait was awarded the 2013 New Zealand Institute of Agriculture and Horticultural Science "Leading Student" prize.

Isabel originally hails from Western Southland, where her parents farm 2600 Romney ewes and operate a small Poll Dorset Stud. The family property is now completely surrounded by dairy farms, but the Taites are committed sheep farmers. It was growing up in this environment which gave Isabel an appreciation for the industry.

"I enjoy working in the agricultural sector, particularly working outside with livestock. My plans at this stage are to focus on improving the sheep industry, with an emphasis in the research and development of sheep genetics."

Isabel finished her Bachelor of AgriScience degree in 2013 and is completing an Honours year in 2014. Her Beef + Lamb New Zealand scholarship is worth \$5000 annually over the course of her four-year degree. "I appreciate both the financial support and the ability to network with industry leaders – and to be inspired by like-minded people."

Two scholarships for sheep and beef sector

Two of New Zealand's five 2014 Nuffield Scholars are from the sheep and beef sector, including Beef + Lamb New Zealand Western North Island Extension Manager Mel Poulton.

Mel joins North Canterbury farmer Dan Shand and three other future rural leaders in a 12-month programme of international study and personal development.

Dan farms 7000ha at Culverden and also runs a beekeeping and honey operation. Together with wife Amanda, they won the 2012 Canterbury Ballance Farm Environment Awards. Dan's Nuffield report will look at the use of mobile technology in agriculture.

In addition to her Beef + Lamb New Zealand role, Mel and husband Mike farm 840ha near Dannevirke. For her Nuffield study, Mel intends to investigate how New Zealand captures value through the sharing of "our brains and technology to leverage access to markets for the sale of our food and beverages".

With a 64-year history, the Nuffield scholarship is one of the most valuable and prestigious awards in New Zealand agriculture. The programme begins in March 2014 with the Contemporary Scholars Conference in Sydney, where all 60 current Nuffield scholars meet. A six-week Global Focus Programme during the year involves an organised itinerary through several countries and travelling with other scholars. The year concludes with each person completing their own study programme and submitting a research report.

Realising women's contribution

During 2013, Beef + Lamb New Zealand and the Agri-Women's Development Trust developed a pilot programme aimed at helping women gain the confidence to contribute more to their farming business operations.

Called "Understanding your Farming Business", the project involved 14 women from Taranaki, Wanganui and Taumarunui, who attended three one-day workshops over three consecutive months.

Over the duration of the programme, the participants – all at different stages in their farming lives – established a positive and enthusiastic network. The workshops gave them a greater understanding around financial statements, farm taxation and financial analysis, key performance indicators, benchmarking and planning. The programme also boosted participants' confidence around the value they could add during critical business conversations within their farming partnerships/families, with accountants, bankers and consultants, as well as off-farm at field days and seminars.

Every woman carried on to take positive steps towards increasing their value to the business – whether it be purchasing farm budgeting software, enrolling on a training course, accessing relevant benchmarking data from the Beef + Lamb New Zealand's Economic Service and applying it to their accounts, or initiating a conversation around which "scheme" their livestock are currently in for taxation purposes.

The programme will be offered again and expanded in 2014.

INFORMATION

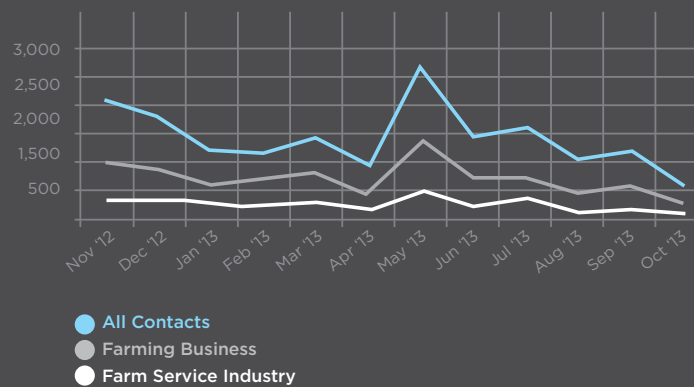
Providing credible information and analysis to support better decision making

Understanding our farmers

We have developed systems and processes to better understand farmers' and the farm service industry's engagement with B+LNZ at field days, science events and through digital channels, such as the website.

These tools help us to better understand how our farmers interact with us and the type of information, events and research they are using.

Interactions



Online interactive tools

More interactive tools were released during 2013, adding farm benchmarking (quintile analysis developed into a tool), a sheep calendar to manage lambing dates, and sheep and beef export data highlighting values and volumes in key markets and regions.

Another skill of the Beef + Lamb New Zealand economics team is making complex data simple for users and providing quick answers.

Feedback features on the site request your help to direct the development of the tools in the future.



Sheep and Beef Farm Survey

Economic Service Managers surveyed a statistically representative sample of 505 sheep and beef farms across New Zealand in 2012-13 to collect physical and financial information. This forms the vitally important basis for B+LNZ Economic Service forecasts and reporting of livestock numbers; meat and wool production; lamb crop; revenue, expenditure and farm profitability. The Survey also supports a wide range of analyses including farm benchmarks.

Key publications include:

- Compendium of Farm Facts
- Lamb Crop Survey
- Mid-Season Update
- Movements in Sheep and Beef Farm Input Prices
- New Season Outlook
- Sheep and Beef Farm Quintile Analysis
- Stock Number Survey

The Survey provides valuable information that supports the development of online benchmarking tools, in particular the publication of quintile analysis that divides the Survey sample into five groups of farms to report the characteristics of the distribution of farm businesses in the industry.

During the year, significant enhancements were made to the range of data collected on meat production. Additional data will help improve our understanding of contract finishing, grazing stock and dairy support on sheep and beef farms. The data will become available progressively, commencing with the 2012-13 Survey that will be completed during the 2013-14 financial year.



The B+LNZ Economic Service answered 645 internal and external customised information requests in the year as part of its industry-good function. The requests covered provision of raw data for analysis, modelling of land use change, and other policy questions. Many had a focus on the environment given the increasing demand in this area.

Try the tools now

Scan these QR codes with your smartphone or tablet



BENCHMARKING TOOL: Find out what the key performance indicators are for farm classes by region, and see how you compare.



Compare your business



LAMBING CALCULATOR: Compare your lambing percentage to other farmers in New Zealand to increase your revenue.



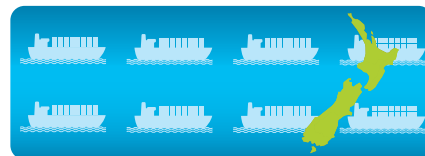
Calculate your lambing percentage



SHEEP CALENDAR: Use our handy planning tool to help you manage your ewes more effectively.



Create your personalised calendar



EXPORT DATA ANALYSIS: See how much beef and lamb New Zealand exports, where it goes, and what it's worth.



Analyse meat exports



PASTURE GROWTH FORECASTER: Find out the pasture growth rate forecast for your region for the next 14 days.



Use pasture growth forecaster



DOMESTIC MARKETING

Beef + Lamb New Zealand Inc continued to manage marketing and public relations activities to promote beef and lamb in the local market.

Above the line, the Iron Maiden campaign was reintroduced with three top level athletes: Lisa Carrington, Sarah Walker and Sophie Pascoe promoting the health, convenience and quality attributes of beef and lamb. The campaign, which was on television, radio, billboards, online, at point of purchase and picked up by nationwide media, gained significant cut-through and recall amongst New Zealanders.

The mEAT Magazine, a 16 page recipe booklet designed to educate and inspire New Zealanders about beef and lamb cookery, was also revamped.



Chelsea Winter, winner of Masterchef 2012, was approached to develop recipes demonstrating convenient and tasty solutions using beef and lamb. A total of 640,000 copies were printed, across three issues, and distributed via Quality Mark approved beef and lamb retailers.

Health and nutrition continued to play a significant role with a number of activities executed to promote the health benefits of lean beef and lamb as part of a healthy well balanced diet. Included in this was the distribution of a wide range of resources amongst health professionals and opinion leaders. Media issues were continually monitored and responded to, ensuring accurate and relevant information is available to consumers.

The New Zealand Beef and Lamb Quality Mark also came under review. There was agreement to apply country of origin labelling by all Quality Mark approved butchers.



MONITOR FARM SUCCESS

Condition scoring proves a powerful and fast tool

An unwavering focus on ewe body condition scoring over four short months saw Raukura Station – the B+LNZ Monitor Farm for Gisborne – lift its lambing percentage from 104 per cent to 137 per cent.

The Monitor Farm committee was quick to realise the role body condition scoring could play in lifting the lambing percentage.

A December 2011 sample of ewes (pictured) weighed in an average of 48.8kg, with an average condition score of 2.1.

B+LNZ Extension Manager Mark Harris says the committee decided that, in order to scan 170 per cent, the ewes needed to be around 60kg and a condition score of 3.5 at tugging. “We had four months from weaning to reach our targets.”

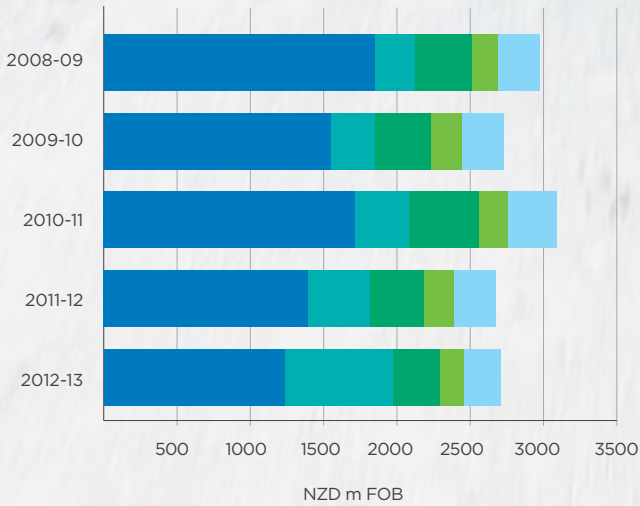
How did they do it? “Every time the ewes went through the yards, a sample of 10 per cent of each mob had to be condition scored and this needed to happen at least once per month.

“Come tugging time, we had the ewes at a condition score of 3.7 and weighing 59kg. They scanned 171 per cent and lambed at 137 per cent.”

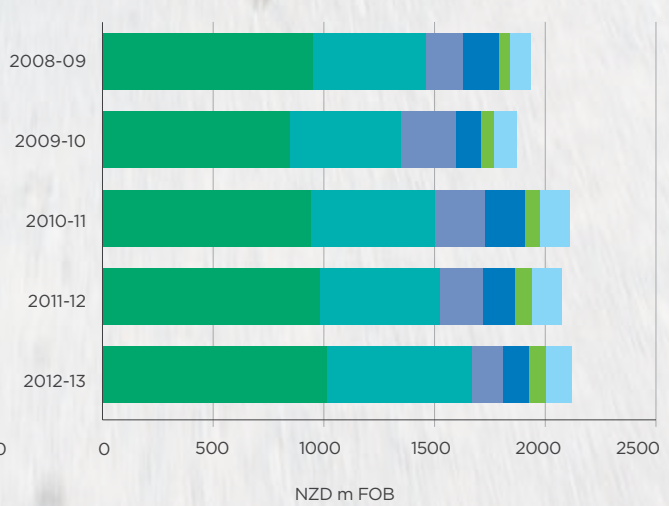
➔ B+LNZ has several resources available on ewe body condition scoring: a booklet, guide sheet, case studies, videos and workshop. For more details, visit www.beeflambnz.com.

STATISTICAL HIGHLIGHTS

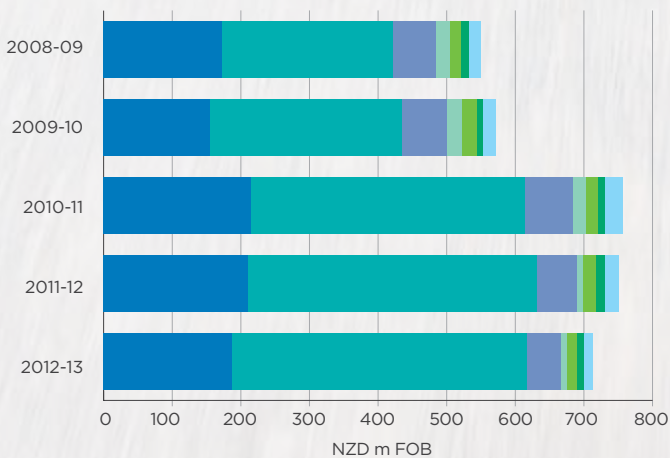
Value of Lamb and Mutton Exports
Year ended 30 September



Value of Beef and Veal Exports
Year ended 30 September



Value of Wool Exports
Year ended 30 September



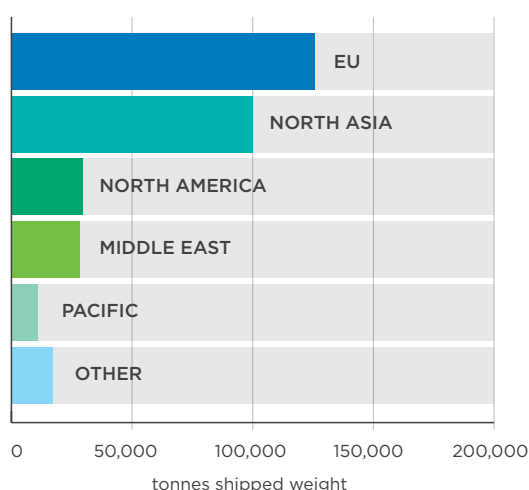
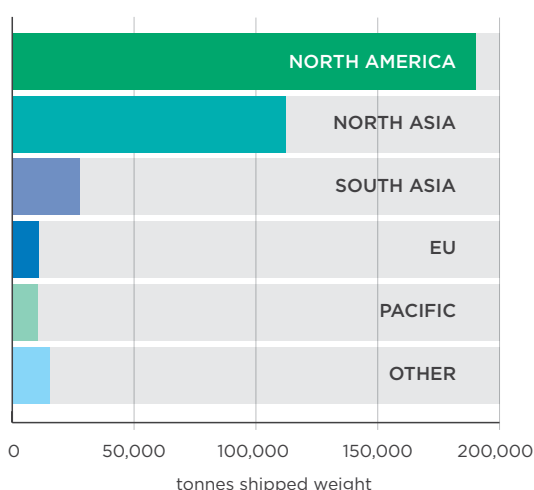
- NORTH AMERICA
- EUROPEAN UNION
- MIDDLE EAST
- NORTH ASIA
- SOUTH ASIA
- PACIFIC
- OTHER

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

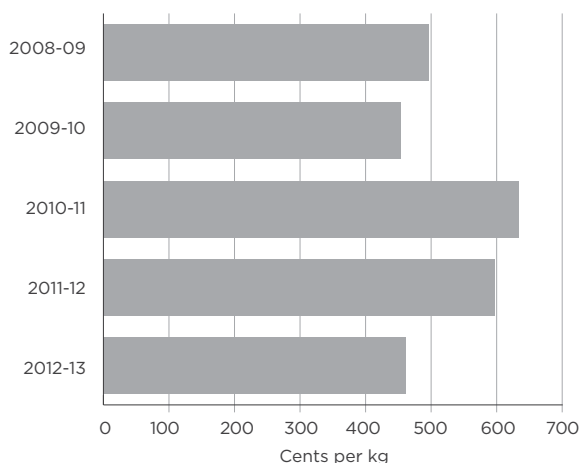
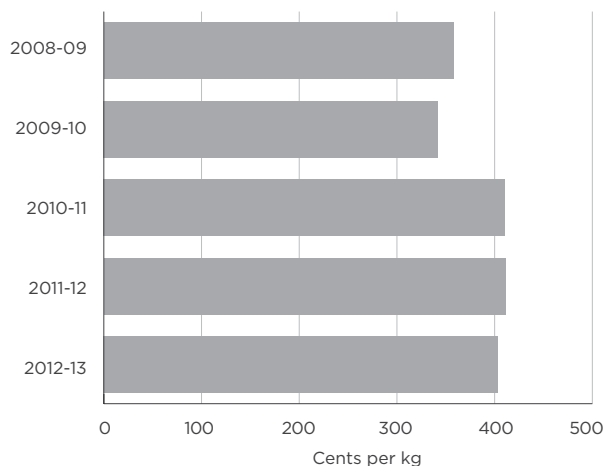
Meat Shipments by Destination (tonnes shipped weight) Year ended 30 September

| Destination | Lamb | | Mutton | | Beef & Veal | | Other | | Total | |
|------------------------|----------------|----------------|---------------|---------------|----------------|----------------|---------------|---------------|----------------|----------------|
| | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 |
| Africa | 8,171 | 4,554 | 2,840 | 2,375 | 1,285 | 834 | 10,145 | 10,082 | 22,441 | 17,845 |
| Caribbean | 3,705 | 3,547 | 857 | 341 | 2,775 | 1,495 | 520 | 651 | 7,857 | 6,035 |
| European Union | 111,083 | 126,265 | 17,337 | 14,087 | 12,657 | 10,838 | 9,664 | 10,723 | 150,741 | 161,914 |
| Eastern Europe | 956 | 1,527 | 1,517 | 1,563 | 3,279 | 1,784 | 3,588 | 4,925 | 9,340 | 9,799 |
| Mediterranean | 56 | 102 | 5 | 7 | 190 | 496 | 0 | 0 | 251 | 605 |
| Middle East | 32,655 | 28,448 | 4,289 | 1,947 | 9,487 | 10,348 | 6,076 | 6,428 | 52,507 | 47,170 |
| North America | 24,677 | 29,831 | 6,566 | 6,209 | 178,875 | 190,086 | 2,826 | 3,772 | 212,943 | 229,897 |
| Northern Asia | 64,732 | 100,294 | 18,888 | 52,434 | 91,667 | 112,077 | 19,959 | 22,557 | 195,245 | 287,362 |
| Pacific | 12,441 | 11,129 | 1,139 | 517 | 11,568 | 9,956 | 2,540 | 2,090 | 27,687 | 23,693 |
| South America | 109 | 51 | 9 | 13 | 0 | 105 | 70 | 32 | 188 | 201 |
| Southern Asia | 4,126 | 5,039 | 7,491 | 5,465 | 37,991 | 27,799 | 10,345 | 6,694 | 59,952 | 44,998 |
| Western Europe | 1,973 | 2,309 | 125 | 91 | 803 | 734 | 4 | 4 | 2,906 | 3,138 |
| Total Shipments | 264,683 | 313,097 | 61,062 | 85,049 | 350,576 | 366,552 | 65,737 | 67,958 | 742,059 | 832,656 |

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

Major New Zealand Lamb Markets
Year ended 30 September 2013**Major New Zealand Beef and Veal Markets**
Year ended 30 September 2013

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

Export Lamb Farm-Gate Price¹
Year ended 30 September**Export Steer and Heifer Farm-Gate Price²**
Year ended 30 September

Source: Beef + Lamb New Zealand Economic Service
1) All grades; incl. wool (pull 2) All weights

Wool Shipments by Destination (tonnes clean weight)

Year ended 30 September

| Destination | Fine Wool (< 24 micron) | | Medium Wool (24 to 31 micron) | | Fine Crossbred (> 31 to 35 micron) | | Strong Crossbred (> 35 micron) | | Total | |
|----------------|----------------------------|--------------|----------------------------------|---------------|---------------------------------------|---------------|-----------------------------------|---------------|----------------|----------------|
| | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 |
| Africa | 58 | 77 | 261 | 277 | 164 | 115 | 139 | 286 | 622 | 753 |
| European Union | 1,652 | 1,731 | 7,212 | 7,060 | 7,721 | 7,588 | 14,840 | 18,145 | 31,426 | 34,524 |
| Eastern Europe | 0 | 0 | 38 | 10 | 72 | 39 | 38 | 20 | 149 | 69 |
| Mediterranean | 0 | 0 | 98 | 57 | 266 | 4 | 1,357 | 1,311 | 1,721 | 1,372 |
| Middle East | 0 | 0 | 20 | 38 | 749 | 666 | 2,087 | 2,055 | 2,856 | 2,759 |
| North America | 66 | 50 | 279 | 254 | 718 | 686 | 929 | 825 | 1,991 | 1,815 |
| Northern Asia | 4,870 | 5,596 | 11,705 | 9,693 | 18,538 | 27,548 | 24,050 | 30,152 | 59,162 | 72,989 |
| Pacific | 6 | 5 | 7 | 0 | 153 | 196 | 1,205 | 1,426 | 1,371 | 1,627 |
| South America | 0 | 14 | 166 | 0 | 0 | 0 | 0 | 0 | 166 | 14 |
| Southern Asia | 221 | 223 | 1,296 | 1,148 | 1,053 | 813 | 7,227 | 7,757 | 9,798 | 9,942 |
| Western Europe | 0 | 0 | 0 | 0 | 161 | 124 | 118 | 136 | 279 | 260 |
| Total | 6,873 | 7,696 | 21,082 | 18,537 | 29,595 | 37,779 | 51,990 | 62,113 | 109,540 | 126,124 |

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

Wool Production

Year ended 30 June

| | Opening Sheep | Shorn | Slipi | Total | Shorn Wool |
|---------|------------------|-----------------|-----------------|-----------------|--------------------|
| | 000 | 000 t greasy | 000 t greasy | 000 t 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 | 154.4 | 21.7 | 176.1 | 5.41 |
| 2011-12 | 31,132 | 146.6 | 21.3 | 167.9 | 5.39 |
| 2012-13 | 31,263 | 145.4 | 22.9 | 168.3 | 5.38 |

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

New Zealand Wool Exports and Price

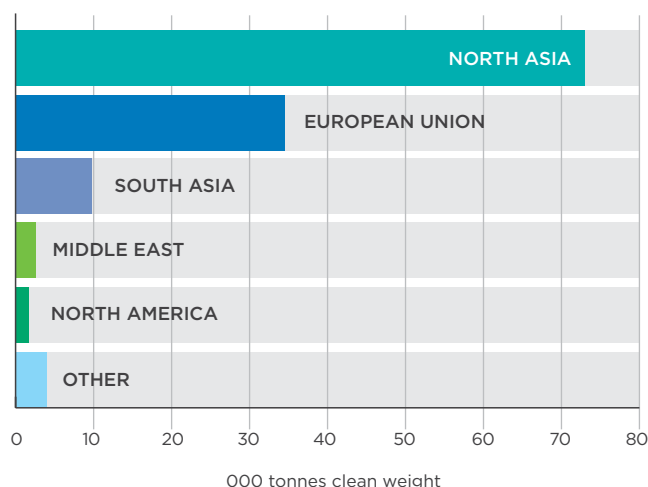
Year ended 30 June

| | Wool Exports | | | | Average Auction Price | |
|---------|----------------|-----------------------|--------------|--------------------|-----------------------------|--|
| | 000 t 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 | 6.31 | |
| 2011-12 | 106.3 | 68% | 777.1 | 7.31 | 6.69 | |
| 2012-13 | 122.1 | 69% | 677.6 | 5.55 | 5.15 | |

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

Major New Zealand Wool Markets

Year ended 30 September 2013



Average Export Carcase Weights

Year ended 30 September

| | Kilograms per head | | |
|-------------------------|--------------------|---------|----------|
| | 2011-12 | 2012-13 | % change |
| LAMB | | | |
| North Island | 18.87 | 18.01 | -4.6% |
| South Island | 18.47 | 17.99 | -2.6% |
| New Zealand | 18.66 | 18.00 | -3.5% |
| MUTTON | | | |
| North Island | 24.71 | 24.04 | -2.7% |
| South Island | 26.50 | 26.26 | -0.9% |
| New Zealand | 25.66 | 25.12 | -2.1% |
| STEER AND HEIFER | | | |
| North Island | 286.26 | 281.12 | -1.8% |
| South Island | 291.54 | 285.70 | -2.0% |
| New Zealand | 287.81 | 282.40 | -1.9% |
| COW | | | |
| North Island | 204.00 | 197.55 | -3.2% |
| South Island | 208.58 | 203.16 | -2.6% |
| New Zealand | 205.48 | 199.29 | -3.0% |
| BULL | | | |
| North Island | 308.80 | 304.00 | -1.6% |
| South Island | 309.77 | 307.27 | -0.8% |
| New Zealand | 309.00 | 304.67 | -1.4% |

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

Value of New Zealand Exports¹

Year ended 30 September

| | \$ million FOB ² | |
|---|-----------------------------|-----------------|
| | 2012 | 2013 |
| MEAT | | |
| Lamb | 2,284.5 | 2,279.4 |
| Mutton | 337.2 | 401.4 |
| Beef and Veal | 2,046.4 | 2,096.6 |
| Edible Offal | 211.4 | 203.2 |
| Other Meats | 444.9 | 461.6 |
| Total Meat | 5,324.4 | 5,442.2 |
| OTHER ANIMAL PRODUCTS | | |
| Hides and Skins | 349.5 | 356.5 |
| Tallow | 137.4 | 141.0 |
| Animal Oils and Fats | 41.5 | 30.7 |
| Crude Animal Materials ³ | 411.8 | 428.8 |
| Meat meal and Pet food | 126.9 | 159.6 |
| Total Other Animal Products | 1,067.2 | 1,116.6 |
| Total Meat Sector | 6,391.5 | 6,558.8 |
| WOOL SECTOR | | |
| Raw Wool | 749.4 | 714.6 |
| Tops, Yarns and Sliver | 74.2 | 44.2 |
| Carpets and Rugs | 104.5 | 110.9 |
| Other Final Woollen Products | 23.9 | 19.3 |
| Total Wool Sector | 952.0 | 889.0 |
| Total Meat and Wool Sector | 7,343.5 | 7,447.7 |
| Dairy | 12,730.9 | 12,339.7 |
| Livestock and Other | 234.7 | 221.9 |
| Total Horticulture and Arable | 2,282.5 | 2,187.5 |
| Processed Agriculture (Excluding Processed Wool) | 2,009.5 | 2,090.5 |
| Other Agricultural Exports | 782.7 | 875.9 |
| Total Agriculture | 25,383.7 | 25,163.2 |

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

Sheep Numbers At 30 June

| | thousand head | |
|-------------------------------------|---------------|--------|
| | 2012 | 2013p |
| Total Sheep | 31,263 | 30,943 |
| Breeding Ewes | 20,411 | 20,205 |
| Breeding Ewes as % of total | 65 | 65 |
| Number of Lambs Tailed ¹ | 26,791 | 25,528 |
| Lambing % ² | 124.6 | 120.8 |

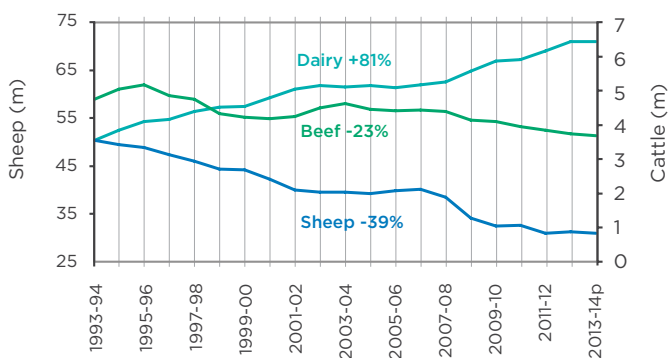
p: provisional. 1) Lambs tailed includes lambs from hoggets.
2) Lambing % for calendar year shown. Source: Beef + Lamb New Zealand Economic Service, Statistics New Zealand

Cattle Numbers At 30 June

| | thousand head | |
|--|---------------|---------------|
| | 2012 | 2013p |
| Dairy Cows and Heifers in Calf or milk | 5,010 | 5,043 |
| Other Dairy Cattle | 1,436 | 1,398 |
| Total Dairy Cattle | 6,446 | 6,441 |
| Beef Breeding Cows | 1,060 | 1,054 |
| Other Beef Cattle | 2,674 | 2,632 |
| Total Beef Cattle | 3,734 | 3,686 |
| Total Cattle | 10,180 | 10,127 |

p: provisional. Source: Beef + Lamb New Zealand Economic Service, Statistics New Zealand

Sheep and Cattle Numbers



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

Total Inspected Livestock Slaughtering¹ Year ended 30 September

| | thousand head | |
|------------------|---------------|----------|
| | 2011-12 | 2012-13 |
| Lambs | 19,367.2 | 21,273.5 |
| Adult Sheep | 3,615.4 | 4,260.6 |
| Calves & Vealers | 1,694.5 | 1,926.9 |
| Adult Cattle | 2,191.9 | 2,371.5 |
| Pigs | 719.7 | 679.7 |
| Goats | 96.0 | 131.4 |

1) Slaughtering at meat export slaughterhouses and local market abattoirs only. Slaughtering include those of animals wholly condemned. Source: Ministry for Primary Industries

Total Inspected Meat Production¹ Year ended 30 September

| | thousand tonnes | |
|---------------------|-----------------|----------------|
| | 2011-12 | 2012-13 |
| Lamb | 357.3 | 382.4 |
| Mutton | 90.9 | 105.6 |
| Bobby Veal and Veal | 27.8 | 31.1 |
| Beef | 575.3 | 597.2 |
| Pigmeat | 49.8 | 47.1 |
| Goatmeat | 1.0 | 1.4 |
| Total | 1,102.0 | 1,164.7 |

Note: Totals may not add due to rounding. 1) Bone-in or carcass weight. Meat production from livestock slaughtering at meat export and local market abattoirs only. Meat from horses is excluded. Source: Ministry for Primary Industries

Meat Production Available for Export¹ Year ended 30 September

| | thousand tonnes, bone-in | |
|---------------------|--------------------------|----------------|
| | 2011-12 | 2012-13 |
| Lamb | 353.2 | 376.2 |
| Mutton ² | 87.3 | 103.9 |
| Beef | 549.8 | 579.6 |
| Bobby Veal | 27.6 | 30.7 |
| Goat | 1.0 | 1.4 |
| Total | 1,018.9 | 1,091.8 |

Note: Totals may not add due to rounding. 1) Includes production withdrawn from export stocks for local consumption. 2) Mutton includes hogget. Source: New Zealand Meat Board



FINANCIAL STATEMENTS

Statement of Comprehensive Income

For the year ended 30 September 2013

| In thousands of New Zealand dollars | GROUP Year Ended 2013 | | | GROUP Year Ended 2012 | | |
|--|--------------------------|--------------|-----------------|--------------------------|----------------|-----------------|
| | Total | Levy Stream | Non Levy Stream | Total | Levy Stream | Non Levy Stream |
| Levies Received | 25,723 | 25,723 | - | 21,791 | 21,791 | - |
| Other income | 6,098 | 6,038 | 60 | 8,095 | 7,457 | 638 |
| Operating expenses | (32,128) | (30,354) | (1,774) | (32,763) | (31,082) | (1,681) |
| Net operating surplus/ (deficit) from operating activities | (307) | 1,407 | (1,714) | (2,877) | (1,834) | (1,043) |
| Net finance income | 726 | 227 | 499 | 583 | (29) | 612 |
| Share of deficit of associates | (477) | (477) | - | (397) | (397) | - |
| Net operating surplus/ (deficit) for the year before income tax | (58) | 1,157 | (1,215) | (2,691) | (2,260) | (431) |
| Income tax expense | - | - | - | - | - | - |
| Net operating surplus/ (deficit) for the year | (58) | 1,157 | (1,215) | (2,691) | (2,260) | (431) |
| <i>Other comprehensive income</i> | | | | | | |
| Unrealised gains and (losses) on financial instruments | - | - | - | 2 | 2 | - |
| Net change in fair value of available-for-sale financial assets | 22 | - | 22 | 136 | - | 136 |
| Total comprehensive income for the year | (36) | 1,157 | (1,193) | (2,553) | (2,258) | (295) |
| Attributable to: | | | | | | |
| Levy payers | 1,157 | 1,157 | - | (2,258) | (2,258) | - |
| Meat Education Fund | (287) | - | (287) | (105) | - | (105) |
| Special Reserves | (906) | - | (906) | (190) | - | (190) |
| | (36) | 1,157 | (1,193) | (2,553) | (2,258) | (295) |



Parent Statement of Levy Stream Performance

For the year ended 30 September 2013

| 2013 | Beef | Sheepmeat | Goat | Total Meat | Wool |
|--|---------------|---------------|-------------|---------------|--------------|
| In thousands of New Zealand dollars | | | | | |
| Income | | | | | |
| Levy Income | 10,431 | 15,292 | - | 25,723 | - |
| Grant Funding from New Zealand Meat Board | 125 | 1,625 | - | 1,750 | - |
| Finance Income | 146 | 178 | - | 324 | 86 |
| Fees | 29 | 418 | - | 447 | - |
| Other Income | 618 | 938 | - | 1,556 | - |
| Total income | 11,349 | 18,451 | - | 29,800 | 86 |
| Expenditure | | | | | |
| Market Development | 4,317 | 3,880 | - | 8,197 | - |
| Market Access | 733 | 1,375 | - | 2,108 | 100 |
| Research & Development | 1,086 | 4,168 | 21 | 5,275 | - |
| Extension | 2,067 | 3,413 | 15 | 5,495 | 250 |
| Information & Analysis | 697 | 1,295 | - | 1,992 | 100 |
| People & Capability | 306 | 281 | - | 587 | - |
| Administration | 1,559 | 1,872 | - | 3,431 | - |
| Residual Wool Levy Fund | - | - | - | - | 170 |
| Total operating expenditure | 10,765 | 16,284 | 36 | 27,085 | 620 |
| Net operating surplus/ (deficit) for the year | 584 | 2,167 | (36) | 2,715 | (534) |

Statement of Changes in Equity

For the year ended 30 September 2013

| | GROUP | | | PARENT | | |
|---|--------------------|-------------------|---------------|--------------------|-------------------|---------------|
| | Fair value reserve | Retained earnings | Total Equity | Fair value reserve | Retained earnings | Total Equity |
| In thousands of New Zealand dollars | | | | | | |
| Balance at 1 October 2012 | (103) | 23,961 | 23,858 | (103) | 23,312 | 23,209 |
| Deficit for the year | - | (58) | (58) | - | 140 | 140 |
| Other comprehensive income | | | | | | |
| Net change in fair value of available-for-sale financial assets | 22 | - | 22 | 22 | - | 22 |
| Total other comprehensive income | 22 | - | 22 | 22 | - | 22 |
| Total comprehensive income for the year | 22 | (58) | (36) | 22 | 140 | 162 |
| Transactions with owners, recorded directly in equity | - | - | - | - | - | - |
| Balance at 30 September 2013 | (81) | 23,903 | 23,822 | (81) | 23,452 | 23,371 |

These statements are to be read in conjunction with the notes on page 39.

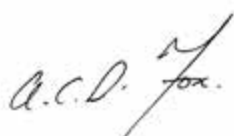
Balance Sheet

As at 30 September 2013

| In thousands of New Zealand dollars | GROUP | | PARENT | |
|--------------------------------------|---------------|---------------|---------------|---------------|
| | 2013 | 2012 | 2013 | 2012 |
| EQUITY EMPLOYED | | | | |
| Reserves | (81) | (103) | (81) | (103) |
| Retained earnings | 23,903 | 23,961 | 23,452 | 23,312 |
| TOTAL EQUITY EMPLOYED | 23,822 | 23,858 | 23,371 | 23,209 |
| Represented by: | | | | |
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | 5,850 | 4,439 | 4,388 | 3,196 |
| Trade and other receivables | 1,881 | 2,198 | 1,617 | 1,980 |
| Other investments | 20,718 | 19,620 | 20,718 | 19,620 |
| Derivative financial instruments | 58 | 4 | 58 | 4 |
| TOTAL CURRENT ASSETS | 28,507 | 26,261 | 26,781 | 24,800 |
| NON-CURRENT ASSETS | | | | |
| Property, plant & equipment | 534 | 559 | 534 | 559 |
| Intangible assets | 185 | 224 | 42 | 103 |
| Investments in subsidiary companies | - | - | 618 | 720 |
| Investments in associates | - | 477 | - | - |
| Other investments | - | 2,697 | - | 2,697 |
| Term receivables | 90 | 112 | 90 | 112 |
| TOTAL NON-CURRENT ASSETS | 809 | 4,069 | 1,284 | 4,191 |
| TOTAL ASSETS | 29,316 | 30,330 | 28,065 | 28,991 |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | 4,460 | 5,141 | 3,663 | 4,516 |
| Derivative financial instruments | 113 | 149 | 113 | 149 |
| Deferred Income | 3 | 217 | - | 152 |
| Employee entitlements | 637 | 616 | 637 | 616 |
| TOTAL CURRENT LIABILITIES | 5,213 | 6,123 | 4,413 | 5,433 |
| NON CURRENT LIABILITIES | | | | |
| Lease Liabilities | 200 | 257 | 200 | 257 |
| Loans and Borrowings | 51 | 64 | 51 | 64 |
| Employee entitlements | 30 | 28 | 30 | 28 |
| TOTAL NON-CURRENT LIABILITIES | 281 | 349 | 281 | 349 |
| TOTAL LIABILITIES | 5,494 | 6,472 | 4,694 | 5,782 |
| NET ASSETS | 23,822 | 23,858 | 23,371 | 23,209 |



M C Petersen
Chairman



A C D Fox
Chairman Audit & Risk Committee

The Board of Directors authorised these financial statements for issue on 11 December 2013.

These statements are to be read in conjunction with the notes on page 39. A copy of the full financial report is available from Beef + Lamb New Zealand Limited.

Statement of Cash Flows

As at 30 September 2013

| In thousands of New Zealand dollars | GROUP | |
|---|-------|---------|
| | 2013 | 2012 |
| Net cash flows from operating activities | 392 | (1,379) |
| Net cash flows from/ (to) investing activities | 1,033 | (1,048) |
| Net cash flows used in financing activities | (14) | (14) |
| Net increase/ (decrease) in cash and cash equivalents | 1,411 | (2,441) |

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 11 December 2013. 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 statements please contact, Chief Operating Officer, Beef + Lamb New Zealand, PO Box 121, Wellington or phone 04 473 9150. Alternatively the financial statements are available on the website www.beeflambnz.com.



Statutory Disclosures

Disclosure of Interests by Directors

In accordance with section 140(2) of the Companies Act 1993, the Directors have made general disclosures of their relevant interests for entry in the Groups interest register.

Directors have disclosed interests in transactions with associated and subsidiary companies and these are disclosed in Note 12 to the full Financial Statements.

All of the Directors of Beef + Lamb New Zealand Limited are directors of the New Zealand Meat Board and Meat & Wool Trust Ltd.

C Hickson and M Clarkson declared interests in meat exporting companies who were recipients of joint venture funding from Beef + Lamb New Zealand Limited market development joint funded programmes.

C Hickson and M Clarkson declared interests in meat processing and exporting companies who are partnering Beef + Lamb New Zealand Limited with an application and business proposal for funding from the Primary Growth Partnership managed by the Ministry for Primary Industries.

Board of Directors Fees

| | 2013 (\$000) | 2012 (\$000) |
|-----------|-----------------|-----------------|
| Chairman | 68 | 68 |
| Directors | 28.7 | 28.7 |

The above fees represent the annualised fees payable to Directors. Beef + Lamb New Zealand Limited pays no other fees to Directors including 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 use of 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 | |
|-----------------------------|---------------------|------|
| | 2013 | 2012 |
| 100-109 | 1 | 2 |
| 110-119 | 3 | 2 |
| 120-129 | 2 | 4 |
| 130-139 | 3 | 2 |
| 140-149 | 2 | 2 |
| 150-159 | 2 | - |
| 160-169 | 2 | 4 |
| 170-179 | 2 | - |
| 190-199 | - | 1 |
| 200-209 | 1 | - |
| 240-249 | 1 | 1 |
| 260-269 | 1 | - |
| 290-299 | - | 1 |
| 310-316 | 1 | 1 |

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



Subsidiary and Associated Company Directors

The following persons held the office of Director of the respective subsidiaries during the year to 30 September 2013. 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.

| | |
|--------------------------------------|--|
| B+LNZ Biologics Company Ltd | Scott Champion |
| B+LNZ Clover Company Ltd | Scott Champion |
| B+LNZ Emissions Company Ltd | Scott Champion |
| B+LNZ Genetics Ltd | Scott Champion (A) |
| B+LNZ Investments Ltd | Scott Champion |
| B+LNZ Johnesco Ltd | Scott Champion |
| B+LNZ PGP Ltd | Scott Champion (A) |
| Primary Resources Ltd | Mike Petersen |
| Freesia Finance Ltd | Mike Petersen |
| Freesia Meat Holdings Ltd | Mike Petersen |
| Meat & Wool Trust Ltd | Mike Petersen, Leon Black, Kirsten Bryant, Mark Clarkson, Andy Fox, Craig Hickson, Anne Munro, James Parsons |
| Johne's Disease Research Ltd | Richard Wakelin |
| Meat Biologics Research Ltd | Cros Spooner |
| Ovita Ltd | Leon Black, Craig Hickson |
| Pastoral Genomics Ltd | James Parsons, Scott Champion |
| Pastoral Greenhouse Gas Research Ltd | Leon Black |

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 36 to 39, which comprise the summary statements of financial position as at 30 September 2013, the summary income statements and summary statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, for both the company and the group, are derived from the audited financial statements of Beef + Lamb New Zealand Limited ("the company") and the group, comprising the company and its subsidiaries, for the year ended 30 September 2013. We expressed an unmodified audit opinion on those financial statements in our report dated 11 December 2013.

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 and the group.

Directors' responsibility for the company and group 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 company and group financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810 and International Standards on Auditing (ISA) 810 *Engagements to Report on Summary Financial Statements*.

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

Opinion

In our opinion, the summary financial statements, derived from the audited financial statements of Beef + Lamb New Zealand Limited and the consolidated financial statements of the group for the year ended 30 September 2013, are a fair summary of those financial statements, in accordance with FRS-43 *Summary Financial Statements*.

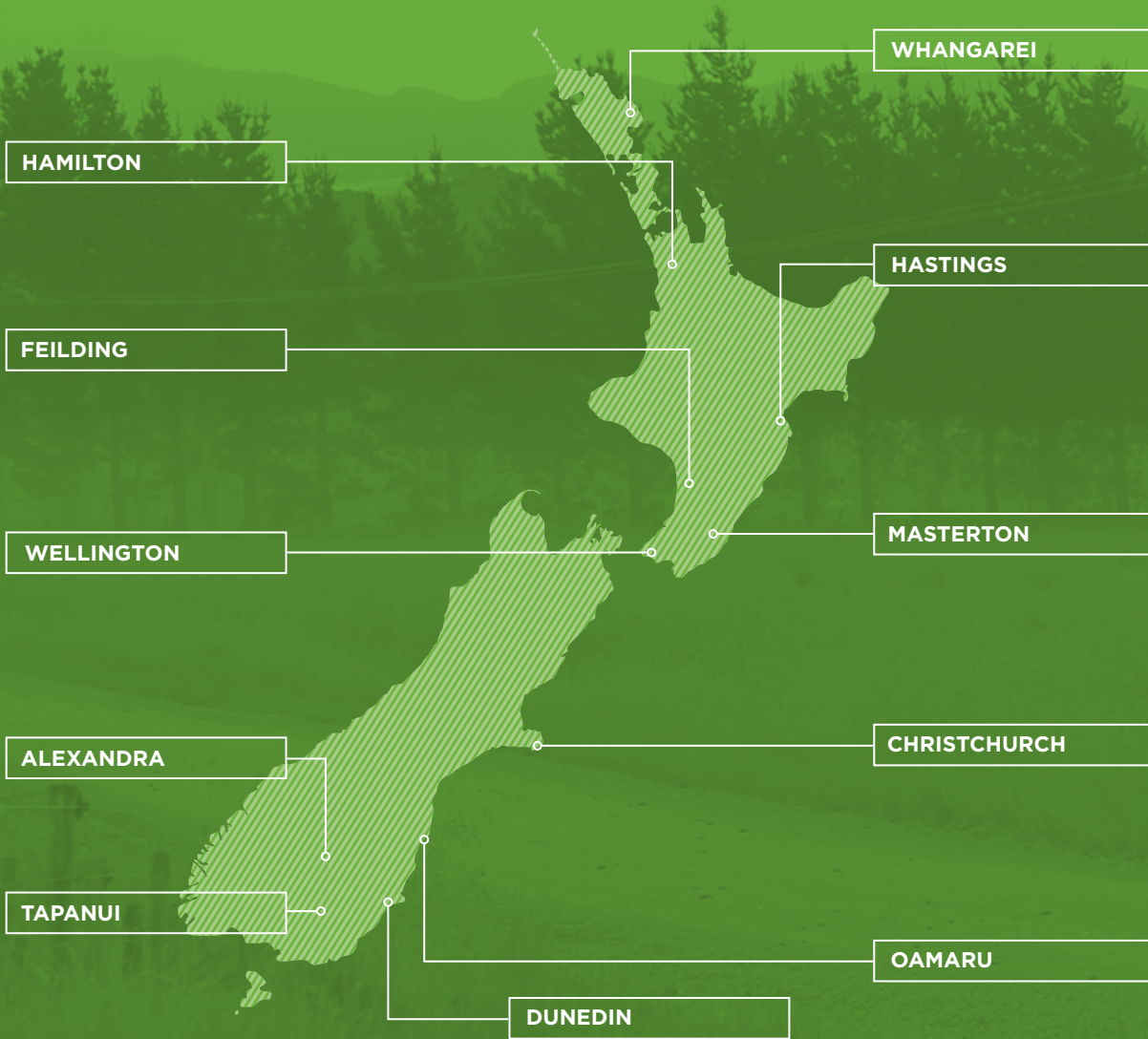


11 December 2013
Wellington



NEW ZEALAND OFFICES

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Phone: +81 3 6277 4611

Appendix One

SCORECARD

| | Metric | Result 2011-12 (Target) | Result 2012-13 (Target) | Target 2013-14 | Commentary |
|--------|--|-------------------------------------|-------------------------------------|-------------------|--|
| Farm | Farmer Attendances | 14216 (15500) | 17603 (14000) | 13000 | The target for 2012-13 was to deliver fewer events, targeting smaller audiences, to increase levels of technology and information transfer. Average attendee per event was 47, which is down on the 54 for the 2011-12 year, but on target. Exit surveys of attendees has endorsed the plan of smaller, more technical events, focused on relevant farm system issues. |
| | Farm events conducted | 265 (275) | 371 (300) | 300 | This year we increased collaborative events with other organisations, however specialised events, such as extreme weather events increased the number of events in some regions. The Farmer Council have worked hard to balance the appropriate number of events with region priorities to deliver valuable information to farmers. |
| | Research investment | \$5,663,000 (\$5,913,000) | \$6,175,000 (\$5,587,000) | \$5,206,000 | Research investment in the 2012-13 financial year was a continuation of existing research activities. The principal investment was in two areas. Firstly, to 'Improved forage and feed efficiency' with funding going to <i>Pastoral 21-11: Lifting the profitability of mixed livestock systems</i> , for 'more efficient and productive sheep' and secondly, to research on the <i>effect of hogget lambing on lifetime performance</i> . All existing research investments will continue into the 2013-14 financial year. |
| Market | Industry contribution (\$) alongside Beef + Lamb New Zealand to co-fund sheepmeat and beef marketing | \$3,000,000 (\$3,000,000) | \$3,686,000 (\$3,000,000) | \$3,250,00 | Beef + Lamb New Zealand funding available for matching with processor and exporter contributions (1:1) was 97% utilised in 2013 (target was to retain utilisation above 80%). The objective for 2014 will be to retain utilisation above 85% . |
| | Market access burden, per farm basis | \$19,458 (\$18,250) | \$19,235 (\$19,318) | \$19,000 | Continuing reductions in tariffs arising from the China FTA and ANZFTA |
| | Total tariff index | 978 (975) | 960 (971) | 925 | 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. |
| | Total index sheepmeat | 896 (900) | 829 (845) | 800 | Sheepmeat tariff costs continue to reduce under the China FTA and AANZFTA |
| | Total index beef | 989 (985) | 984 (988) | 950 | A continued reduction in tariffs due to the China FTA. Beef is still the major contributor to tariff costs for the sector. Some reduction will be experienced in 2014 due to the recent Taiwan agreement. |

| Metric | Result 2011-12 (Target) | Result 2012-13 (Target) | Target 2013-14 | Commentary |
|---|----------------------------|--------------------------------|--------------------|--|
| Number of participants in leadership programmes funded by B+LNZ | 235 (230) | 277 (240) | 340 | B+LNZ funds a variety of Leadership initiatives and providers for the sheep & beef sector, such as: New Zealand Young Farmers, Nuffield New Zealand, Kellogg Rural Leaders, Agri-Women's Development Trust, Federated Farmers, Rural Women, Five Nations Beef Alliance young rancher programme, training farm cadets, Level 5 Certificate in Production Management training for farmers, and individual undergraduate scholarships. |
| Retention of B+LNZ undergraduate scholarship recipients within the industry | 100% (80%) | 83.33% (85%) | 85% | The graduating students have a range of roles including work experience in China, farm consultancy and farm work. One student is still searching for a role, but intends to stay in the sector. |
| Sheep & beef trainees who complete Primary/ITO national qualifications | 48% (45%) | 62% (45%) | 60% | This completion rate is as of September 2013. Completions have improved on the previous year's due to the restructure of some qualifications. |
| B+LNZ employee turnover | 17.5% (<10%) | 13.75% (13%) | 13% | Staff turnover for the year was close to estimate. |
| % salary budget invested in staff learning and development | 3.8% (2.5%) | 1.9% (2.5%) | 2.5% | Fewer team members attended training programmes in 2012-13 compared to the previous year. |
| B+LNZ staff satisfaction with their role | 66.7% (75%) | 69.9% (70%) | 72% | B+LNZ participates in a national employee survey annually, to give the organisation the opportunity to benchmark against other organisations. The satisfaction level has risen on the previous year. |
| Sheep and Beef Farm Survey (number of farms surveyed) | 458 (505) | 505 (517) | - (530) | Economic Service Managers survey a statistically representative sample of sheep and beef farms across New Zealand to collect physical and financial information which forms the basis for B+LNZ Economic Service forecasts and reporting of livestock numbers, meat and wool production, lamb crop, revenue, expenditure and farm profitability. The Survey also supports a wide range of analyses including farm benchmarking. |
| Forecast accuracy: export lamb production | -1.9% (± 5%) | +1.0% (Actual ± 5%) | - (Actual ± 5%) | The result is the percentage difference between the July 2012 forecast published in the Beef + Lamb New Zealand New Season Outlook 2012-13 and actual production for the year ended 30 September 2013. The lamb forecast for 2012-13 was "good", though the summer-autumn drought resulted in a higher slaughter partly offset by lower slaughter weights. Even then the average export lamb carcass weight at 18.0 kg was the third highest on record. Mutton production was higher than forecast especially in the North Island due to the drought. The mutton slaughter was also high in Marlborough-Canterbury due to dry conditions and the continued expansion of the dairy herd displacing sheep. |
| Forecast accuracy: export mutton production | +3.0% (± 5%) | +10.3% (Actual ± 5%) | - (Actual ± 5%) | |
| Forecast accuracy: export sheepmeat production | -1.0% (± 5%) | +2.9% (Actual ± 5%) | - (Actual ± 5%) | |
| Forecast accuracy: export beef production | -6.6% (± 5%) | +0.2% (Actual ± 5%) | - (Actual ± 5%) | |
| Providing services: information, analysis and presentations | 612 (760) | 645 (650) | (650) | The decrease in the target for 2012-13 links to increased effort and activity to provide more information online at www.beeflambnz.com |
| Providing services: (Information programme only) website page views | 74,700 (30,000) | 105,689 (100,000) | - (137,400) | The 2012-13 result was 5.7% above the target website page views which itself was a 33% increase on the previous year's result. |

People

Information

Sector

| Metric | | Result 2011-12 (Forecast) | Result 2012-13 (Forecast) | Forecast 2013-14 | Commentary |
|--|-------------|---------------------------------|---------------------------------|---------------------|---|
| Farm productivity change - lambing % | % | 121.5 (119.3) | 124.6 (123.3) | (120.8) | The forecast 3.8 percentage point decrease in lambing percentage in 2013-14 follows from the previous season's drought. Within this, North Island lambing decreases 5.7 percentage points while South Island lambing decreases 2.2 percentage points. |
| Farm productivity change - steer carcase weight at slaughter | kg per head | 317 (309) | 311 (309) | (310) | The average steer carcase weight is forecast to remain unchanged compared with the previous year's drought-influenced low. This will reflect a higher proportion of younger, lighter cattle following the drought. |
| Farm input costs | % change | 2.4 (3.2) | 0.0 (2.2) | (2.3) | Overall, on-farm Inflation remains low in New Zealand. |
| Sheep and Beef Farm Profit Before Tax | \$ per farm | 160,448 (106,200) | 83,100p (96,500) | 100,200 | The weighted average All Classes, per Farm Profit Before Tax is forecast to increase from 2012-13 primarily driven by a return to a normal spread of animal production and some improvement in per head prices following the drought. |

Customer

| Metric | | Result 2011-12 (Target) | Result 2012-13 (Target) | Target 2013-14 | Commentary |
|--|--|-------------------------------|-------------------------------|-------------------|---|
| Farmer awareness of B+LNZ | | 59% (75%) | 59% (75%) | 75% | Farmer awareness of B+LNZ was steady at around 60% of farmers at a national level aware of the industry good levy organisation. Awareness was highest in the Northern South Island (62%) and lowest in the Northern North Island (51%). |
| Farmer satisfaction with B+LNZ | | 43% (60%) | 52% (60%) | 60% | Farmer satisfaction with B+LNZ was volatile during 2012-13. Satisfaction initially increased then fell to a low of 34% in June, where 30% of farmers expressed dissatisfaction with B+LNZ and the remainder neutral. From mid 2013 satisfaction with the performance of B+LNZ increased to end the year (Sept) at 52% of farmers satisfied or very satisfied. This trend reflects farmer confidence over the same period. |
| Farmer confidence in the sheep and beef sector | | 42% (50%) | 41 (50%) | 50% | Farmer confidence in the future of the red meat sector continued to fall during the 2012/13 year from a start point of 42% feeling confident, down from the highs of Dec 2011 (67%), to a low in June 2013 of 32% feeling confident about the future of the sector. From mid 2013 sheep & beef farmer confidence has trended upwards, ending the year (September 2013) with 41% of farmers feeling confident. |





**BY FARMERS.
FOR FARMERS**

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