

A man in a light blue shirt and dark shorts is walking through a lush green field. In the foreground, several sheep are grazing. In the middle ground, a herd of brown and white cows is visible. The background features a dense line of green trees and a range of blue mountains under a clear sky.

# 2018

— Annual Report —



*By Farmers. For Farmers*





*By Farmers. For Farmers*

Level 4, Wellington Chambers,  
154 Featherston Street,  
PO Box 121, Wellington 6011, NZ  
0800 BEEFLAMB (0800 233 352)  
[www.beeflambnz.com](http://www.beeflambnz.com)





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# CHAIRMAN AND CEO'S Report

It's been a busy year at Beef + Lamb New Zealand (B+LNZ) with the organisation delivering some major achievements and laying the groundwork to fully implement the new strategy we launched in 2017. We have also been focusing on supporting farmers who have been dealing with the significant and challenging impacts from the incursion of *Mycoplasma bovis* (*M. bovis*) and the launch of the phased eradication programme, as well as delivering all the usual workshops, field days, conferences, and other events to help support farming excellence.

Our first major piece of work to launch this year was the report on alternative proteins, New Zealand's first and most comprehensive piece of research into what the rise of plant-based and laboratory grown "meat" alternatives means for New Zealand's red meat sector.

The report found that these products are likely to become a major competitor, particularly for minced beef, as they reach commercial production scale in the next three to five years.

But the research also identified that the same consumer trends and concerns that are driving people to try alternative proteins are also driving consumers to want grass-fed, naturally-raised, hormone and genetically modified organism (GMO) free red meat – an area which New Zealand's farmers have a natural advantage in.

It was no coincidence that in April we unveiled our Taste Pure Nature origin brand, which is aimed at providing a framework so we can better tell the story about the natural and sustainable way we raise our sheep and beef cattle. The ultimate aim of Taste Pure Nature

is to build a premium for New Zealand sheepmeat and beef in overseas markets.

To ensure we're able to authentically tell that story to the world, it needs to be underpinned by proof points. Proving our environmental credentials by domestic action is crucial, that's why in May we launched our Environment Strategy.

As a sector, we've already made enormous progress producing more from less. Since 1990, we've reduced sheep and beef greenhouse gas emissions 30 percent while doubling the value of our exports. Thanks to efficiency gains, our farmers have been able to do this from 50 percent fewer sheep than in 1990.

To market ourselves as the most sustainable and natural meat in the world, we need to continually strive for farming excellence, and we need to expect that consumers will want to lift the hood and verify what we are doing. We also recognise that there are environmental issues that we urgently need to address.

Our Environment Strategy not only sets out the framework for what we want to do, but crucially it's backed up by an implementation plan that shows how we're going to do it. Built around the four pillars of being carbon neutral by 2050, cleaner freshwater, healthy and productive soils, and thriving biodiversity on our sheep and beef farms.

Underpinning the Taste Pure Nature origin brand is the New Zealand Farm Assurance Programme (NZFAP), which was launched this year. NZFAP has been one of the outputs of the Red Meat Profit Partnership (RMPP) and represents a real partnership between farmers and processors to reduce duplication and better serve customers. Only product

that is from NZFAP farms, or an equivalent will qualify to use the Taste Pure Nature brand.

NZFAP will continue to evolve as farmers seek to provide assurance around different aspects of their business and as we respond to the needs of customers.

We also released research we commissioned by the University of Canterbury to quantify the native vegetation on sheep and beef farms. The report found that there was some 2.8 million hectares of native bush on sheep and beef farms, representing the largest collection of native vegetation outside of public conservation land and nearly a quarter of New Zealand's overall native vegetation.

The report also found that 1.4 million hectares of this is native forest, with a significant amount of this likely to be regenerating since the 1990s. When combined with 180,000 hectares of pine on our sheep and beef farms, there is undoubtedly a lot of carbon sequestering taking place which isn't currently being attributed to our farmers. We're now undertaking further research to understand how much carbon is being sequestered on our farms.

In the middle of the year it was heartening to get endorsement from farmers both for our proposal to increase the sheepmeat and beef levies to support our strategy as well as B+LNZ's direction of travel, with 63 percent and 64 percent backing the levy proposal and our strategy respectively. Having had the chance to get around much of the country and talk with farmers during our levy consultation, it's clear that farmers back what we're doing, but they also





want us to ensure we're working closely with our industry partners so that the whole rural sector is aligned, working together, and not duplicating activities.

Trade continues to be a major focus for our organisation with Brexit being very much front and centre. Jeff Grant - our red meat sector representative, who is jointly funded by B+LNZ and the Meat Industry Association - has been invaluable in London, meeting with policy makers and industry bodies, as well as providing intelligence on how Brexit is progressing, and helping inform how we prepare for whatever outcome is reached.

We are also maintaining a close watch on US trade policy, with trade tensions between the US and China seeing more protectionist measures introduced, which have so far not touched our sector.

Balancing out that uncertainty was the welcome news that the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) agreement was signed and ratified, leading to significant reductions in tariffs for our red meat exports. The formal start of free trade negotiations between New Zealand and the European Union is also good news for our sector, and we'll be working closely with the Ministry of Foreign Affairs and Trade to get the best deal possible for our farmers.

Throughout this, all our farmers have been dealing with the impact of *M. bovis*. The joint decision in May to attempt eradication of this disease was a difficult one, but we made it to help the future prosperity of the rural sector. There is only a small window of opportunity to eliminate *M. bovis*

and based off the expert advice we had available, we believe we still were within that window. We have worked with farmers, the Ministry for Primary Industries, and DairyNZ to continuously improve the eradication programme and ensure farmers are well supported and fairly compensated. The signs are good so far, but it will require a concerted and ongoing effort across both government and industry to make this successful.

The response to *M. bovis* was also just one area where we've worked closely with industry partners such as DairyNZ, Federated Farmers, Deer Industry New Zealand (DINZ), the Federation of Māori Authorities (FOMA), RMPP, the Meat Industry Association (MIA), and others. Many of the issues facing our farmers such as climate change, water quality, trade access, and sector capability are shared by other rural industries, and we are committed to working together to help address these.

B+LNZ generated a surplus from levy stream activities of \$2.3 million for the year ended 2018. This has arisen from increased levy income over budget of \$800,000 due to a higher livestock kill than forecast and the delivery and cost of some significant projects falling into the 2018/19 financial year.

In the 2018/19 financial year, expenditure will be significantly increased in Market Development as Taste Pure Nature is activated, and more work is done on improving environmental performance and boosting public engagement. Production volumes for both sheepmeat and beef are forecast to be less than the 2018 year. B+LNZ is budgeting to be close to breakeven

from delivering the key strategic priorities and then drawing down reserves to fund the last tranche of committed RMPP funding.

2019 is looking to be yet another busy year for the sheep and beef sector. With climate change and water quality two important policy issues that will be sharply in focus, we'll be advocating on farmers' behalf to help the government create policy that works for both New Zealand and our primary sector. We're also working closely with processing companies on the activation of Taste Pure Nature in key markets, and building on the work that will serve as a foundation for the origin brand's success.

2019 also sees the implementation of a new research and extension strategy focused on supporting farmers to increase efficiency, productivity and farm profitability.

There's a successful future ahead for New Zealand's sheep and beef farmers and we're focused on helping our farmers make the most of the opportunities ahead.



**Andrew Morrison**  
CHAIRMAN



**Sam McIvor**  
CEO



# BOARD OF DIRECTORS

Farmers elect six of the B+LNZ 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 from the meat industry and an independent director as well as an associate director also sits on the board.



## MARTIN COUP

Farmer-elected Director,  
Northern North Island

Served since: 2018  
Term expires: 2021  
07 877 7885  
027 232 5254  
macoup35@gmail.com

Martin farms a 700 ha sheep and beef property at Aria (King Country).



## KIRSTEN BRYANT

Farmer-elected Director,  
Western North Island

Served since: 2010  
Term expires: 2019  
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.



## GEORGE TATHAM

Farmer-elected Director,  
Eastern North Island

Served since: 2014  
Term expires: 2020  
06 372 3609  
027 244 4900  
georgetatham@gmail.com

George farms a coastal Wairarapa sheep and beef breeding and finishing property, running 20,000 stock units.



## PHIL SMITH

Farmer-elected Director,  
Northern South Island

Served since: 2015  
Term expires: 2021  
03 315 8677  
027 222 7927  
balmoral@amuri.net

Phil farms a 958 ha property at Culverden, running 2000 Coopdale ewes, 600 hoggets, 100 Angus beef cows plus replacements, grazing dairy heifers and carry-over cows.



## BILL WRIGHT

Farmer-elected Director,  
Central South Island

Served since: 2016  
Term expires: 2019  
03 614 3751  
027 244 7923  
bill.shirley.wright@gmail.com

Bill farms 380 ha at Cannington, South Canterbury. They have a mixed farming business, with 1000 ewes, 190 bulls and 260 R2 dairy grazers. They also grow 30ha of cereal and 70ha of lucerne for finishing lambs.



## ANDREW MORRISON CHAIRMAN

Farmer-elected Director,  
Southern South Island

Served since: 2014  
Term expires: 2020  
03 207 1856  
027 664 4620  
andrew.morrison@beeflambnz.com

Andrew farms sheep and beef properties comprising 1033 hectares in Southland and Otago.



## MARK CLARKSON

Processor-Exporter  
Director

Served since: 2012  
Term expires: 2021  
027 432 8896  
markclarksonnz@gmail.com

Mark was managing director of ANZCO Foods Ltd from 2004 to 2017.



## SAM LEWIS

Processor-Exporter  
Director

Served since: 2014  
Term expires: 2020  
07 870 2425  
021 815 658  
samuel.lewis@xtra.co.nz

Sam, who comes from a farming background, is chairman of Affco NZ. He was previously a member of the MIA Council and has been involved with Federated Farmers for 40 years.



## MELISSA CLARK- REYNOLDS

Independent Director

Served since: 2017  
Term expires: 2020  
021 333 394  
mclarkr@gmail.com

Melissa is a Digital Strategist and Professional Director - with 25 years experience as an entrepreneur and in the business start-up community.



## KATE ACLAND

Associate Director

Served since: 2018  
Term expires: 2019  
021 558 558  
kate@mtsomerstation.co.nz

Kate farms Mt Somers Station, a 30,000 s.u. property in the Mid-Canterbury foothills, as well as running a number of other rural businesses.



# SENIOR EXECUTIVE TEAM

*B+LNZ's Senior Executive Team is responsible for each of the organisation's main focus areas, ensuring that we deliver on our vision of profitable farmers, thriving farming communities, valued by all New Zealanders.*



**SAM MCIVOR**  
Chief Executive Officer

Sam's priorities are to provide sound strategic leadership and management to B+LNZ; develop and recommend policies, strategies and actions to the Board that will enhance farmer levy investment and returns; and implement the approved policies and directives of the B+LNZ Board in the most effective and efficient manner.



**CROS SPOONER**  
Chief Operating Officer

Cros is responsible for B+LNZ's Corporate Services which include people, financial, technology, and facilities management. The financial services role involves the provision of these services to the NZMB and DINZ. His experience is in the primary sector with general and financial management roles in commercial and industry good companies.



**RICHARD WAKELIN**  
General Manager Innovation

Richard was appointed to the position of General Manager - Innovation at the end of 2017 and leads the science and research strategy and team, and the extension and resource design teams.



**NICK BEEBY**  
General Manager Market Development

Nick works with NZ meat processors, industry and exporters to develop and oversee implementation of global market development and promotional campaigns that achieve B+LNZ's Market Development strategic objectives and outcomes.



**DAVE HARRISON**  
General Manager Policy and Advocacy

Dave is responsible for policy and advocacy, primarily the areas of environment policy and strategy, technical policy and trade policy and access.



**JEREMY BAKER**  
Chief Insight Officer

Jeremy joined B+LNZ in January 2018 as Chief Insight Officer leading the Wellington based Insight and Economic Services team which delivers data driven insights that help inform B+LNZ's policies and decisions.



**ROWENA HUME**  
General Manager Communications and Engagement

Rowena leads the communications team and implements B+LNZ's engagement and public relations strategy, focusing on building influential relationships with key stakeholders, particularly at government level.



**MATT WARD**  
General Manager North Island

Matt joined B+LNZ in January 2018 as the General Manager North Island. He helps the Extension and Economic Services teams throughout the North Island deliver for our farmers. Matt is based in Hamilton.



**JOHN LADLEY**  
General Manager South Island

John joined B+LNZ in January 2018 as the General Manager South Island. He helps the Extension and Economic Services team throughout the South Island deliver for our farmers. John is based in Christchurch.



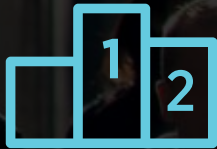
**GRAHAM ALDER**  
General Manager B+LNZ Genetics

Graham is the General Manager of B+LNZ Genetics (BLG). BLG is a subsidiary of B+LNZ whose objective is to increase productivity and profitability on sheep and beef farms through improving the genetic merit of the national sheep flock and beef herd.

# INDUSTRY SNAPSHOT

*The New Zealand sheep and beef sector is a productive, value adding, innovative and forward looking sector.*

*Our vision is to be the world-leading producers of sustainable red meat.*



The sector is NZ's largest manufacturing industry and second largest goods exporter.



Over 90% of production is exported to more than 120 countries.



Total value of production was \$10.4b with exports worth \$7.5b\* and domestic sales worth \$2.9b



The sector has 80,000 employees, 59,000 directly and 21,000 indirectly employed.



New Zealand sheep and beef farms cover 9.3 million hectares (a third of the country's land mass)



Sheep and beef farms have 2.8m hectares of native bush including 1.4m hectares of native forest

\*Wool included in export figure

## Stock numbers (2017)

### Sheep

**27.2m** 



50%  
North Island



50%  
South Island

### Beef cattle

**3.6m** 



70%  
North Island



30%  
South Island

### Dairy cattle

**6.5m** 



60%  
North Island



40%  
South Island



# GLOBAL SITUATION

*As 95% of New Zealand's sheep meat and 80% of beef is exported, it's vital we understand global trends and their implications for the sector. While there are significant changes happening there are also opportunities if we position ourselves properly.*

## MARKET TRENDS AND FORCES



Global population forecast to grow by 1 billion more people by 2030



Animal protein demand forecast to double by 2050



Increasing consumer concerns about industrial food production and climate change



Quickening pace of development and increasing popularity and commercialisation of alternative proteins



Growing demand for grass-fed, free range, hormone and GMO free red meat

Labelled grass-fed sales have been increasing by 20-30 percent per year.

## OUR RESPONSE AND SECTOR PRIORITIES

### Taste Pure Nature

This origin brand will be a global platform to underpin exporters' marketing programmes and enhance the positioning of New Zealand's red meat.

### Farm Assurance Programme

All New Zealand beef and lamb that carries the Taste Pure Nature origin brand will be overseen by a nationwide quality assurance system called the New Zealand Farm Assurance Programme.

### Environment Strategy

Being responsible stewards of the land underpins everything we do, and we're focused on having cleaner water, being carbon neutral by 2050, supporting thriving biodiversity, and having healthy productive soils.

### Innovative research

The sector is investing considerably in research and initiatives to improve productivity, environmental impact, and profitability.

### Open markets

Open and predictable market access is vital for the on-going success of our export-focused sector, as it creates a stable and level international playing field.

### Regulation

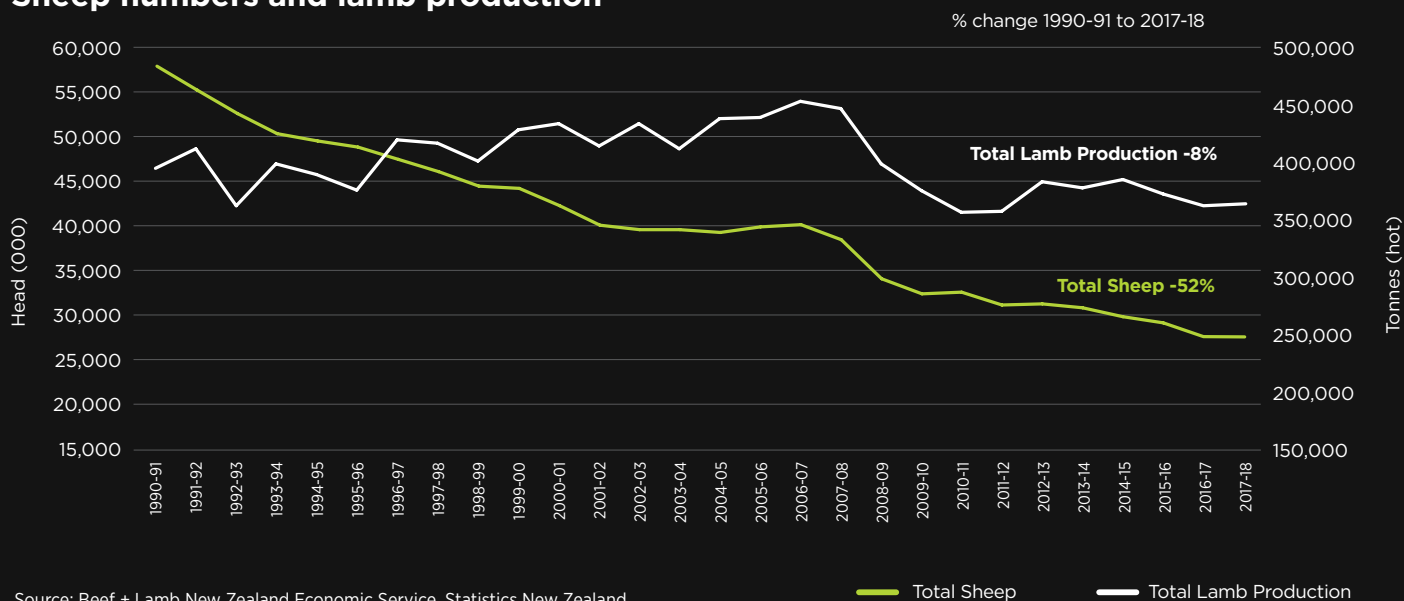
Ensuring a practical and fit for purpose system in food safety, animal welfare, biosecurity, health and safety, and environmental standards.



# PRODUCTIVITY AND ECO-EFFICIENCY

The sector has made major productivity and eco-efficiency gains - creating more from less and is focused on continuing to improve our environmental performance.

## Sheep numbers and lamb production



## Compared to 1990:



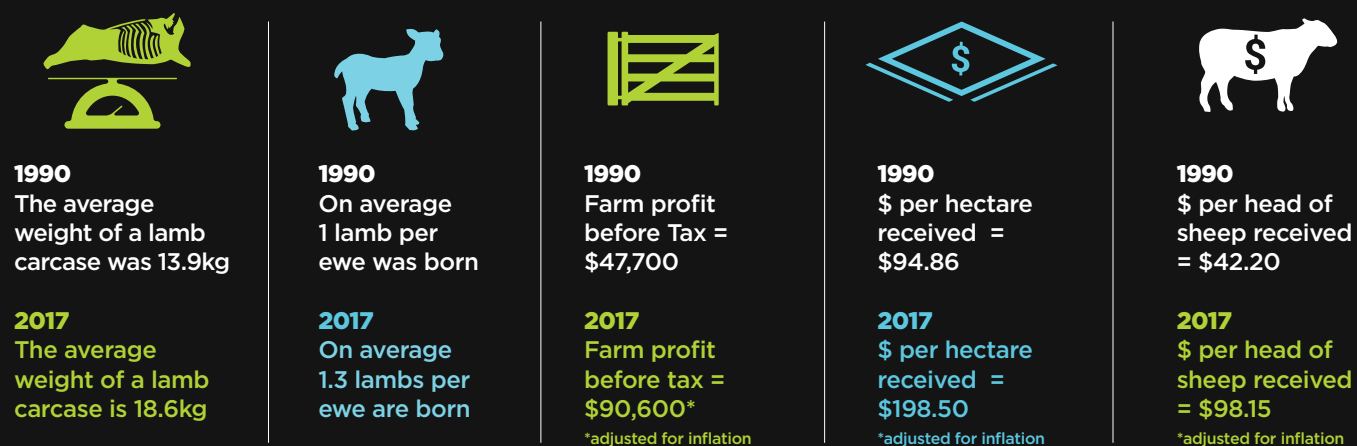
While sheep numbers have fallen 52% since 1990 (57m to 27m), the amount of lamb we produce off these sheep has only gone down 8%. This has been driven by a range of things, including improved lambing percentages and lamb weights.

These productivity gains translate into significant eco-efficiency gains, including significant reduction in nitrate leaching per kg of saleable product and significant reduction in GHG emissions per kg of saleable product.

Despite the decline in lamb production we have also significantly increased the value of our lamb exports from \$990m to \$2.5b since 1990.

By decreasing its environmental footprint while increasing its contribution to the New Zealand economy – the drystock sector is delivering sustainable meat production. But we're not about to rest on our laurels – there is always room for improvement, which is what we are planning to keep on doing.

## PRODUCTIVITY GAINS

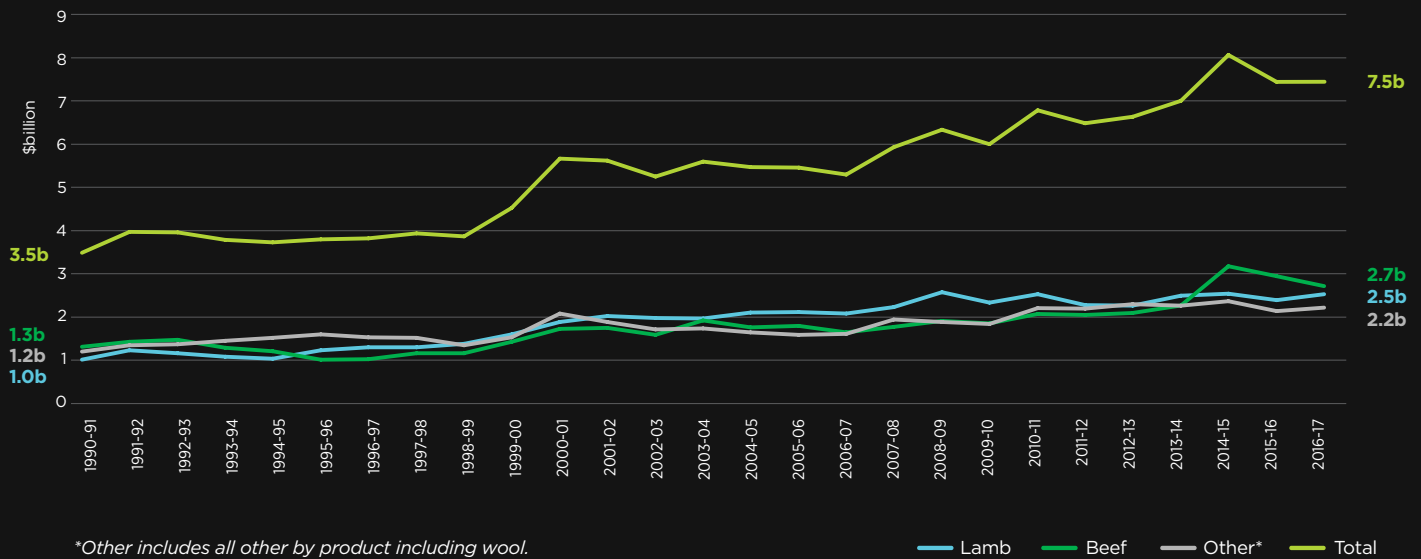




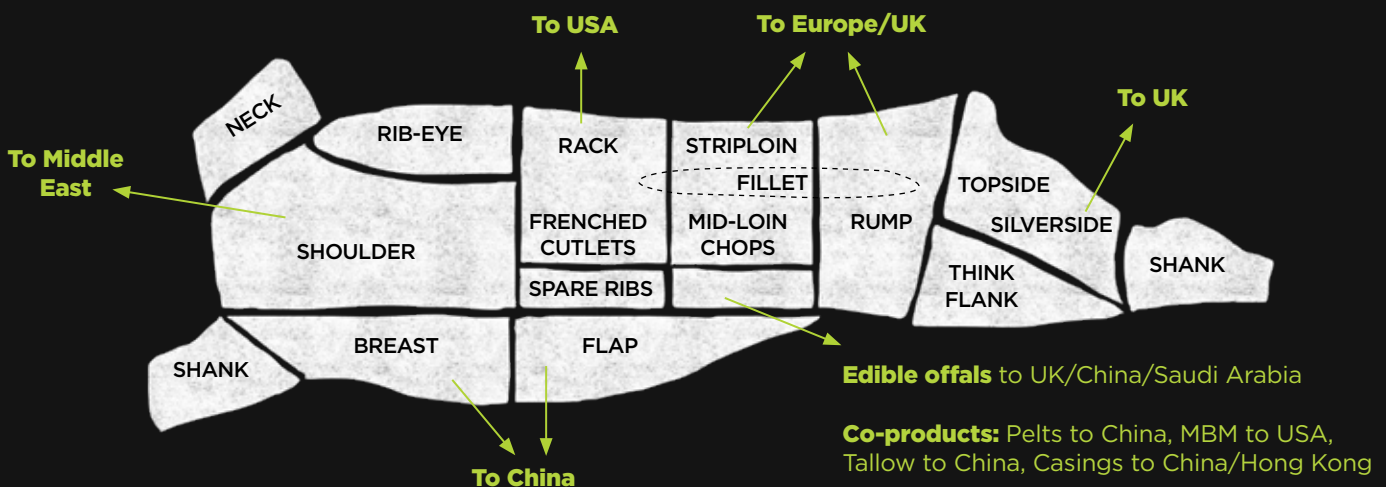
# CONTINUING TO ADD VALUE

The sector has made major improvements in adding value to our exports since 1990 through exporting cuts rather than carcasses, more chilled exports, and new products.

## Total value of red meat exports



## We maximise our exports by selling cuts to the market willing to pay the most for that cut



### CHILLED EXPORTS



**1990**  
8% of lamb exports in high value chilled form

**2017**  
32% of lamb exports in high value chilled form

### CUTS RATHER THAN CARCASSES



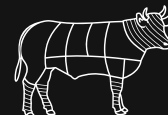
**1990**  
Lamb exports: 47% carcasses 53% cuts

**2017**  
Lamb exports: 2% carcasses 98% cuts



**1990**  
Mutton exports: 67% carcasses 33% cuts

**2017**  
Mutton exports: 26% carcasses 74% cuts



**Beef exports**  
Less than 0.5% of exports are in carcasses, with over 99% of beef exports in cuts.

### NEW PRODUCTS



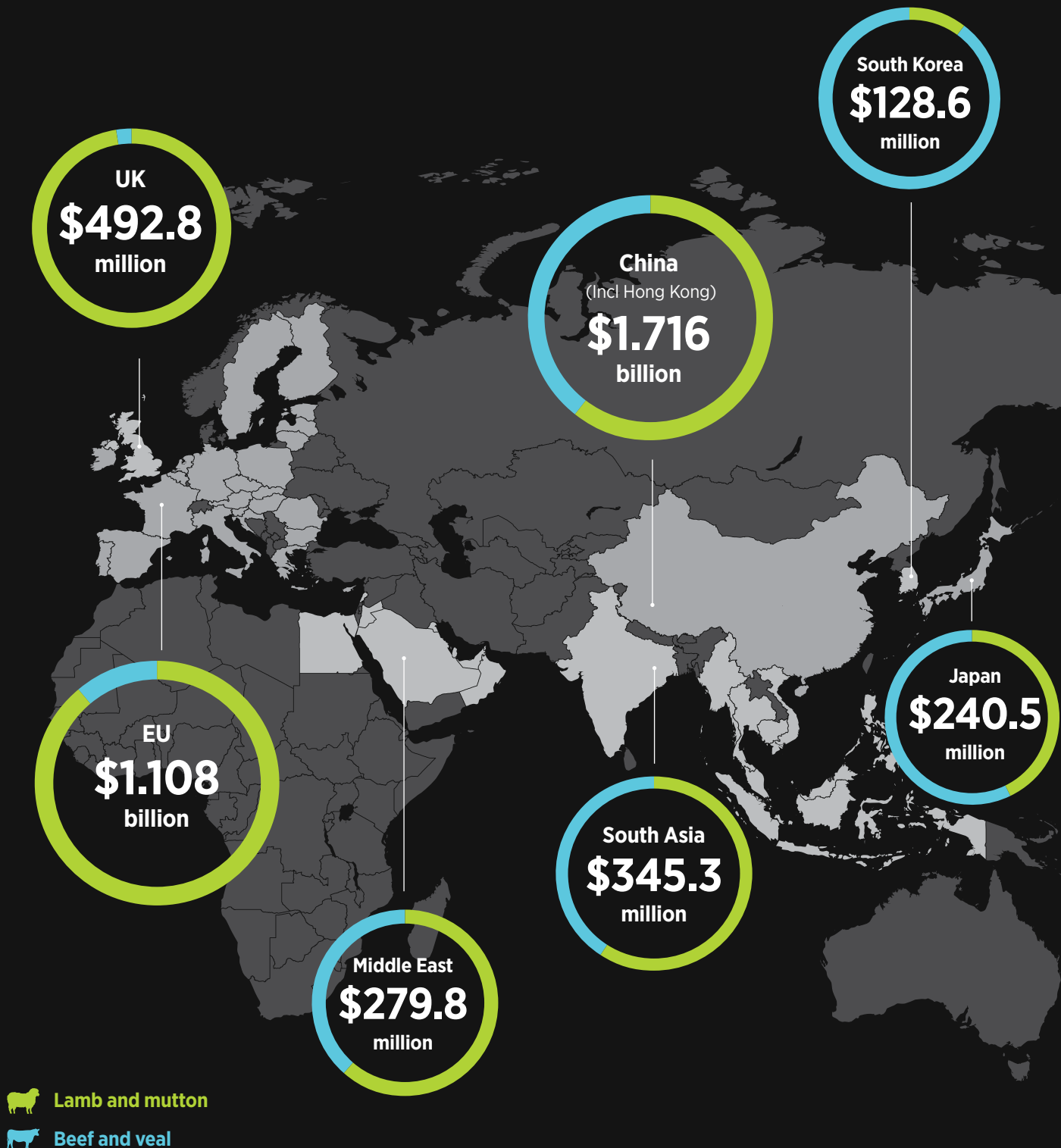
**1990**  
Blood product exports worth \$4.5 million

**2017**  
Blood product exports worth \$125.5 million



# EXPORTING TO THE WORLD

Over the past 30 years, New Zealand's sheep and beef exports have grown and diversified, with new markets opening up. In 2018, China surpassed the United States to become New Zealand's largest beef export market.

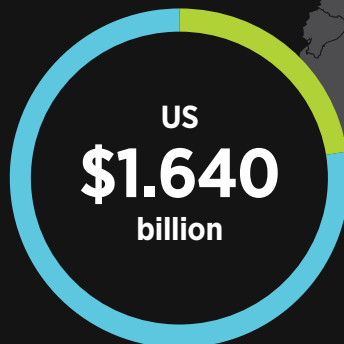




The value of New Zealand's red meat exports have substantially increased over the years. China is the most notable, having gone from just \$260,000 of exports in 1992-93 to \$1.7 billion in 2017-18. Reflecting the approach of sending each cut from a carcass to the market that will pay the most of it, regions like the Middle East have more than doubled from \$114 million to \$279 million. More value is also derived from traditional markets, especially the European Union which increased by 117 percent since 1992-93.



\*American Samoa, Australia, Cook Islands, Fiji, French Polynesia, New Caledonia, Niue, Papua New Guinea, Solomon Islands, Vanuatu, Western Samoa, Federated States of Micronesia, Guam, Kiribati, Marshall Islands, Norfolk Island, Northern Marianas, Palau, Tonga, Tuvalu, Vanuatu, Wallis and Futuna Islands.





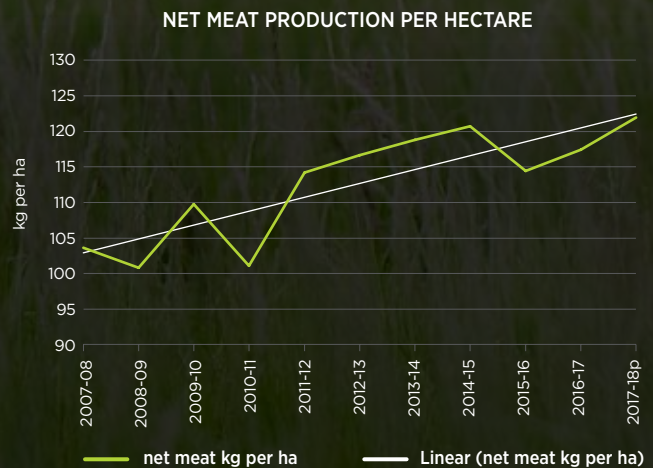
# HOW WE ARE

We have identified some key indicators to get a sense of how we are tracking as an organisation. These performance indicators and their associated goals are a combination of on-farm productivity and profitability, confidence in the future of the sector, and farmer satisfaction and awareness of our activities. Collectively they provide a snapshot of sheep and beef sector health and how well we are achieving our core principle of being genuinely 'By Farmers. For Farmers.'

## Sheep and beef farmers are improving productivity

↗ Net meat production per ha up 3.8%

Net meat production for the All Classes Sheep and Beef Farm provisionally at 122 kg per hectare was up +3.8 percent on the previous year. Overall, for the 2017-18 June farming year sheep meat production was up 5.2 percent largely from a high yield of lamb offtake relative to the previous year. Net beef production increased 2.2 percent largely from increased sales partly offset by slightly lighter weights.

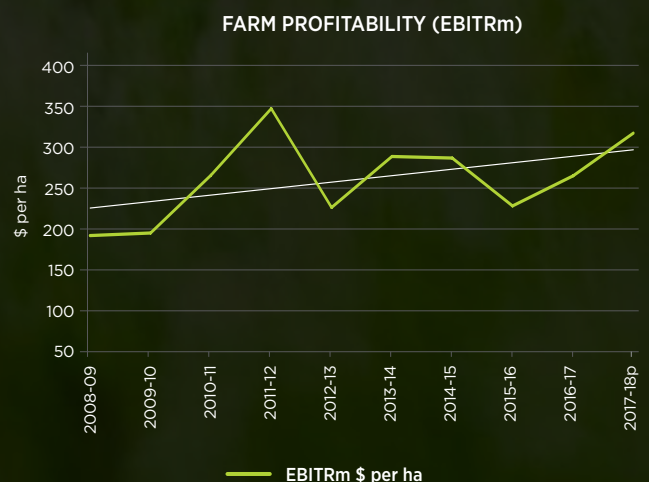


Source: B+LNZ Economic Service All Classes Sheep and Beef Farm (p) provisional

## Sheep and beef farming is profitable

↗ 20%

Provisional Earnings before Interest, Tax, Rent and paid managers salary (EBITRm) for the All Classes Sheep and Beef Farm increased 20 percent to \$317 per ha for 2017-18. This increase was largely driven by slightly higher gross farm revenue (+13 percent) with increases in lamb (+24 percent) and mutton prices (+54 percent) more than offsetting the fall in wool prices (-7 percent). Beef prices held (+0.3 percent) on the previous year. Farm Working Expenses increased 10 percent with some catch up on repairs and maintenance (+12 percent) and fertiliser expenditure (+14 percent). Interest expenditure was down (-2.8 percent) due to lower interest rates and some debt reduction.



Source: B+LNZ Economic Service All Classes Sheep and Beef Farm (p) provisional



# TRACKING

Snapshot  
November 2018

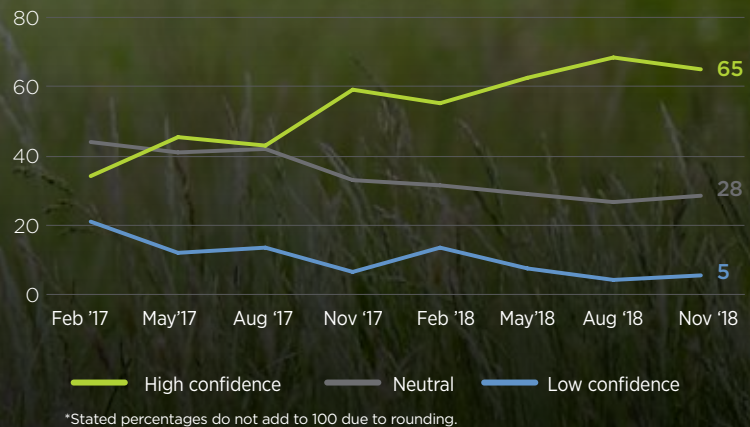
Industry  
confidence  
**65%**

**Reasons for high confidence:**

1. Population increasing/ people need food/ supply and demand
2. Industry produces a quality product
3. Markets are strong/ good returns
4. Prices are good

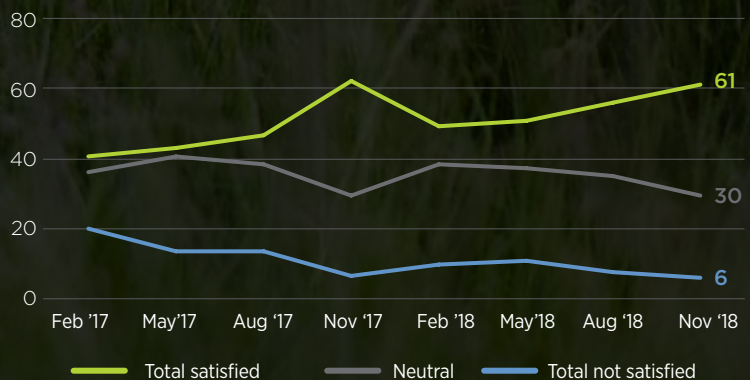
**Reasons for low confidence:**

1. Compliance costs and constraints increasing
2. International markets/issues
3. Unhappy with current Government



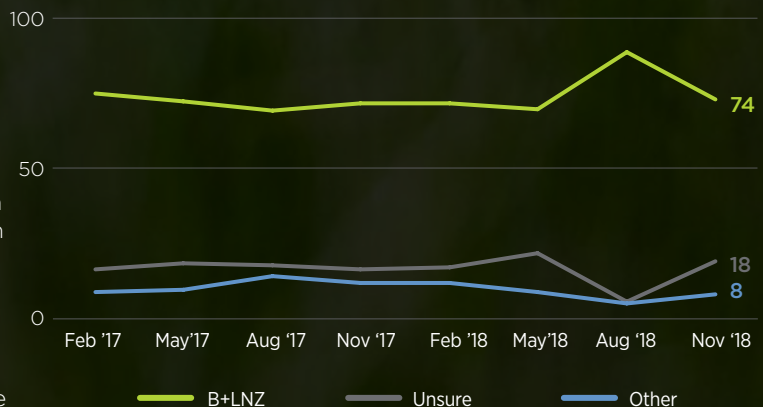
Satisfaction  
with B+LNZ  
**61%**

While overall satisfaction with B+LNZ remained consistent in November 2018 compared to November 2017, farmer satisfaction was slightly higher throughout the year with slightly higher levels of satisfaction and lower levels of dissatisfaction than previous years.



Awareness  
of B+LNZ  
**74%**

The high of 88 percent awareness for B+LNZ in August 2018 was likely driven by a combination of the recently completed levy proposal consultation and a guide on protecting farms from *M. bovis* that was delivered to all farmers over that period. This spike in awareness has reinforced the importance of still providing physical information to farmers in an age where a digital first approach is often preferred.



# Our strategy 2017-22

## Vision

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

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

## Purpose

*How and why we do what we do*

**Insights and actions driving tangible impact for farmers**

## Priorities

*How we generate impact*



Unlocking market potential



Enhancing our environmental position



Supporting farming excellence



Government & public insight & engagement

## Principles

*How and why we do what we do*



By Farmers. For Farmers

Partner for impact



Unlocking market potential

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Supporting farming excellence

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## What does success look like in 2022?

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

- ① Through consumer insight, the NZ Red Meat Sector Story, NZ Farm Assurance Programme and Market Innovation creates a platform for improved pricing.

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- ② Market access through FTA's has increased enabling maximum market value to be captured and returned to farmers.

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- ③ Farmers have grown profitability through productivity, efficiency and improved cost of production.

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- ④ The time and cost of regulatory compliance has been streamlined.

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- ⑤ Farmers are recognised for their commitment to the environment while maintaining the productive capacity of land.

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- ⑥ Farmers have access to the right people with the right skills and a new generation of leaders is developing.

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- ⑦ Dairy farmers, beef farmers, and industry working together to maximise opportunities.

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- ⑧ Insights drive rapid product and service development with tangible value captured by farmers.

Insights driven

Know our communities

Outcomes not outputs



Enhancing our environmental position

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Government & public insight & engagement

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01



## *Unlocking market potential*

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



**Total levy Investment\* in this strategic pillar was \$5.6m for 2018. The following table is a summary of the key initiatives within this pillar.**

Name	Description	Contribution to strategic priority
<b>Market Development</b>	<b>\$3.6 million</b>	
Taste Pure Nature	Create the origin brand Taste Pure Nature and develop the activation strategy.	Build and implement the means to market NZ red meat as a premium product in markets across the world.
Market Pathways and innovation	Identify, develop and share opportunities for market innovation, including new products categories and channels to market.	
Sector engagement & quality assurance	Provide governance support to the New Zealand Farm Assurance Programme and ensure alignment to Taste Pure Nature, creating a platform for increased pricing.	
Domestic promotion	Provide funding for the promotion of beef and lamb within New Zealand.	
<b>Market Access</b>	<b>\$2.0 million</b>	
Facilitating Trade	Protect and improve NZ's access to global markets.	Maintain and increase access to key markets to capture maximum value.
FTAs & Brexit	Maintain our market access into the UK and Europe with no loss of access due to Brexit.	

*\* Levy Investment is the total cost of the programme including operating costs (people, rent, vehicle & travel) and project costs, offset by any third party programme income*





2018 saw B+LNZ's work to unlock market potential for sheep and beef farmers accelerate with research into alternative proteins, the unveiling of the Taste Pure Nature origin brand, the CPTPP coming into force, formal negotiations on a European Union – NZ free trade agreement (FTA) beginning, and protecting farmers' interests with the evolving Brexit situation.

Our report on alternative proteins set the scene for the challenges and opportunities for our sector, with the reveal of our Taste Pure Nature origin brand demonstrating that New Zealand is well placed to respond to these, thanks to our natural advantage as a sustainable producer of high quality, grass-fed red meat.

With rising protectionism and uncertainty on the trade front, the commencement of formal EU-NZ FTA negotiations was welcome news, though Brexit and issues regarding a proposal from the EU and UK to split our quota are concerning and we've been working with the government to oppose this through the World Trade Organization (WTO). We also partnered with government, the MIA, and the New Zealand Meat Board (NZMB) to prepare for multiple scenarios after Brexit on 29 March.



## Taste Pure Nature

In May 2018, B+LNZ unveiled the Taste Pure Nature origin brand. There was a positive response from farmers and continued commitment and support from processing companies.

Taste Pure Nature will be used as a global brand platform to underpin exporters' marketing programmes and increase consumer awareness of, and enhance the positioning, of New Zealand red meat. It was developed in conjunction with farmers and processing companies.

It aims to tell New Zealand's unique story and will help the sector respond to challenges such as alternative proteins.

Our research showed consumers' overall knowledge of New Zealand is positive, but weak in relation to red meat. They don't know that New Zealand produces the type of meat that they value - naturally raised, grass-fed and free range. The role of Taste Pure Nature is to bridge this gap between consumers and our farmers.

Research also found that there is significant value that can be extracted from building a strong country of origin brand and story. Country or place of origin is a primary consideration for consumers and retailers when

purchasing and is a shortcut to understanding and trust.

In terms of how Taste Pure Nature fits in with producer and product brands, these sit on top of a country of origin brand and create an increased level of trust, but it's important to acknowledge that it is considered within the context of the country or place it is from. This means a product brand is only as good as the consumer's perception of the country (or place) it comes from.

Work is now focused on developing an activation plan in consultation with the processing companies. Companies will be able to use the brand in any of their markets. However, to maximise market penetration, the focus is on launching Taste Pure Nature in California in early 2019 and building a strategy for China to support launching there either late in 2019 or early 2020.

We are also developing criteria around what product will qualify to be able to be branded under the origin label, which will include product needing to be sourced from a farm that's part of the New Zealand Farm Assurance Programme or an equivalent, as well as other criteria that will match the values of our target consumers.



## Who are we targeting with Taste Pure Nature? The Conscious Foodie

In early 2018, B+LNZ with support from the Agricultural and Marketing Research and Development Trust (AGMARDT) carried out a macro-level global segmentation study – from this research we identified a group of consumers who want distinct attributes and experiences from their food – we have termed this group the ‘conscious foodie’.

- They look beyond price when buying meat and enjoy trying new styles, formats and origins.
- They’re mindful about the environment and animal welfare and see these as inputs into quality, nutritious food.
- They have a much greater awareness of the origin and raising claims and this is an opportunity for New Zealand to build trust.
- They’re social, spending more time on social media than other consumers and food is often a focal point of that interaction.

In anticipation of activating Taste Pure Nature, B+LNZ is investing in gaining additional insight into the ‘Conscious Foodie’ in California so we can effectively target our activities. This additional research will provide precise information into what ‘real’ consumers within this segment look like, how they behave, the real-world expression of their attitudes and beliefs, this includes:

- Understand the Conscious Foodie’s broader behaviour and attitudes, their broader life context, their behaviour in and out of home, decision making in categories they consume, their family settings and situations, where food sits within their lives.
- Capture behaviour and decision making at key moments – specifically food shopping (on and offline) specifically when it comes to produce/meat, digital consumption (brands – i.e. media brands and channel).

This information will be used to develop marketing collateral and strategies across various channels so that we can most effectively activate the purchase of New Zealand beef and lamb by those customers.



I KNOW WHAT I EAT IMPACTS ON THE NATURAL SYSTEM.

The **conscious foodie** wants quality and experiences from their food. They look beyond price when buying meat and enjoy trying new styles, formats and origins. They have greater awareness around the origin and claims which opens up an opportunity for New Zealand.

### ORIGIN

FRESH PRODUCT FROM TRUSTED SUPPLIERS IS IMPORTANT

**82%** Are highly influenced by fresh & chilled product (vs. 59% average)

### HEALTH

HEALTH CONSCIOUS, WHAT THEY EAT MATTERS

**76%** Believe what they eat has an impact on them and their families health (vs. 49% average)

### CULTURE

A SOCIAL BUNCH, FOOD IS A FOCAL POINT FOR INTERACTION

**43%** Watch TV shows about food, recipes and nutrition (vs. 29% average)

### EXPERIENCE

BOLD AND EXPERIMENTAL IN THE KITCHEN

**58%** Enjoy experimenting and being adventurous with food (vs. 33% average)

### DECISION DRIVERS

THEY LOOK BEYOND PRICE WHEN BUYING MEAT

**58%** Are highly influenced by animal welfare standards (vs. 24% average)

### WORLDVIEW

MINDFUL OF THE ENVIRONMENTAL IMPACT OF THEIR CHOICES

**85%** Are concerned about the environmental impact of food (vs. 58% average)



## Alternative Proteins

Alternative proteins have been a topical issue this year. In March, we released a comprehensive report that looked at the implications of alternative proteins for our sector.

It found that alternative proteins are likely to become a major competitor to some of New Zealand's red meat products and the sector must respond with a clear strategy.

Although alternative proteins are currently manufactured in small volumes, large scale production of burger patties and mince is likely to be a reality within five years. This is a particular risk to our dairy beef exports to the United States that go into burger manufacturing.

Muscle cuts of beef like rib-eye are further away, and sheepmeat is not even on the radar of developers as it's a niche product. Demand for alternative proteins is being driven by a number of forces including environmental concerns relating to climate change and the ability to feed the growing world population in a sustainable way; the use of animals in food production; and the place of meat in a modern diet.

Despite these challenges, the report also revealed opportunities for our sector.

The global population is expected to grow by one billion extra people by 2030. New Zealand's total red meat production can only feed around 21

million people. There is therefore a place for both alternative proteins and natural red meat products.

The research revealed a growing demand for naturally raised, grass-fed, hormone-free and antibiotic-free red meat with consumers prepared to pay a premium for such products. This is what New Zealand produces and we have an opportunity to capitalise on it.

In the US alone, retail sales of labelled fresh grass-fed beef including domestic and imports reached US\$272 million in 2016, up from US\$17 million in 2012. Sales are doubling every year.

The report included four scenarios and potential strategic responses aimed at challenging the red meat sector's thinking and helping it to consider how to respond to these challenges. These scenarios range from red meat being pushed to the side of the plate or becoming a speciality, a reluctant choice, or the everyday preferred choice for consumers.

It is likely the industry will respond to the challenge in a number of ways, but one of the options includes driving the premiumisation of sustainably produced red meat, which is what the Red Meat Story and Taste Pure Nature origin brand are aimed at.

Read the report [beeflambnz.com/alternative-proteins-report](http://beeflambnz.com/alternative-proteins-report)

## Comprehensive and Progressive Agreement for Trans-Pacific Partnership

Despite many hurdles, including the withdrawal of the United States, the CPTPP entered into force in December 2018. Australia was the sixth signatory to the agreement to ratify it in October 2018, meeting the quorum for the agreement to take effect.

The CPTPP will help to create a level playing field for our beef exports to Japan, where New Zealand has lost ground to Australia following their bilateral FTA. More importantly, CPTPP brings together economies representing around 16 percent of global economic output and 500 million people into a trading relationship that also incorporates standards on human rights, labour practices, and environmental management.

It is significant because of its commitment to trade leadership at a time of open tariff warfare between some of the world's major economies. It is a commitment to trade based on rules, rather than might.

**\$60M** IN TARIFF SAVINGS ON EXPORTS TO JAPAN



## EU/NZ Free Trade Agreement

After many years of hard work, formal negotiations on a FTA between the EU and New Zealand commenced in Brussels in July 2018, with a second round of negotiations held in late 2018.

An FTA with the EU has long been a major priority for New Zealand generally, and B+LNZ specifically. We are focused on helping the government secure the best possible deal for New Zealand's red meat sector, which includes access for beef on a scale that better reflects New Zealand's status as the fifth biggest exporter of beef globally.



## IBA commits to trade reform and liberalisation

B+LNZ's CEO Sam McIvor, Director George Tatham, and our International Beef Alliance (IBA) Young Leader Scholarship recipient George Macmillan attended the IBA's annual conference in Canada. At the five day event, IBA members reaffirmed their commitment to work together and with their respective governments to reform or remove trade barriers and emphasise the importance of a rules-based trading system.

Members also had a particular focus on Brexit, where they encouraged both the United Kingdom and European Union to undertake open and transparent consultations and to honour their legal obligations with regards to trade.

George Macmillan and other IBA young leaders focused on issues such as product perception, and environmental stewardship which will help drive the future profitability and integrity of beef cattle farming globally.

## Brexit

The decision of the United Kingdom to leave the European Union has been, and continues to be, a source of great uncertainty with regard to our future trade in the key European market.

Among the key issues is what will happen to our country-specific sheepmeat and beef quotas if and when the UK leaves the EU. Alongside the MIA, B+LNZ has been firm and clear since the UK Brexit referendum in June 2016 that our sector will not accept any proposal that erodes the quality and quantity of these legally binding quotas. The EU and the UK are promoting a split based on recent trade, but this loses our current ability to adjust volumes to the UK or EU to reflect market conditions – an ability which benefits New Zealand exporters and European producers alike. We continue to present potential solutions to preserve that ability, and to work closely with the Ministry of Foreign Affairs and Trade and the Ministry for Primary Industries (MPI) to mitigate the potential damage to New Zealand from the UK's decision.

In recognition of the importance of this issue, B+LNZ and the MIA appointed Jeff Grant as a special red meat sector representative to London in April. This is the first joint overseas



appointment by the red meat sector, and his presence and close linkages to our team in Brussels ensure the sector is well-represented.

At the time of writing there are currently three likely scenarios for Brexit. First, Prime Minister Theresa May's deal, or an amended version, is accepted by the UK Parliament and from 29 March we have status quo for the length of the transition period. The second is there is no deal, which will result in our quota being split between the UK and EU, a likely World Trade Organization challenge from New Zealand, and possibly significant market disruption. The third is Brexit is delayed, giving May more time to negotiate a deal.

We can only hope that as you read this report the situation has become more certain, but in the interim we continue to work with the NZMB and the MIA to put contingency plans in place for any outcome.





# 02



## *Supporting farming excellence*

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



**Total levy Investment\* in this strategic pillar was \$11m for 2018. The following table is a summary of the key initiatives within this pillar.**

Name	Project cost** \$,000	Description	Contribution to strategic priority
RMPP	3,400 Funded by New Zealand Meat Board	Support the delivery of RMPP programmes including the NZFAP, the electronic Animal Status Declaration and the Action Network. Refer to page 33.	Co-ordinate and deliver insights, tools, and services to farmers to better understand our sector, build capability, and improve farm sustainability, productivity, and profitability.
Extension delivery	2,300	Plan and implement regional research and extension plans that reflect regional and national needs. Deliver events and support to farmers and farmer councils.	
BLG	2,800	Develop and implement next generation genetics solutions, such as NProve, to boost farm profits and efficiency.	
Research and Development	1,500	Deliver R&D projects such as the Hill Country project in partnership with MBIE, to drive insights and actions to improve farmer profitability and sustainability. Refer to table page 29.	
Sector capability	1,100	Supporting sector employment and training.	
Future Farms	323	Establish the Future Farm programme to test and refine emerging technologies, ideas and research in a commercial farming environment (NB: B+LNZ has made an additional capital investment as our share of the operating company is \$585,000). Refer to page 26.	

*\* Levy Investment is the total cost of the programme including operating costs (people, rent, vehicle & travel) and project costs, offset by any third party programme income*

*\*\* Project Cost is specific investment over and above B+LNZ staff time.*



# 02

*Supporting farming excellence is B+LNZ's strategic priority that is the most tangible for farmers, with the work aimed at directly impacting and improving what happens on farm day-to-day. Ultimately our goal is for more sustainable, more productive, and more profitable farms.*

*Whether it's through undertaking scientific research to improve farming practices, running workshops to enable farmers to learn new farming techniques and grow their knowledge, or showcasing innovation in the sector through our Innovation Farms or our newly launched Future Farm, B+LNZ is committed to helping farmers boost their productivity and profitability while minimising their environmental footprint.*

*Increasingly in 2018 much of this work has been about helping farmers respond to consumer demands for improved environmental sustainability, and the launch of B+LNZ's Environment Strategy and Implementation Plan has seen the environment be put at the heart of everything we do.*

*Major outcomes this year include the launch of the RMPP's Action Network and B+LNZ's Future Farm Programme's North Canterbury Future Farm.*



## Future Farm

### About B+LNZ Future Farm

North Canterbury Future Farm (NCFF) is a sheep and beef farming enterprise. It implements, trials and tests farming technologies and best practice management, demonstrating how these can improve performance whilst maintaining the highest production and environmental standards.

B+LNZ, in partnership with Lanercost 2018 Ltd, has formed a limited partnership to lease and farm the Lanercost property. The objective of the partnership is to operate at the highest level in terms of profitability, while meeting customer, regulator and wider society expectations. The farm will also provide a base for B+LNZ to demonstrate farm practices, decision making and farm systems integration of new technologies and practices, while maintaining high performance.

Accountability for demonstration and communication of what is happening on farm, and progress against goals and objectives sits with B+LNZ.

### Future Farm goals

A key objective for NCFF is to be operating in the top 5 percent profit wise with comparable farms, operating in similar conditions.

Sheep and beef farmers can be challenged by market, production, and regulatory opportunities and constraints. Future Farm will understand the impact of these and apply management responses to the farm system.

The vision for Future Farm is Inspiring vibrant farming communities through demonstrating farming excellence.

Goals for the farm are:

- To demonstrate exemplary business performance
- Develop people and industry leaders
- To demonstrate best practice environmental management
- Be customer focused

### The journey so far

An early focus has been understanding the natural resources and associated constraints.

We have collected information to better understand the soil; we have identified the risks and opportunities



associated with the underlying natural resources through a Farm Environment Plan (FEP); and we have used Farmax to model different stocking and farm management scenarios. A comprehensive farm business plan is being built using this information, aiming to optimise profits within environmental best practice and working within the natural limitations of the land.

The farm will operate with full transparency, sharing what is being planned on the farm, and what is being achieved (and why).

### Property Overview

The property is 1310 hectares, comprising of ~30 percent flat to easy terrace country, 30 percent rolling downs and almost 40 percent steep hill country with 20ha in forestry and a 20ha block of QE2 covenant land. The farm sits at 250-400m above sea level and has an annual rainfall of 800-900mm.

The farm is currently running 3,500 breeding ewes and 300 beef cows. The beef cows are farmed under a grazing agreement and not owned by the partnership.

### Infrastructure

The property infrastructure includes three houses, the main homestead, living quarters for one person and a three-bedroom house. There is a 4-stand woolshed with covered yards (2000 ewe capacity). The farm has four sets of cattle yards and three additional smaller sheep yards and two hay barns. There is one main track which provides easy off-road access over the length of the entire property, with a smaller 4WD track enabling a circuit of the property.

The main water system comes from a private bore, in addition to five units from the local authority scheme to supplement. There are four stock water dams on the hill country with the balance serviced by the natural water.

### Soil and Environment

Soils consist of Jordan and Wakanui silt loams on the flats, Onepunga soil on the downs and Hurunui hill series on the hill. These easy country soils comprise deep layers of compacted loess and have similar issues and characteristics to soils the full length of the East Coast of New Zealand north from Dunedin.



Watch the video  
[beeflambnz.com/  
 future-farm](http://beeflambnz.com/future-farm)

## Growing our resource portfolio

Informed by research funded through RMPP, B+LNZ expanded the type of resources we have. The research clearly showed the range of 'learning styles' we have amongst our farmers and industry, as well as the challenges of time and travel. In addition, a key adult learning principle is to have the same piece of information available in several formats - there is no 'best' way to present it.

Our Podcast portfolio has continued to grow and is very popular. This year we have added webinars as well, and the videos of these are a great way to hear and see good information from top speakers.

Our involvement in RMPP has also created a large library of learning modules, located online in our Knowledge Hub. Featuring text, audio and video, as well as links to further resources, these modules are a great way to work through a topic for ideas, a refresher or an introduction to a topic.

## Farmer councils provide vital link

Our Farmer Councils are a vital link between grass-roots farmers and B+LNZ. Our seven regional farmer councils, with 120 farmer councillors, provide B+LNZ with guidance and advice on research investment as well as farm extension delivery within their region. They work with their local extension managers and farmer director to develop an extension delivery plan for the region. All sheep, beef and dairy levy payers on the B+LNZ electoral roll can participate in the decision-making process through their Farmer Council. Councillors are elected by farmers and each council elects its own Chair. The seven regional Chairs then make up the National Executive of the Farmer Council. Each Council also co-opt industry experts as a valuable link to regional activity aligned to commercial activities on farm.



## B+LNZ Innovation Farm programme

B+LNZ's Innovation Farm programme showcases innovation and puts new science and technology to the test, helping farmers identify tools and practices that lift productivity and result in real financial improvements. One of the projects currently being run is looking at high performance beef finishing with Lucerne. The objective is to achieve at least current carcass weights and Beef EQ standards, but at 20 months of age. They are also investigating pathways to improve the Beef EQ hit rate beyond 43 percent and examining the most profitable use of the Lucerne area and how to integrate this into a safe component in the farm's beef production. Mitigating challenges with bloat risk are also being explored to minimise wastage and to understand the wider impact on the farm system. This project is well supported by a team that has strong farm systems and technical capability.

Innovation Farms have also looked at the use of annual clovers in hill country. This is largely led by a region wide project on the eastern North Island, spread from Gisborne to the Wairarapa. The past year saw the 3 Tonne Plus Legumes project completed at the Craws' property on Banks Peninsula.

## Sector Capability

*Farmers have access to the right people with the right skills and a new generation of leaders are developed*

In December 2017, B+LNZ undertook a review of Sector Capability for the sheep and beef sector. How the outcomes of this review will be implemented is continuing to be worked on in consultation with industry. The purpose of the review was to:

- identify if there is an ongoing role for B+LNZ in supporting capability development to meet the future people needs of the sheep and beef sector, and if yes, what that role could be
- better understand the current B+LNZ Sector Capability portfolio, the background and context in which it operates, and farmer awareness and perception of value in it
- know what a highly capable sheep and beef sector should look like in the future, from farmer, industry and government perspectives
- consider the Sector Capability activities of the Red Meat Profit Partnership (RMPP) co-funded by B+LNZ, looking at the implications for B+LNZ of the scheduled RMPP wind up in 2020.

The review identified four critical shifts to achieve better outcomes for farmers from B+LNZ's capability investment:

1. Taking a strategic leadership position for sheep and beef sector capability needs
2. becoming a purchaser of targeted and measured outcomes
3. developing a strategically driven investment portfolio, and
4. an integrated approach to work alongside extension and insight teams for delivery.



This means an increased focus of building capacity and capability behind the farm gate. Targeting specific leadership development for farmers and the farm team. The concept has been well tested with projects like Understanding Your Farming Business, funded through the Red Meat Profit Partnership, and delivered by Agri-Women's Development Trust.

The review identified that University Scholarships were not a key driver for increasing capacity in the sheep and beef sector, and the recommendation was to reduce these and explore other options to build capacity and capability on farm.

In promoting careers in the sheep and beef sector, the review identified a need to build an increase of preference for careers in the sector, demonstrate opportunities and tell our stories. The review recommended increasing the

technical and specialist skill element of the sheep and beef sector to counter historic perceptions of it being a low skill sector.

Sheep and beef farmer support to industry training organisations (ITO) will be targeting specific skills and capability versus traditionally a more "general" approach. This will look like training aligned to and connected to B+LNZ extension teams and regional activity. It will mean a greater emphasis on completion, versus participation. It will feel like increasing quality versus volume.

B+LNZ will also contract the ITO to research and identify current farm cadet and training businesses operating, where they are located, how they are funded and their alignment to the sector. This will assist B+LNZ to better target support to the areas that are likely to have the biggest impact.

Sector capability	Expenditure \$,000	Description
AgITO on Farm Knowledge and Skills	200	Funding Primary ITO for the delivery of on farm training for people employed on sheep and beef farms. These are predominantly at industry training levels and average around 60% completion rate
Primary Industry Capability Alliance	150	A unified approach across sheep, beef, dairy, arable and primary sector skills development entities to build human capability in the primary industries.
Māori Agribusiness	260	Māori agribusiness engagement through Ahuwhenua excellence in Māori farming and contracted activities with the Federation of Māori Authorities - Kaiarahi Ahuwhenua, engagement projects and on farm extension. Includes Māori agribusiness investment in mixed livestock productivity and the roll out of the Stock Care programme to Māori Trusts and Incorporations.
Leadership Programmes	254	International Beef Alliance, Tri-lamb, Kelloggs and Nuffield programme – all are scholarship type programmes that feed into future sector leadership roles and develop young leaders
Scholarships	81	B+LNZ funds a range of scholarships in the rural sector, including cadet farms, polytechnics, universities, and other agricultural training institutes, as well as other study opportunities



## Current research projects invested in by B+LNZ 2017-2018

Name	Expenditure (\$,000)	Description
Pastoral Genomics	520	The Pastoral Genomics programme uses modern genomic technologies in ryegrass and clover to enhance the profitability and sustainability in NZ pastoral farming. The technologies used in this programme are not regulated so they can be rapidly adopted by the partner seed companies. By 2022, the rate of genetic gain in forage breeding in NZ (year-on-year improvement in the sector's agreed priority traits) will be compounding at 2 percent pa (the current baseline being -0.5 percent) and multiple hybrid clovers and trait-enhanced ryegrasses will be in cultivar development. By 2025, most perennial ryegrass elite cultivars in NZ will contain traits validated using the tools developed in Pastoral Genomics and rates of pasture renovation will have increased as a result. Supported by MBIE, B+LNZ, DairyNZ, Dairy Australia, Agriseeds, PGG Wrightson Seeds and AgResearch.
Regenerating Hill Country Landscapes	278	Five year programme supported by the MBIE, B+LNZ, PGG Wrightson Seeds, Seed Force and FOMA. Diverse hill country landscapes are the backbone of the sheep and beef sector. Over two decades of loss of complementary land to dairying in particular continue to pose significant challenges for hill country enterprises and their associated communities. In addition there are specific risks associated with climate change, attracting and retaining staff, retaining rural support services, and the growing need for transparency from consumers and the public in land-based production systems. B+LNZ in partnership with others will deliver a targeted programme of work to support the smart use of hill country to enhance the long-term sustainability of hill lands and communities.
Longevity of the ewe flock	55	This Massey University-led project aims to quantify the degree of premature culling and mortality in ewes and identify associated factors.
Cow size, milk production & lifetime efficiency of calf production	80	This Massey University-led project aims to identify means of improving the lifetime efficiency of beef production by appropriate selection and management of the beef breeding cows and to identify primary contributing factors to cow wastage and culling in beef cow herds.
Novel multivalent ovine pneumonia vaccine	115	The aim of this AgResearch led project is to undertake preliminary field trials of a potential multivalent ovine pneumonia vaccine.
Quantifying dung beetle benefits in New Zealand livestock pastures	25	Aligned with an MPI Sustainable Farming Fund (SFF) programme, this Agri-link NZ led project sets out to field test, the impact of dung beetle activity on soil health and water quality. This project works with Landcare Research and Dung Beetle Innovations.
Optimisation of subterranean clover for dryland pasture in New Zealand	20	This co-funding supports a successful MPI SFF project, "Optimisation of subterranean clover for dryland pastures in New Zealand" being overseen by Lincoln University. The aim of the project is to identify appropriate sub species and cultivars of sub clover and develop grazing management packages.
Improving Post Weaning Growth Rates and Twin lamb and lamb growth management	75	This Massey University-led project aims to demonstrate that both single and twin-born ewe lambs born to ewe hoggets can be bred as ewe lambs and that their lifetime performance will not be compromised; and also to determine if ewe lambs grown to heavy pre-mating weights achieve a heavier mature weight and the effect this may have on ewe efficiency.
Ewe udder health & effects on lamb production	115	The overall objective of this Massey University-led project is to develop an udder scoring system that can accurately be used by farmers and which is proven to be associated with udder health, lamb survival and lamb growth rates. This project involves Massey University, Lincoln University and AgResearch.
Fodder beet Best Management Practice	10	This co-funding supports a MPI SFF project with the aim to prioritise, collate and present information as readily adoptable Best Management Practice activities for farmers to deliver higher yields and reduced incidence of poor crop performance, while ensuring animal welfare and performance. The project is led by Plant and Food Research and the Fodder Beet Agronomy Group.
The P Project – Advancing on-farm phosphorous loss mitigation	15	This farmer led project supports a MPI SFF programme about being able to manage phosphorous transport to waterways in an efficient and cost-effective way.
Drenching ewes with ML's (Macrocylic Lactone's) at lambing - accounting for the unintended consequences	33	This co funding supports an MPI SFF project led by PGG Wrightson on behalf of the Farmers Concerned About Sustainable Parasite Management Group. This project is testing the hypothesis that the administration of long-acting formulations of macrocyclic lactone anthelmintics to ewes pre-lambing results in fewer lambs surviving to weaning. The wider project is supported by PGG Wrightson, AGMARDT, ANZCO and Rangitikei Veterinary Trust Co.
Pasture Management in a Volatile World	60	This co funding supports a farmer-led MPI SFF project quantifying the benefits of deferred grazing as a low cost method of pasture conversion and renovation. Led by the B+LNZ Mid Northern Farmer Council, the project includes AgResearch, Ballance Agri-Nutrients, Plant and Food Research, Bay of Plenty and Waikato Regional Councils and B+LNZ.
A multifaceted approach to assessing the impact of long-acting anthelmintics on rumen microbes, ewe health and fertility.	95	This AgResearch-led study will primarily investigate the potential effect of anthelmintics belonging to the benzimidazole and/or macrocyclic lactone classes have on the composition of the rumen microbiome, which has recently been shown to be important in sheep performance and productivity.

# B+LNZ Insights - Hill country farming

As part of the new B+LNZ Strategy, the organisation is building its capacity to generate insights through a deep understanding of people and issues. These insights are focused on driving actions with a tangible impact for farmers. A key issue over the last year has been statements about the 'marginal' and 'unproductive' nature of hill country farming by some commentators. To address this, work was undertaken to identify the reality that hill country sheep and beef farming is highly productive, sustainable and supports thriving rural communities. This work drew on the data provided by the B+LNZ Sheep and Beef Farm Survey, which provides statistically accurate data about sheep and beef farms.

## Productive



**\$141,700** 2017-18

### Hill country sheep and beef farms are productive and profitable

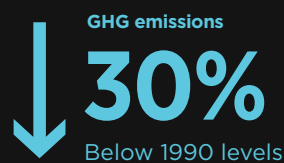
Hill country farms generated a profit before taxation of \$141,700 per farm in 2017-18. Hard hill country farm profitability is even higher at \$178,300 before tax per farm.



### Hill country profitability has improved on a per-hectare basis since 1990

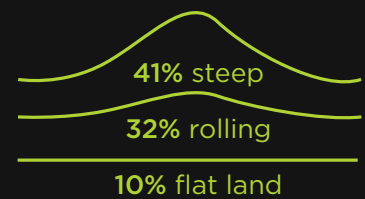
Overall, hill country profitability per hectare (as measured using EBITRm) has increased 92% since 1990-91. Hard hill country farm profitability per hectare has increased by a greater extent over the same period - by 121%.

## Sustainable



### Lower GHG emissions

Hill country sheep and beef farms, along with all sheep and beef farms, have reduced their absolute GHG emissions by 30%. Exceeding NZ's international commitment of 11% below 1990 levels by 2030.



### Diversified land use

Hill country farms are 10% flat land, 32% rolling and 41% steep. Steep land is only useable for food production through grazing. 14% of hill country land is non-grazed native vegetation, and 3% is in plantation forestry.



### Native vegetation cover

A substantial proportion of all NZ's native vegetation cover is on sheep and beef farms. This is higher for hill country farms; much of this is the non-grazed land on these farms. The majority of QEII covenants are on sheep and beef farms. Converting areas of sheep and beef farm native cover to plantation forestry would reduce this native vegetation and its diversity.



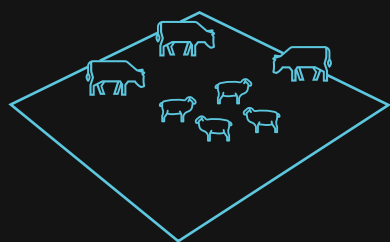
### Low nitrogen use

Hill country sheep and beef farms use low and appropriate applications of nitrogen fertiliser. Hill country sheep and beef farms use on average 13.7 kg per ha of elemental Nitrogen (N) on pasture compared with 19.1 kg per ha for sheep and beef farms on finishing country.



## Next steps for hill country sheep and beef farms

- Hill country sheep and beef farming has made considerable progress in productivity, sustainability and in supporting its communities over the last three decades – but there is always more to be done.
- B+LNZ is working with government on a major \$8.3m research programme identifying further improvements in hill country sheep and beef farming.
- B+LNZ's Environment Strategy will drive further gains in sustainability (specifically water quality, greenhouse gases, soils and biodiversity) through widespread use of Farm Environment Plans, catchment groups, and better evidence and data to drive improvements on farm.
- B+LNZ's farming excellence activities are aimed at driving further productivity, efficiency and profitability.



### Stocking rates for hill country farms are low

Hill country farms run 7.1 stock units per effective hectare; This works out at approximately 4 sheep and half a cattle beast per effective hectare. Effective hectares exclude non-grazed and forestry land.



### Erosion/Sediment

Erosion and sediment can be an issue on hill country properties. Most hill country farms have or are undertaking planting for erosion control and have or can build sediment-debris traps where appropriate. Evidence indicates that these actions are having a positive impact on water quality.

## Thriving communities



### Heart of rural communities

There are over 5,500 hill country sheep and beef farms in New Zealand. This is around half of all sheep and beef farms. They are at the heart of our rural communities.



### Hill country farms are an integral part of the sheep and beef sector

Hill country farms breed stock to supply direct to processing but also significantly supply stock to lowland farms for finishing.



### Supporting employment

All sheep and beef farms employ 31,000 on farm, and support 27,000 jobs in processing and 21,000 jobs in supporting sectors. Hill country farms account for approximately half of this employment.



### Direct spending in regions

All sheep and beef farms generated \$4.1 billion at the farm gate which is spent in regions buying goods and services to operate the farm, and by the farm family and staff on their living expenses. This expenditure supports yet more jobs in rural communities. Hill country farms account for approximately half of this spending.

## B+LNZ Genetics

The B+LNZ Genetics (BLG) programme has made some excellent progress this year in delivering on its objective of substantial and sustainable improvements to the breeding infrastructure that underpins the profitability of sheep and beef production in New Zealand.

- The new Single-Step genetics evaluation system is operational and went live in October 2018. The launch of the Single-Step genetic evaluation system is a transformative step for the country's sheep industry. The new evaluation is the result of four years of research, developing new cloud based computing systems and testing. It is based on Single Step technology, whereby genomic information is incorporated into the

evaluation, alongside traditional genetic measures. The result is a faster, more accurate evaluation, which allows New Zealand ram breeders to make better, more-timely decisions around the selection and dissemination of profitable and consumer-focused genetics.

- The new Meat Module has been completed and went live in October, 2018. This will provide more accurate breeding information and will enhance New Zealand's sheepmeat production. This is the first update from the modules developed in 1998; since then carcase weights have risen on average from 14.6kg to 18.4kg, meat yield has increased 30 percent and fat has declined 26 percent. Also the new module now uses spiral CT as the gold standard and incorporates Alliance Groups VIAscan and PML's Marel yield data

with data from Silver Fern Farms Dexa system due to be added in 2019.

- The methane module has been developed in conjunction with Pastoral Greenhouse Gas Research Consortium (PGgRc) and will go live in March 2019. It is based on genomic predictions from measurements taken in the Central Progeny Test hub flock.
- The FarmIQ terminal sire meat quality module has been transitioned to BLG from FarmIQ and went live in November 2018. Genomic predictions for meat quality (pH, tenderness and intramuscular fat) are now available.
- BLG hosted its fifth Sheep Breeders Forum in July 2018 which attracted 187 delegates (note; the first in 2014 attracted 82 delegates). BLG also held its first ever Virtual Beef Conference in August 2018 with a live audience of 126 delegates out of the 192 people who registered.

## Dairy Beef Progeny Test adding value

BLG is driving value for dairy farmers through its Dairy Beef Progeny Test. In its fourth mating of leading beef sires of all breeds across around 1500 dairy cows annually - the project is making important inroads to proving the value of targeted beef sire use.

When using a beef sire across dairy cows, the key for generating value is less days in milk and peace of mind at

calving. For the beef rearer and finisher, these calves need to grow as fast as possible to meet carcase specifications whilst considering the potential of improved eating quality. Using these criteria, the beef industry's leading sires have been identified. These sires are progeny tested to identify the best bulls for both dairy and beef outcomes, and for eventual widespread AB use.



### Key findings from using beef sires across dairy cows

1. Selecting the right sires for use across dairy cows means equal or improved outcomes for both the dairy and beef industry
2. Leading short Gestation Length Angus and Hereford sires have calves on average as short as 276 days
3. Leading low Birth Weight Angus and Hereford sires have calves on average as light as 33kgs
4. Leading calving ease Angus and Hereford sires saw less than 1 percent of cows assisted at calving
5. Using beef sires does not affect milking performance
6. Beef EBVs are delivering on what they predict - use them with confidence when selecting bulls for use across dairy cows.



## Red Meat Profit Partnership

B+LNZ is a partner in the Red Meat Profit Partnership (RMPP), a collaboration between the red meat sector and government.

Two years from the Primary Growth Partnership's conclusion, RMPP is delivering a range of initiatives designed to boost the productivity and profitability of sheep and beef farmers.

RMPP remains on track to finish within budget and to deliver real, meaningful change for our red meat industry.

### Achievements for 2017/18

- The RMPP Action Network launched in November 2017 and Action Groups are up and running across the country.
- The NZFAP, developed by RMPP, is now being used by 15 meat processing companies and underpins the Taste Pure Nature Origin brand.
- Work is underway to develop standards covering environmental, animal welfare, biosecurity and people wellness.
- The electronic Animal Status Declaration (eASD) pilot continued. Farmers complete the form online before sending animals for processing, making the process faster, easier and more accurate. Twenty-four meat plants are committed to using eASD and 767 farmers are currently registered.
- More than 30 organisations including one meat company are involved in DataLinker, which simplifies and standardises data transfer between businesses (map data, benchmarking, livestock genetics, red meat, and pasture).
- Over 1,000 women have completed the 'Understanding your Farming Business' programme, supporting women to become critical farming partners by building knowledge, skills and confidence.



Members of a RMPP Action Group near Taihape

## RMPP Action Network

Farm businesses are now taking part in the RMPP Action Network, an initiative to support farmers to develop the confidence to turn ideas into action on-farm.

There were 74 approved farmer-led RMPP Action Network Action Groups operating across the country as at 30 September 2018.

Action Groups, which are made up of seven to nine farm businesses, are supported by trained facilitators to guide a group and help identify experts who can share new knowledge and ideas needed to achieve farmers' goals. Each Action Group is eligible for kick-start funding of \$4,000 per farm business, which is pooled for the group to pay for a facilitator and expert advice.

Farmers are reporting tangible outcomes for their farm businesses. They also value the seed money to spend on specialist advice and facilitation.

These farmers are benefiting from trusted, independent expertise and the knowledge and experience of other farmers.

- The roll-out of online learning modules continued, providing practical information to help farmers make more informed decisions. There are currently thirteen learning modules available on the Knowledge Hub accessed from the B+LNZ website.
- RMPP provided facilitation training to over 300 rural professionals and farmers looking at leadership roles in their communities.
- Sixteen key performance indicators (KPIs) are now available and linked to B+LNZ's Economic Service data, enabling measurement and benchmarking against similar farming systems.
- The 'Future Focus' programme was launched to bring together farming partners and provide training to help them achieve their business goals and aspirations.
- RMPP continued to help the industry attract talent through initiatives in primary and secondary schools, as well as helping tertiary students establish industry networks.





# 03



## *Enhancing our environmental position*

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



**Total levy Investment\* in this strategic pillar was \$2.5m for 2018. The following table is a summary of the key initiatives within this pillar.**

Name	Description	Contribution to strategic priority
PGgRc	Partner of the Pastoral Greenhouse Gas Consortium, working to reduce greenhouse gas emissions from agriculture.	Strengthen farmers' reputation in NZ and globally through sustainable environmental management.
Environmental data & insights	Build B+LNZ bank of environmental data and insights to inform advocacy and communications.	
Farm planning	Establish common rules for farm environment planning and build capability to deliver quality planning.	
Farmer tools	Develop and share farmer tools to optimise and measure environmental change.	

*\* Levy Investment is the total cost of the programme including operating costs (people, rent, vehicle & travel) and project costs, offset by any third party programme income*





Not only are consumers demanding improved environmental performance from food producers, but the ability to demonstrate better environmental outcomes will be fundamental to New Zealand's success in positioning itself as a premium producer of sustainable grass-fed red meat.

The launch of B+LNZ's Environment Strategy and Implementation Plan in May, with its four pillars of being carbon neutral, clean freshwater, thriving biodiversity, and healthy soils, targets the key environmental issues facing our sector. Work to bring the strategy to life is already well underway, with farmer events being run across the country, including supporting the creation of Catchment Community groups to drive action on a bigger scale.

With the environment being at the heart of everything B+LNZ is doing, this work will receive much greater funding in 2019 and take on an increased importance overall with major decisions around agricultural emissions and fresh water regulations set to be made by the government.

## OUR VISION

# World-leading stewards of the natural environment and sustainable communities

*He kaitiakitanga mo te tai ao*



### CLEANER WATER

**Goal:** Sheep and beef farmers actively manage their properties to improve freshwater. New Zealanders can gather food from and swim in freshwater surrounding our farms.



### CARBON NEUTRAL

**Goal:** Farmers continue reducing carbon emissions, moving towards a carbon neutral sheep and beef sector by 2050.



### THRIVING BIODIVERSITY

**Goal:** Sheep and beef farms provide habitats that support biodiversity and protect our native species.



### HEALTHY PRODUCTIVE SOILS

**Goal:** Land use is closely matched to soil potential and capability. Farmers are working to improve soil health, carbon content and productivity while minimising soil loss.

## Environmental strategy

In May 2018, B+LNZ launched its refreshed Environment Strategy. To develop the strategy, we talked to many farmers who told us that we had to understand the problem and how to measure it; we had to provide some options about what to do when there was a problem; and we had to recognise work that had been done.

At the heart of the strategy is our vision of sheep and beef farmers being 'world-leading stewards of the natural environment and sustainable communities'. Sitting beneath that are four intersecting environmental pillars: Cleaner Water; Carbon Neutral;

Thriving Biodiversity; and Healthy Soils. The strategy recognises the interconnectedness of these pillars, and seeks to bring them together in an operational programme based around:

- Farmer-led catchment planning;
- Individual farm plans linked to catchment planning;
- Policy advocacy; and
- Science and research linkages.

For more information on the strategy and our implementation plan, see: [beeflambnz.com/environment-strategy](http://beeflambnz.com/environment-strategy)





Environmental pillars:



## CLEANER WATER

**Goal:** Sheep and beef farmers actively manage their properties to improve freshwater. New Zealanders can gather food from and swim in freshwater surrounding our farms.

Progress is being made on a number of initiatives specially aimed at improving water quality.

This year we have developed and piloted a delivery-ready workshop to demonstrate some tools and methods that catchment communities can use to monitor and understand their freshwater. We worked with Dr Amanda Valois from NIWA who has a strong background in community based monitoring. Other scientists will be coming on board to help with the wider delivery.

The pilots were based on early work in the Wairarapa and took place in Waikato, Gisborne, and Hawkes Bay. We involved the local sustainable land management and scientific staff from the respective regional councils and took the opportunity to learn from each other and evolve the content accordingly. The workshops will be rolled out nationwide in 2019 and will

be continually reviewed and revised to make sure that they are meeting farmers' needs.

Work is also progressing well on our project to provide access to farmer decision tools such as LUCI and Mitigator. The LUCI project, delivered in partnership with Victoria University and Ravensdown Environmental is piloting a catchment approach to help farmers minimise environmental impact using farm and catchment scale computer modelling.

The project is being delivered in the Pourakino catchment (Southland) and the Patoka catchment (Hawkes Bay) and work is on track to be completed in October. The project will be evaluated at completion and learnings shared with the sector.

Winter grazing practices have been in the news recently. We have increased our work with farmers in the last year to encourage best practice across the sector, and this work is being stepped up further.

We recognise that winter is a time of increased environmental vulnerability in relation to the winter management of cattle on crops, and it is a priority for us to ensure this activity occurs humanely and within environmental limits.

During winter 2018, B+LNZ ran a major campaign with regional councils and DairyNZ to provide advice to farmers on the best grazing practices. We held a number of wintering fielddays in Southland, Otago, Canterbury, Hawkes Bay and Whanganui-Manawatu, and have projects in Southland, Otago, and the Manawatu where we are working with farmers to improve wintering practices.

We are now building on this work with more targeted messaging and workshops/field days. B+LNZ is also working on the policy front to ensure the regulatory framework delivers positive environmental outcomes and is practical for farmers.





## CARBON NEUTRAL

**Goal:** *Farmers continue reducing carbon emissions, moving towards a carbon neutral sheep and beef sector by 2050.*

Climate change is one of this country's largest environmental challenges and B+LNZ is actively involved in policy development on how New Zealand should respond to it.

As part of our environment strategy, the sector has set a target of being carbon neutral by 2050. Major progress has been made towards this goal and the New Zealand red meat sector is uniquely placed globally to achieve this goal.

Since 1990, sheep and beef farmers have reduced their emissions by 30 percent. This is a result of a mixture of productivity improvements and stock reductions. While sheep and beef cattle numbers have reduced by 50 percent and 23 percent respectively, we are producing almost the same amount of lamb for export due to major improvements in lambing percentages, feed and genetics resulting in increased weight of lambs at slaughter.

Starting in 2002, B+LNZ and other pastoral organisations have been participants in the PGgRc investing in developing mitigation for methane and nitrous oxide along with government.

The "Norton Report", which B+LNZ released in 2018, identified 1.4 million hectares of native forest on New

Zealand sheep and beef properties is of major significance. This native forestry, combined with an estimated 180,000 hectares of plantation forestry on sheep and beef properties, is likely to be offsetting a significant proportion of the greenhouse gas emissions produced by sheep and beef cattle.

How much of the forest is pre-1990 and therefore not eligible under the current ETS is yet to be determined, nonetheless, these trees are sequestering carbon and their contribution needs to be recognised.

B+LNZ is currently doing work to estimate the amount of sequestration from these trees, and the University of Canterbury is undertaking research under the National Science Challenge but this may take some time.

B+LNZ has been engaging closely with the Parliamentary Commissioner for the Environment, the Productivity Commission, the drafting of the Zero Carbon Bill legislation, and the Interim Climate Change Commission.

We strongly support a split gas approach which recognises the different roles short and long-lived greenhouse gases play in climate change. There have been a number of reports this year that demonstrate

the different impact of methane on warming and this area of science is developing rapidly.

In a recent report from the Parliamentary Commissioner for the Environment, Dr Andy Reisinger suggested for methane from ruminant livestock in New Zealand to generate no additional warming, methane emissions would need to reduce by between 10-22 percent.

This is because methane is a short-lived gas, whereas long-lived gas emissions from carbon dioxide and nitrous oxide must be reduced to zero or below to stop them from creating additional warming.

B+LNZ has also been working to help farmers understand what they can do on farm to reduce or offset their carbon footprint, including supporting Carbon Farming workshops which help explain the Emissions Training Scheme and how on-farm planting fits into that.

Other key priorities for the red meat sector as part of the current policy discussions include: recognition of the reductions in emissions that the sector has made since 1990, and full recognition of the sequestration of native and plantation forestry on farms.





## THRIVING BIODIVERSITY

**Goal:** Sheep and beef farms provide habitats that support biodiversity and protect our native species.

In June, B+LNZ released a report led by Professor David Norton of the University of Canterbury on the extent of native vegetation on sheep and beef farms.

The research, which was based on satellite imagery, found nearly 25 percent of New Zealand's native vegetation (2.8 million hectares) is on sheep and beef farms, the largest amount outside of public conservation land.

The report also revealed that 17 percent of New Zealand's native forest (1.4 million hectares) is on sheep and beef farms. Much of this is native forestry and believed to be regenerating and therefore sequestering carbon.

Not only does this report highlight the vital role our farmers are playing to support New Zealand's biodiversity, the report is also of significance for the current policy discussions about biodiversity, and climate change.

Read more at: [www.beeflambnz.com/nortonreport](http://www.beeflambnz.com/nortonreport)

B+LNZ is now working with Professor Norton on a second phase of the research to investigate the condition of the native vegetation on sheep and beef

farms, and how coverage has changed from the 1960s to present day.

B+LNZ is developing practical resources for farmers wanting to improve biodiversity including through on-farm steps such as fencing, pest control, planting etc. Given the extent of biodiversity on sheep and beef farms, we are keen on engaging closely with the government on the development a National Policy Statement for Biodiversity.

Key biodiversity policy priorities for the sector include:

- Government recognition of the great work happening behind the farm gate, and farmers' contribution to enhancing New Zealand's native biodiversity.
- Policy that enables and incentivises biodiversity enhancement at a farm and catchment scale, rather than an approach that focusses on protection at the farm level limiting land use flexibility and often causing native vegetation and wetlands to be seen as a liability rather than an asset.



**17% of all NZ's native forest is estimated to be on sheep and beef farms**

**Collectively sheep and beef farms contain the largest amount of native vegetation present outside of public conservation land**



Desk-top assessment of native vegetation on New Zealand sheep and beef farms, University of Canterbury 2018



## HEALTHY PRODUCTIVE SOILS

**Goal:** Land use is closely matched to soil potential and capability. Farmers are working to improve soil health, carbon content and productivity while minimising soil loss.

During 2019, we'll be undertaking a stocktake of soil health and structure, as to date there is very little information about soil health across the sector. This research will inform evidence-based policy, shape future extension programmes, and help B+LNZ to target resources.

We are also focusing efforts on reducing erosion and sediment loss, as tackling this is a high payoff activity for the red meat sector. We'll be working with leading experts to understand the sector's contributions and hotspot catchments to help shape policy and prioritise our extension activities to address these issues.





Over  
**30**

Catchment groups  
around New Zealand

An estimated

**40%**

of sheep and beef farmers  
reported they had some form  
of Farm Environment Plan

UMR survey of 658 farmers, March 2018

## FARM ENVIRONMENT PLANS AND CATCHMENT WORK

The two most fundamental elements of our environment strategy are the objectives of every sheep and beef farmer having a farm environment plan by 2021 and supporting the development of catchment approaches by farmers to achieve environment outcomes.

There are many different environment plans already out there. Rather than creating another option on top of that, B+LNZ is developing a “process standard” focused on supporting farmers to get started on the environment journey and to continue to develop and improve.

Approximately 40 percent of sheep and beef farmers currently have environment plans. We are focused on lifting that as quickly as possible and ensuring farmers have a practical and

useful plan. The process standard will break down the steps farmers need to take to develop an environment plan and will support them with implementation and with continuous improvement. We will identify existing farm plan templates across the sector that meet the standard and work with our catchment project and the Red Meat Profit Partnership Action Network to drive uptake.

The other important part of the environmental plan is supporting the establishment of catchment communities to enable farmers to address environmental issues on a wider scale. This project will be delivered in two phases:

- Phase 1: Develop resources to meet the immediate needs of existing and emerging catchment groups.

- Phase 2: Implement a programme that supports the formation of new catchment groups, and records sector progress. This includes sharing learning across groups nationally to maximise progress.

We have already identified the important role facilitators of catchment groups have made and had success in sharing knowledge from successful catchment groups with new ones.

We have been impressed by the number of existing catchment groups across the country (that often include dairy, sheep and beef, and horticultural properties) and the progress they have made. There is also strong interest in setting up new groups. Sheep and beef farmers have often been at the forefront in the initiation and progress of these catchment community groups.



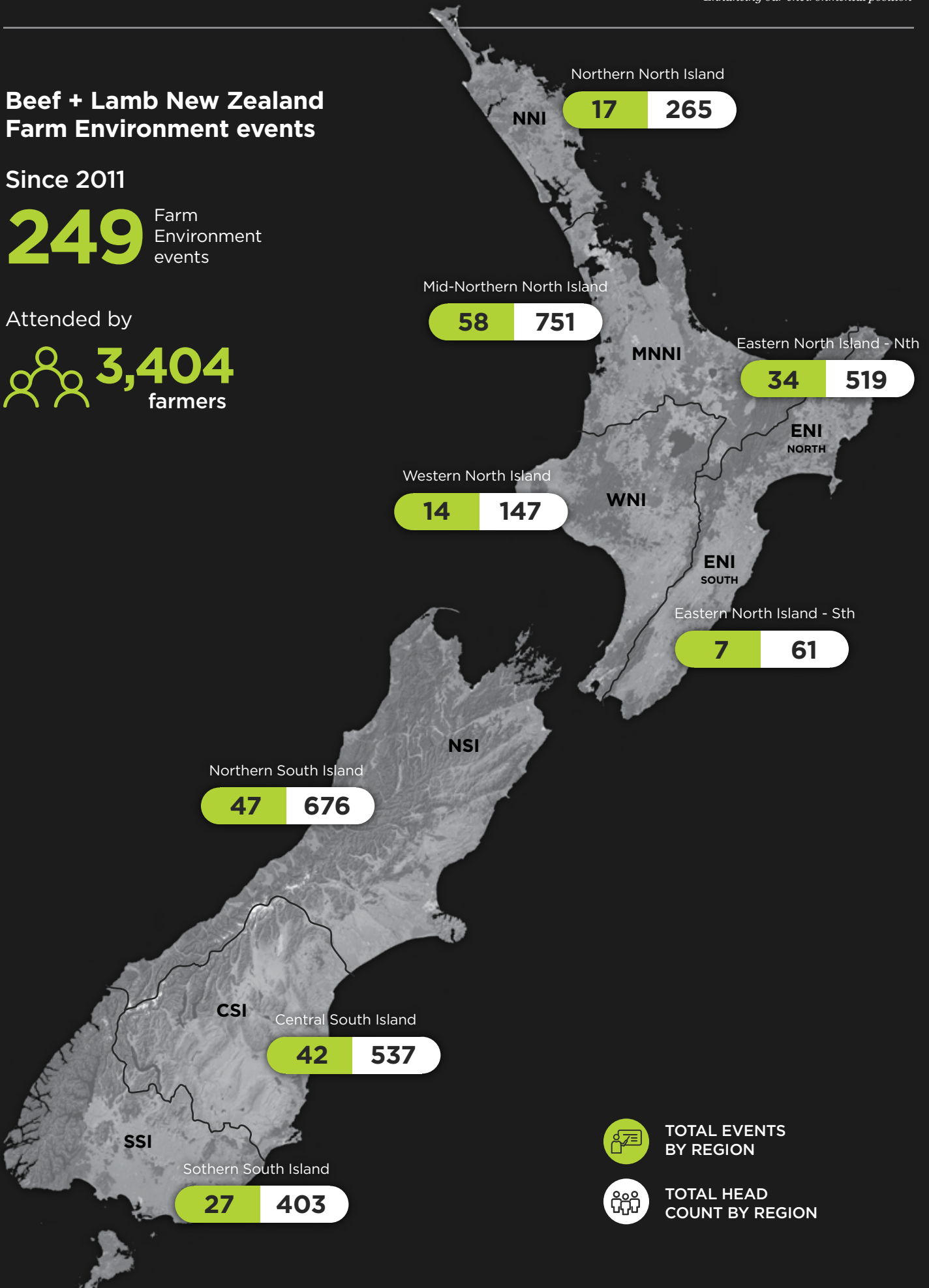
## Beef + Lamb New Zealand Farm Environment events

Since 2011

**249** Farm Environment events

Attended by

**3,404** farmers



TOTAL EVENTS BY REGION



TOTAL HEAD COUNT BY REGION





# 04



## *Government and public insight and engagement*

*Backing our farmers on the issues that count*



**Total levy Investment\* in this strategic pillar was \$2.7m for 2018. The following table is a summary of the key initiatives within this pillar which is largely staff time.**

Name	Description	Contribution to strategic priority
Keeping farmers informed	Understand the needs of the sector, keep farmers informed and connected.	Advocate on policy issues on behalf of farmers and increase public understanding & support for farmers.
Biosecurity	Manage biosecurity issues, including <i>M. bovis</i> , and develop and implement programmes to minimise future risks.	
Telling the farmer story	Tell a strong story about the value of farming and contribution to thriving rural and regional communities.	
Insights & risk management	Proactively identify and develop insights that drive action on risks and opportunities for farmers and the sector.	
Policy programme	Implement a policy programme that addresses policy and regulatory issues for the sector.	

*\* Levy Investment is the total cost of the programme including operating costs (people, rent, vehicle & travel) and project costs, offset by any third party programme income*





*A new Government at the end of 2017 and increased public interest in our farming practices have meant that 2018 saw an unprecedented level of activity for B+LNZ in representing and advocating on behalf of sheep and beef farmers.*

*Consultations on the Government Industry Agreement on biosecurity and the proposal to increase sheep and beef levies mid-year were important opportunities to get feedback from farmers and update them on B+LNZ's progress on key initiatives.*

*Working more closely with our industry partners has also been a focus in 2018, with issues like the response to Mycoplasma bovis and environmental regulations seeing B+LNZ work with organisations such as DairyNZ, Federated Farmers, FOMA, MIA, DINZ, and the Dairy Companies Association of New Zealand (DCANZ) to better represent the primary sector.*

*We also begun a significant project focused on understanding public perceptions towards farming and red meat consumption in New Zealand. This work is continuing in 2019 and will enable the sector to better understand and respond to the farming related issues that are important to New Zealanders.*

## **Mycoplasma bovis (M. bovis)**

A key focus for B+LNZ over 2018 has been working with government and DairyNZ on the eradication of *M. bovis*. Alongside government, the Rural Support Trust, and DairyNZ, we increased our support for affected farmers to navigate the compensation process, including the implementation of new compensation support teams and improved guidance on the compensation process.

We have also boosted efforts to provide practical onfarm advice to manage biosecurity risks specific to *M. bovis*, including a comprehensive *M. bovis* booklet that was sent to all farmers in June.

B+LNZ representatives participated in the MPI-run national *M. bovis* roadshow to ensure all farmers had the information they needed. We have also hosted a separate series of interactive workshops aimed at raising awareness of on farm biosecurity in conjunction with other industry partners. These workshops helped farmers to begin or further develop formal biosecurity plans for their farms.

According to recent research by UMR undertaken for B+LNZ, 57 percent of farmers have taken precautions against

the disease, although only 40 percent have an active biosecurity plan. One of the main reasons farmers said they don't have a plan is that they are unsure where to begin. Over the coming months, B+LNZ is planning to hold further biosecurity workshops to support farmers to build practical and robust biosecurity plans.

Negotiations with DairyNZ regarding the cost split of industry's share of the phased eradication response cost were finalised in December, with a 94 percent dairy, 6 percent beef cattle split agreed.



## **GIA consultation**

From October to December 2017 B+LNZ in conjunction with DairyNZ and DINZ consulted on a proposal to join the Government Industry Agreement for Biosecurity Readiness and Response Deed - better known as GIA.

The view of B+LNZ was that signing GIA would give farmers greater input in deciding their biosecurity needs and how incursions are responded to.

With 85 percent of responses to the consultation being supportive of the sheep and beef sector joining GIA, B+LNZ's Board proceeded with applying to sign the GIA Deed. While B+LNZ formally joined GIA in December 2018, the GIA framework was used as a basis for negotiating the cost share between industry and government for the *M. bovis* phased eradication response that was announced in May 2018.

## **Public perceptions research underway**

Better understanding the New Zealand public's attitudes towards sheep and beef farming and red meat is at the heart of new research that began in 2018. While B+LNZ already commissions surveys of our farmers and high level public perception data, this new research that was funded by B+LNZ Ltd, B+LNZ Inc, and AGMARDT takes a much deeper look at what New Zealanders understand about farming and what issues relating to farming and red meat consumption are important to them. The research is continuing in 2019 and represents some of the most comprehensive work done in this space. The results will help B+LNZ both prioritise key areas for us to focus on improving our performance as well as helping farmers understand how they can tell their story of what they're doing to the New Zealand public.



## Farmers back B+LNZ's priorities and investment in levy proposal



With a window of opportunity to get ahead of the curve on issues like alternative proteins, environmental management, and accelerate initiatives like Taste Pure Nature, B+LNZ went to farmers to consult on a proposal to increase sheepmeat and beef levies during June and July.

Farmer support was clear for both the levy increase and for where B+LNZ was intending to invest the additional levies, providing a clear endorsement of the organisation's strategy.

63 percent of respondents backed the levy increase, with similar levels of support being seen across sheep, beef cattle, and dairy farmers. 64 percent of respondents also supported the strategic direction of B+LNZ.

Throughout the consultation process, farmers also provided valuable feedback on ensuring that B+LNZ wasn't duplicating work already being done, as well as encouraging even more collaboration across the primary sector.

As a result of the strong farmer support, B+LNZ's Board agreed to proceed with the proposed levy increase of 10 cents per head for sheepmeat and 80 cents per head for beef. As a result from 1 October 2018 the levies became:

-  **Sheepmeat: 70 cents per head**
-  **Beef: \$5.20 per head**

Since 1 October when the new levy rates were introduced, B+LNZ has invested in additional staff to assist with biosecurity and animal welfare, is developing the launch plan for Taste Pure Nature in California and working on a strategy for the red meat sector in China, and has begun research into public perceptions about sheep and beef farming and the red meat sector in New Zealand.



## Advocating on the issues that matter to farmers

If you've watched the news lately, you'll know that issues impacting farmers are getting discussed by the media and government on a nearly daily basis. Whether it's questions around climate change, the response to *M. bovis*, questions around water quality and biodiversity, the role of red meat in nutrition, or trade issues, farming is topical right now.

Throughout the year B+LNZ has been active on farmers' behalf meeting with central and local government on a range of issues. Shortly following the formation of the government in October 2017, B+LNZ's Chairman Andrew Morrison and CEO Sam McIvor met with senior ministers, including the Prime Minister, and have continued to do so throughout 2018.

Some of the particularly key areas of focus were the response to *M. bovis* where B+LNZ, DairyNZ, and the government agreed to attempt a phased eradication of the disease, with the government funding 68 percent of this response and industry the other 32 percent.

We also submitted on legislation before Parliament, like the Consumers' Right to Know (Country of Origin of Food) Bill – including appearing at Select Committee -, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, as well as making a submission on the Draft Zero Carbon Bill consultation run by the Ministry for the Environment.

Behind the scenes too, we've maintained an active presence, increasing our collaboration with other industry groups such as DairyNZ, Federated Farmers, the MIA, and DINZ, regularly meeting with Ministers, MPs, and government officials to ensure that farmers have a voice in the decisions and regulations that shape our industry.

Key areas of cooperation with the government have been on trade, where free trade agreement negotiations with the European Union have formally begun, and we are working on contingency plans and closely monitoring the developing situation with Brexit.



# BUDGET 2018-19

Expenditure after deducting other income

Priorities	Actual 2017-18 \$,000	Budget 2018-19 \$,000
 <b>Supporting Farming Excellence</b>	11,000	15,000
 <b>Government and Public Insight &amp; Engagement</b>	2,700	3,800
 <b>Unlocking Market Potential</b>	5,600	9,100
 <b>Enhancing our Environmental Position</b>	2,500	2,700
Administration and Building a Great Organisation	2,300	2,100
<b>Total Levy Expenditure</b>	<b>24,100</b>	<b>32,700</b>

## SHEEPMEAT LEVY

	Per Head	Cents Per Kg <sup>1</sup>
Supporting Farming Excellence	\$0.48	2.66¢
Unlocking Market Potential	\$0.21	1.17¢
Government and Public Insight and Engagement	\$0.09	0.48¢
Enhancing our Environmental Position	\$0.06	0.32¢
Building a Great Organisation	\$0.05	0.26¢
	<b>\$0.89</b>	<b>4.89¢</b>
Income		
Levy	\$0.70	3.89¢
NZMB - Capital Funding for Red Meat Profit Partnership	\$0.07	0.40¢
NZMB Interest	\$0.05	0.26¢
	<b>\$0.82</b>	<b>4.55¢</b>
Levy Surplus/ (Deficit)	(\$0.07)	

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

Note: Numbers have been rounded

## BEEF LEVY

	Per Head	Cents Per Kg <sup>1</sup>
Supporting Farming Excellence	\$3.44	1.23¢
Unlocking Market Potential	\$1.65	0.59¢
Government and Public Insight and Engagement	\$0.65	0.23¢
Enhancing our Environmental Position	\$0.53	0.19¢
Building a Great Organisation	\$0.41	0.15¢
	<b>\$6.68</b>	<b>2.39¢</b>
Income		
Levy	\$5.20	1.86¢
NZMB - Capital Funding for Red Meat Profit Partnership	\$0.67	0.24¢
NZMB Interest	\$0.28	0.10¢
	<b>\$6.15</b>	<b>2.20¢</b>
Levy Surplus/ (Deficit)	(\$0.53)	

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



# SUMMARY FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 September 2018

In thousands of New Zealand dollars	Group Year Ended 2018			Group Year Ended 2017		
	Total	Levy Stream	Non Levy Stream	Total	Levy Stream	Non Levy Stream
<b>Non Exchange Revenue</b>						
Levies Received	25,850	25,850	-	24,417	24,417	-
Other Non Exchange Income	8,615	5,270	3,345	8,857	5,533	3,324
<b>Exchange Revenue</b>						
Other income	3,872	3,872	-	3,219	3,219	-
Operating expenses	(37,084)	(33,202)	(3,882)	(37,841)	(32,501)	(5,340)
<b>Net operating surplus/ (deficit) from operating activities</b>	<b>1,253</b>	<b>1,790</b>	<b>(537)</b>	<b>(1,348)</b>	<b>668</b>	<b>(2,016)</b>
Net finance income	630	542	88	661	515	146
Revaluation of Investment in Subsidiary company	-	-	-	-	-	-
Share of deficit of associates	-	-	-	-	-	-
<b>Net operating surplus/ (deficit) for the year before income tax</b>	<b>1,883</b>	<b>2,332</b>	<b>(449)</b>	<b>(687)</b>	<b>1,183</b>	<b>(1,870)</b>
Income tax expense	-	-	-	-	-	-
Net operating surplus/ (deficit) for the year	1,883	2,332	(449)	(687)	1,183	(1,870)
<i>Other comprehensive income</i>	-	-	-	-	-	-
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>1,883</b>	<b>2,332</b>	<b>(449)</b>	<b>(687)</b>	<b>1,183</b>	<b>(1,870)</b>
Attributable to:						
Levy payers	2,332	2,332	-	1,183	1,183	-
Meat Education Fund	(324)	-	(324)	(494)	-	(494)
Special Reserves	(125)	-	(125)	(1,376)	-	(1,376)
	<b>1,883</b>	<b>2,332</b>	<b>(449)</b>	<b>(687)</b>	<b>1,183</b>	<b>(1,870)</b>

These statements are to be read in conjunction with the notes on page 51. A copy of the full financial report is available from Beef + Lamb New Zealand Limited.



## CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 September 2018

	Parent Year Ended 2018				
In thousands of New Zealand dollars	Beef	Sheepmeat	Total Levy Stream	Non Levy Stream	Total
<b>Non Exchange Revenue</b>					
Levies Received	11,374	14,476	25,850	-	25,850
Other Non Exchange Income	720	1,080	1,921	3,345	5,266
<b>Exchange Revenue</b>					
Other income	984	1,234	2,096	-	2,096
Operating expenses	(12,288)	(15,719)	(28,007)	(3,882)	(31,889)
<b>Net operating surplus/ (deficit) from operating activities</b>	<b>790</b>	<b>1,071</b>	<b>1,860</b>	<b>(537)</b>	<b>1,323</b>
Net finance income	223	283	506	88	594
Revaluation of Investment in Subsidiary company	-	-	-	-	-
Impairment of Investment in Subsidiary Companies	-	-	-	-	-
<b>Net operating surplus/ (deficit) for the year before income tax</b>	<b>1,013</b>	<b>1,354</b>	<b>2,366</b>	<b>(449)</b>	<b>1,917</b>
Income tax expense	-	-	-	-	-
<b>Net operating surplus/ (deficit) for the year</b>	<b>1,013</b>	<b>1,354</b>	<b>2,366</b>	<b>(449)</b>	<b>1,917</b>
<i>Other comprehensive income</i>	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>1,013</b>	<b>1,354</b>	<b>2,366</b>	<b>(449)</b>	<b>1,917</b>
Attributable to:					
Levy payers	1,013	1,354	2,366	-	2,366
Meat Education Fund	-	-	-	(324)	(324)
Special Reserves	-	-	-	(125)	(125)
	<b>1,013</b>	<b>1,354</b>	<b>2,366</b>	<b>(449)</b>	<b>1,917</b>
Share of Operating surplus/ (deficit) of Research Consortium and Subsidiaries as reflected in Group Financial Statements comprising:			<b>(34)</b>		
B+LNZ Investments Ltd			(106)		
Pastoral Genomics Ltd			(12)		
B+LNZ Emissions Company Ltd			(37)		
B+LNZ Genetics Ltd			121		
<b>Group Net operating surplus/ (deficit) for the year- Levy Stream</b>			<b>2,332</b>		

These statements are to be read in conjunction with the notes on page 51. A copy of the full financial report is available from Beef + Lamb New Zealand Limited.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 September 2017

In thousands of New Zealand dollars	Parent Year Ended 2017					
	Beef	Sheepmeat	Wool	Total Levy Stream	Non Levy Stream	Total
<b>Non Exchange Revenue</b>						
Levies Received	10,556	13,861	-	24,417	-	24,417
Other Non Exchange Income	570	1,330	-	1,900	3,324	5,224
<b>Exchange Revenue</b>						
Other income	834	1,095	-	1,929	-	1,929
Operating expenses	(11,282)	(16,217)	(438)	(27,937)	(5,340)	(33,277)
<b>Net operating surplus/ (deficit) from operating activities</b>	<b>678</b>	<b>69</b>	<b>(438)</b>	<b>309</b>	<b>(2,016)</b>	<b>(1,707)</b>
Net finance income	201	273	14	488	146	634
Impairment of Investment in Subsidiary Companies	(5)	(5)	-	(10)	-	(10)
<b>Net operating surplus/ (deficit) for the year before income tax</b>	<b>874</b>	<b>337</b>	<b>(424)</b>	<b>787</b>	<b>(1,870)</b>	<b>(1,083)</b>
Income tax expense	-	-	-	-	-	-
<b>Net operating surplus/ (deficit) for the year</b>	<b>874</b>	<b>337</b>	<b>(424)</b>	<b>787</b>	<b>(1,870)</b>	<b>(1,083)</b>
<i>Other comprehensive income</i>				-	-	-
<b>Total comprehensive income for the year</b>	<b>874</b>	<b>337</b>	<b>(424)</b>	<b>787</b>	<b>(1,870)</b>	<b>(1,083)</b>
Attributable to:						
Levy payers	874	337	(424)	787	-	787
Meat Education Fund	-	-	-	-	(494)	(494)
Special Reserves	-	-	-	-	(1,376)	(1,376)
	<b>874</b>	<b>337</b>	<b>(424)</b>	<b>787</b>	<b>(1,870)</b>	<b>(1,083)</b>
Share of Operating surplus/ (deficit) of Research Consortium and Subsidiaries as reflected in Group Financial Statements comprising:				<b>396</b>		
B+LNZ Investments Ltd				(34)		
Pastoral Genomics Ltd						
B+LNZ Emissions Company Ltd				343		
B+LNZ Genetics Ltd				87		
<b>Group Net operating surplus/ (deficit) for the year- Levy Stream</b>				<b>1,183</b>		

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2018

In thousands of New Zealand dollars	Group		Parent	
	Retained Earnings	Total Equity	Retained Earnings	Total Equity
<b>Balance at 1 October 2017</b>	20,382	20,382	19,417	19,417
Total comprehensive income for the year				
Surplus/(Deficit) for the year	1,883	1,883	1,917	1,917
<b>Total comprehensive income for the year</b>	<b>1,883</b>	<b>1,883</b>	<b>1,917</b>	<b>1,917</b>
<b>Balance at 30 September 2018</b>	<b>22,265</b>	<b>22,265</b>	<b>21,334</b>	<b>21,334</b>

These statements are to be read in conjunction with the notes on page 51. A copy of the full financial report is available from Beef + Lamb New Zealand Limited.



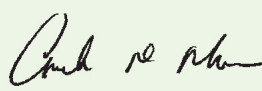
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

In thousands of New Zealand dollars	Group 2018	Group 2017	Parent 2018	Parent 2017
<b>EQUITY EMPLOYED</b>				
Retained earnings	22,265	20,382	21,334	19,417
<b>TOTAL EQUITY EMPLOYED</b>	<b>22,265</b>	<b>20,382</b>	<b>21,334</b>	<b>19,417</b>
Represented by:				
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	9,470	4,696	7,908	3,900
Trade and other exchange receivables	1,455	2,669	917	611
Non-exchange Receivables	1,846	1,819	1,711	1,785
Term Deposits	13,545	16,049	13,545	15,820
Derivative financial instruments	24	26	24	26
Livestock on Hand	323	-	-	-
Advance to Subsidiary Company	-	-	-	950
<b>TOTAL CURRENT ASSETS</b>	<b>26,663</b>	<b>25,259</b>	<b>24,105</b>	<b>23,092</b>
<b>NON-CURRENT ASSETS</b>				
Property, plant & equipment	572	463	458	377
Intangible assets	412	210	412	210
Investments in subsidiary companies	-	-	1	1
Advance to Subsidiary Company	-	-	581	-
Term receivables- Exchange	97	78	97	78
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,081</b>	<b>751</b>	<b>1,549</b>	<b>666</b>
<b>TOTAL ASSETS</b>	<b>27,744</b>	<b>26,011</b>	<b>25,654</b>	<b>23,758</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	4,569	4,703	3,462	3,470
Derivative financial instruments	1	1	1	1
Deferred Revenue	148	-	148	-
Provisions	-	183	-	183
Employee entitlements	573	574	521	520
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,291</b>	<b>5,461</b>	<b>4,132</b>	<b>4,174</b>
<b>NON CURRENT LIABILITIES</b>				
Lease Liabilities	188	167	188	167
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>188</b>	<b>167</b>	<b>188</b>	<b>167</b>
<b>TOTAL LIABILITIES</b>	<b>5,479</b>	<b>5,628</b>	<b>4,320</b>	<b>4,341</b>
<b>NET ASSETS</b>	<b>22,265</b>	<b>20,382</b>	<b>21,334</b>	<b>19,417</b>

The Board of Directors authorised these financial statements for issue on 5 December 2018.

This statement is to be read in conjunction with the notes on page 51. A copy of the full financial report is available from Beef + Lamb New Zealand Limited.



A Morrison  
Chairman



M Coup  
Chairman Audit & Risk Committee

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2018

In thousands of New Zealand dollars	Group 2018	Group 2017
Net cash flows from operating activities	3,252	(1,166)
Net cash flows from/(to) investing activities	1,523	(400)
Net cash flows used in financing activities	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,775</b>	<b>(1,566)</b>

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

- These summary accounts have been prepared in accordance with NZGAAP for a public benefit entity as it relates to summary financial statements.
- The specific disclosures included in the summary financial report have been extracted from the audited financial statements dated 5 December 2018. The audit opinion expressed was unqualified.
- 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.
- If you require a complete set of the annual financial report please contact Chief Operating Officer, Beef + Lamb New Zealand, P O Box 121, Wellington or phone 04 473 9150. Alternatively the Financial Statements are available on website [www.beeflambnz.com](http://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 11 of the full Financial Statements (available as per note 4 above).

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

Board of Directors Fees	2018 (\$000)	2017 (\$000)
Chairman	69	69
Deputy Chairman	-	42.7
Directors	33.4	32.7
Beef + Lamb NZ Genetics Ltd (Group Only)		
- Independent Chairman	35	35
- Independent Directors	15	15

The above fees represent the annualised fees payable to Directors. Beef + Lamb New Zealand Limited pay no other fees to Directors for their 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		Number of Employees	
	2018		2017	
	Continuing	Discontinued	Continuing	Discontinued
100-109	8	2	8	-
110-119	4	-	1	-
120-129	2	-	4	-
130-139	5	-	4	-
140-149	2	-	2	-
150-159	1	-	2	-
160-169	1	-	2	-
170-179	3	-	2	-
180-189	1	-	1	-
190-199	1	-	1	-
200-219	1	-	1	1
220-229	2	-	1	-
270-279	1	-	1	-
280-289	-	-	1	-
310-320	-	-	-	2
330-339	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 and associates during the year to 30 September 2018. 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 Clover Company Ltd	Sam Mclvor
B+LNZ Emissions Company Ltd	Sam Mclvor
B+LNZ Investments Ltd	Sam Mclvor
North Canterbury Future Farm Management Ltd	Sam Mclvor, Kate Acland, Carl Forrester, Simon Lee (all appointed)
Primary Resources Ltd	Andrew Morrison (A), James Parsons (R)
B+LNZ Genetics Ltd	Chris Kelly (Chairman), Leon Black (R), Bob Thompson, Greg Murison, James Parsons, George Tatham (A)
Beef + Lamb New Zealand Inc	Sam Lewis
Meat and Wool Trust Ltd	Kirsten Bryant, Melissa Clark-Reynolds, Mark Clarkson, Sam Lewis, Andrew Morrison, James Parsons (R), George Tatham, Philip Smith, Bill Wright, Martin Coup (A)
Red Meat Profit Partnership General Partner Ltd.	Malcolm Bailey, Graham Brown, Alan McDermott Sam Mclvor Jane Smith, George Tatham, Bob Cottrell, Wayne Allan
Pastoral Genomics Ltd	Bill Wright
Pastoral Greenhouse Gas Research Ltd	Andrew Morrison





# Independent Auditor's Report

To the stakeholders of Beef + Lamb New Zealand

## Report on the summary company and group financial statements

### Opinion

In our opinion, the accompanying summary financial statements of Beef + Lamb New Zealand (the company) and its subsidiaries (the group) on pages 47 to 51:

- i. Have been correctly derived from the audited company and group financial statements for the year ended 30 September 2018; and
- ii. Is a fair summary of the company and group financial statements, in accordance with Public Benefit Entity Standards (Not for Profit).

The accompanying summary company and group financial statements comprise:

- the summary company and group statement of financial position as at 30 September 2018;
- the summary company and group statements of comprehensive revenue and expense, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISA (NZ) 810 (Revised), *Engagements to Report on Summary Financial Statements*).

Our firm has also provided other advisory services in relation to market development value chain services. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.



### Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity's summary Financial Statements. Our opinion on the company and group summary financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the company and group summary financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the company and group summary financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Use of this independent auditor's report

This independent auditor's report is made solely to the stakeholders as a body. Our audit work has been undertaken so that we might state to the stakeholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the stakeholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



## Responsibilities of the Directors for the summary financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the summary company and group financial statements in accordance with generally accepted accounting practice in New Zealand (being Public Benefit Entity Standards (Not For Profit));
- implementing necessary internal control to enable the preparation of a set of company and group summary financial statements that is correctly derived from the audit company and group financial statements.



## Auditor's responsibilities for the audit of the summary financial statements

Our responsibility is to express an opinion on whether the summary company and group financial statements are consistent, in all material respects, with the audited company and group financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ) 810 (Revised), *Engagements to Report on Summary Financial Statements*).

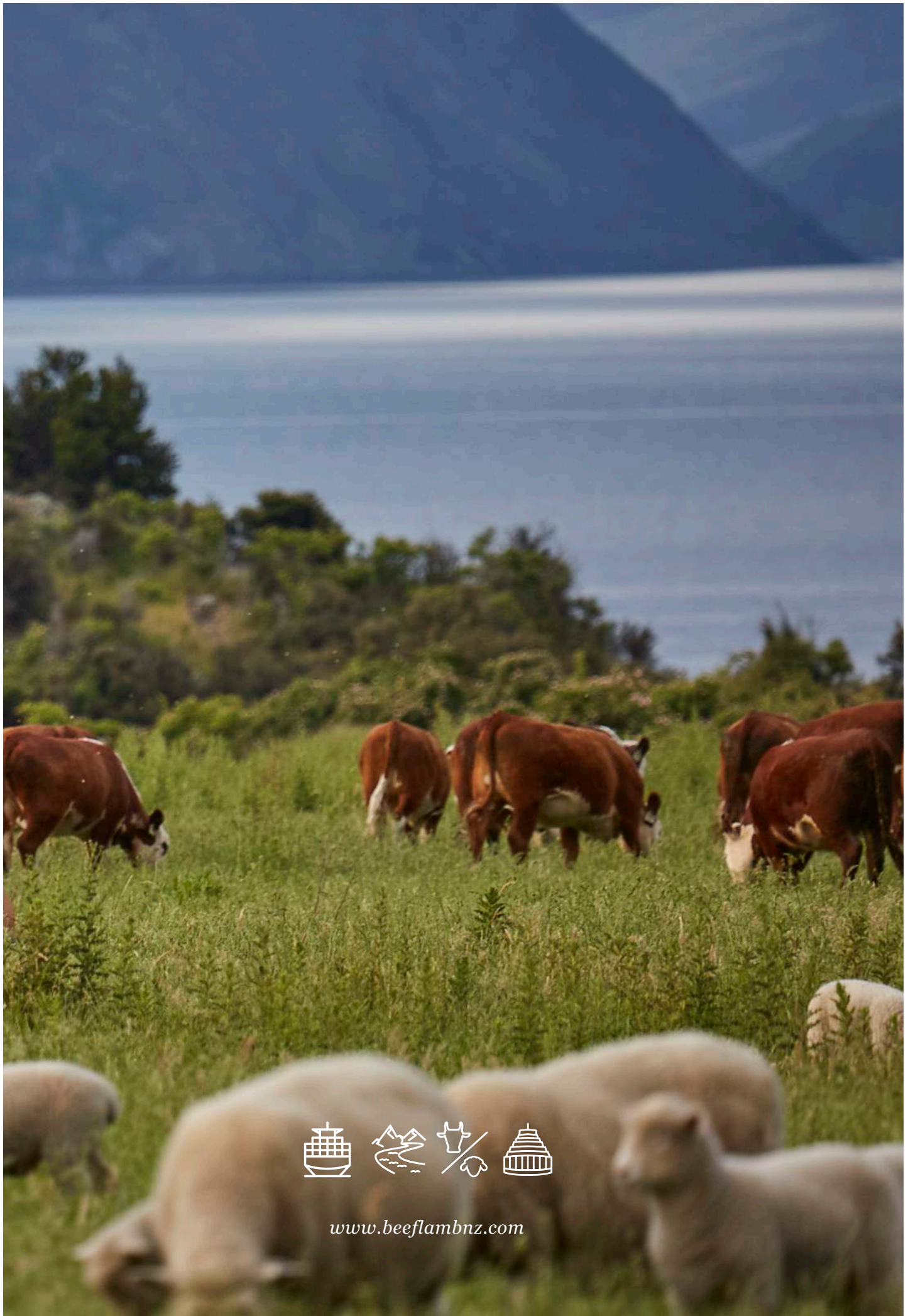
We expressed an unmodified opinion on the company and group financial statements in our audit report dated 5 December 2018.

The summary company and group financial statements do not contain all the disclosures required for a full set of company and group financial statements under generally accepted accounting practice in New Zealand. Reading the summary company and group financial statements, therefore, is not a substitute for reading the audited company and group financial statements.

KPMG  
Wellington

5 December 2018





[www.beeflambnz.com](http://www.beeflambnz.com)