



2019

— Annual Report —



By Farmers. For Farmers



By Farmers. For Farmers

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A photograph of a sheep in a green field, with a cow visible in the blurred background. The sheep is in the foreground, looking towards the camera. The background is a soft-focus green field with a cow in the distance.

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CHAIRMAN AND CEO'S *Report*

2019 has been a busy year not just for Beef + Lamb New Zealand, but right across the primary sector. From our own initiatives such as launching our Taste Pure Nature country of origin brand in the United States, through to responding to the deluge of environmental policy from the government, to dealing with the moving deadlines of Brexit, it's clear that our sector is facing some of the most significant challenges and changes in its history. At the same time we are presented with some of the most exciting opportunities in our history and B+LNZ is playing a key role with farmers, the wider industry and government to anticipate, and front foot both.

ENVIRONMENTAL ISSUES - CLIMATE CHANGE, FRESHWATER, AFFORESTATION

New Zealanders have an expectation that we play our part in owning and addressing our environmental issues and it's one we agree with. As a sector, we've made significant strides in implementing our environment strategy since it was launched in mid-2018 and you can find a progress update later on in this Annual Report.

This expectation has been a key reason why the Government put forward a number of major actual and proposed changes to the regulations and legislation around farming in New Zealand. The Zero Carbon Act was the first of these. We were successful in getting the Government to agree to take a split gas approach, however they have persisted with methane reduction targets which are not consistent with the latest scientific work on the role of methane in warming.

At the same time, incentives to reduce fossil fuel emissions - which need to get to net zero - are undermined by policies that encourage offsets that allow people to 'buy out' of the need for change.

We opposed the Interim Climate Change Committee's recommendation to price and collect agriculture emissions through a processor levy. B+LNZ played a leadership role in facilitating the unprecedented collaboration of 11 primary sector organisations with our alternative Primary Sector Climate Change Commitment - *He Waka Eke Noa*. This was accepted by the Government.

The Government also put forward their Essential Freshwater proposals. While the sector supports the intent of the proposals, the actual policies proposed by the Government would have a disproportionate effect on low-emitting farming systems. It's why, when the Government announced the policy, we ran a nationwide roadshow, with numerous events in partnership with DairyNZ and Federated Farmers, to update farmers on the raft of environmental policies facing the sector, but with a specific focus on freshwater policy. Around 3,500 farmers from across the sector attended our roadshows and our submission templates were downloaded over 5,000 times. We also commissioned case studies that looked at what the actual on farm costs of the proposals would be, as those provided by the Ministry for the Environment looked to be significantly underestimated the impacts.

Connected to both climate change and freshwater policies is the issue of afforestation - primarily sheep and beef farms being sold into blanket forestry for carbon speculation. With growing concerns around this, we helped facilitate a meeting between concerned farmers and ministers, MPs, and officials to raise these concerns, as well as commissioning work to better understand the relative economic impacts of blanket afforestation on rural communities.

What's important across all of these issues is that B+LNZ supports the broad intent of the policies. We all want to combat climate change and have clean water surrounding our farms, but achieving those goals doesn't have to come

Andrew Morrison
CHAIRMAN



Sam McIvor
CEO



at the expense of sheep and beef farming and thriving rural communities, which is what many of the policies as currently proposed would threaten. We believe that with small, but significant changes, we can achieve a policy framework that benefits and works for all of New Zealanders.

MARKET DEVELOPMENT - TASTE PURE NATURE, NZFAP, FUTURES RESEARCH, PATHWAYS PROJECT

Our sector's country of origin brand Taste Pure Nature was launched in California in March to a very positive reception and there's more detail on the specific numbers later on in this Annual Report. We're now in the process of working through the roll out of Taste Pure Nature in retail stores in the United States alongside processing companies' in-market brands, as well as developing plans for Taste Pure Nature's roll out in China.

Underpinning this, the New Zealand Farm Assurance Programme (NZFAP) is continuing to perform strongly, with over 4,000 farmers having been audited as part of it, and 16 meat companies being involved with it. We are now working with companies to review NZFAP to ensure it fits emerging legislative and market requirements.

More recent work from our Market Development team has seen the launch of our [Futures Research](#), which looks at the "megatrends" facing the sector and how to position the sector to face them, along with a "Pathways Project" which will help develop new pathways to market and increase collaboration across the red meat sector.

Much like our 2018 research into the threats and opportunities from alternative proteins, this work is all about ensuring that we're ahead of the curve when it comes to seeing and responding to the challenges facing our sector in the future and that we support farmers to be successful in the changing market.

TRADE

Throughout 2019 we faced a moving deadline on Brexit, as well as continuing uncertainty around international trade. Led by the New Zealand Meat Board (NZMB), we worked alongside the Meat Industry Association (MIA) and the Government to update our systems and processes in readiness for Brexit.

We also participated in the start of formal negotiations on a European Union - New Zealand free trade agreement. The EU is an extremely important market for sheepmeat and one with potential for beef exports. New Zealand's current beef quota is just 1300 tonnes. Based on European consumption levels, this would be consumed in just seven minutes. With our free range, fully pasture-fed, antibiotic free and hormone free beef being sought after by consumers, having extra access into this market is key.

We continue to oppose and fight against the proposal from the United Kingdom and EU to split our World Trade Organization mandated quotas in the event of Brexit. We will not accept poorer access into the UK and Europe, regardless of what the outcome of an EU-NZ FTA may eventually be. Jeff Grant in London and Ben O'Brien in Brussels have advocated strongly for the red meat sector and liaised with our UK and EU equivalent farmer organisations.

The Comprehensive and Progressive Agreement for Trans Pacific Partnership came into force at the end of 2018 and throughout 2019 we've been seeing positive signs for New Zealand's beef exports into Japan. We're also seeing ongoing and growing demand for New Zealand red meat from China, with the longer-term strong demand being boosted more recently by the reduction in pork output due to African Swine Fever.

At the time of writing, the impact from the coronavirus outbreak in China in early 2020 is difficult to assess, however B+LNZ is working closely with the Government and the Meat Industry Association to monitor and respond as required.



INSIGHTS AND THE ECONOMIC SERVICE

B+LNZ's Economic Survey is now in its 70th year, making it one of New Zealand's longest continually running datasets, and it continues to provide invaluable insights for not just our sector, but also for informing decisions made by other organisations and even the Government.

One of the major focuses is providing robust data that helps us tell our sector story and underpins our advocacy to influence government policy. This data has been critical our analysis and responses to afforestation, climate change, freshwater, and biodiversity. To all the farmers who are and have been participating in the survey, thank you for taking the time to do so, it gives us an incredible advantage to have this level of data at our fingertips and we're looking to ramp this up even further in 2020.

FARM EXTENSION

Our farmer extension team have also been hugely busy as well. In the 12 months to 30 September 2019 they ran 183 events around the country, which were attended by nearly 4,500 farmers, and if you're one of those farmers who went to a B+LNZ event, you'll know the incredible amount of effort they put into delivering professional and useful events for you, along with producing the resources and other material required to make these days a success, often at short notice as was the case with the successful environment issues roadshow.

What's often not known is that as well as the events that our extension team put on, they are also involved in a raft of other activity throughout the year, both on the ground in their regions but also sourcing direct farmer feedback on the issues facing the sector.

For example, our extension team were a critical part of redeveloping the approach, resources, and workshops we offer to assist farmers with winter grazing strategies. As you'll have seen, this issue has received ongoing attention over the past two winters, and we've been working with DairyNZ and Federated Farmers on responding to it.

MYCOPLASMA BOVIS

The *Mycoplasma bovis* (*M. bovis*) is the largest biosecurity response our sector has faced, and 2019 was a challenging year for the eradication response effort, especially for those farmers affected directly by it.

Throughout 2019 improvements have been continually made to the response programme, and the recommendations from two reviews are being incorporated to further build on these improvements. The DairyNZ and Beef + Lamb New Zealand Compensation Assistance Teams (DBCAT) that were put in place to assist farmers through the compensation process were one of those important changes that have improved things, but there's still more work to be done and we're constantly looking for how the response can do things better.

To contain then eliminate *M. bovis*, it's vital that we're vigilant with on farm biosecurity. There is still a risk of infection and all farmers need to be playing their part and taking the right steps to protect their herds. NAIT compliance is a vital part of that so please remember to tag all your cattle, register it in the system, and record every movement between NAIT locations.



FARMING EXCELLENCE

In 2019 we also started the process of transitioning the Red Meat Profit Partnership (RMPP) into B+LNZ, as RMPP's funding from its initial partners will end on 30 September 2020. We'll keep farmers informed of how we'll progress the activities undertaken by RMPP. Given the end of MPI's funding for Beef + Lamb New Zealand Genetics (BLG) has been integrated into B+LNZ to better align BLG's work with our extension and farming excellence activities.

Future Farm continues to progress well. It hosted its second open day in November with attendees learning about the challenges of using new technology and techniques while complying with the financial constraints required by the partnership. It's been important for us since the start to ensure that Future Farm isn't necessarily a cutting-edge test bed, but rather demonstrates how these new tools and approaches can be used practicably by other forward-leaning farmers.

ENGAGING WITH THE NEW ZEALAND PUBLIC

Throughout late 2018 and early 2019 we carried out some of the most in-depth research into public perceptions of red meat and farmers, and what it revealed was farmers are still some of the most trusted people in our society, but there exists a knowledge gap between rural and urban New Zealand that has been caused in part due to people no longer having the same connections to farms that previous generations had.

This work has informed our engagement with the Government, media and other stakeholders, and it's why we invested in the Open Farms movement which launched at the end of 2019. B+LNZ was proud to be the major funder of the scoping study for this and to be one of the ongoing sponsors of it.

The perceptions research we undertook showed that one of the most powerful things we can do as farmers to build understanding between rural and urban New Zealanders is to help enable urban Kiwis to visit a farm and see firsthand the passion we have for what we do and the care and sense of stewardship we have for the animals we raise and the environment we live in.

We encourage all sheep and beef farmers to get involved, whether by hosting an Open Farms event on your farm or volunteering to help on the day at another farm. You can find out all the details you need on the Open Farms website www.openfarms.co.nz

THE YEAR AHEAD

2020 will be another hugely busy year for our sector, with continuing environmental policy changes, a changing international trade situation, the ongoing rise of competitor products from alternative proteins, as well as New Zealand having a General Election. There is an exciting future ahead for sheep and beef farming in New Zealand. B+LNZ will continue working on farmers' behalf to deliver on our vision of profitable farmers, thriving farming communities, valued by all New Zealanders.

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).



SCOTT GOWER

Farmer-elected Director,
Western North Island

Served since: 2019
Term expires: 2022
027 449 2526
highglades@farmside.co.nz

Scott operates a 1,300ha hill country sheep and beef property in Ohura in the King Country comprising over 60,000 sheep and beef SU. Scott has also been an elected director on the board of Ravensdown since 2006.



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.



NICKY HYSLOP

Farmer-elected Director,
Central South Island

Served since: 2019
Term expires: 2022
027 474 4149
nicky.a.hyslop@gmail.com

In partnership with husband Jonty, owns and farms Levels Estate, an intensive sheep, beef and arable irrigated property on the outskirts of Timaru.



**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
mclarksonnz@gmail.com

Mark was managing director of ANZCO Foods Ltd from 2004 to 2017 and was previously a member of the MIA Council.



TONY EGAN

Processor-Exporter
Director

Served since: 2019
Term expires: 2022
021 572 530
tony.egan@greenlea.co.nz

Tony is the Managing Director of Greenlea Premier Meats and a member of the Meat Industry Association Council. His previous roles include being CEO forASUREQuality and AFFCO.



**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.



ANNA NELSON

Associate Director

Served since: 2019
Term expires: 2020
027 490 0501
muntanelson@gmail.com

Anna farms a 1,100ha breeding and finishing property in the King Country, works as a co-ordinator for King Country River Care Incorporated, and was part of the Kellogg Rural Leadership Property.

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.



DAN BRIER
General Manager Farming Excellence, B+LNZ Genetics

Joining B+LNZ in June 2016 following six years working for Pāmu, Dan oversees B+LNZ's initiatives such as Future Farm and from 1 October 2019 took over responsibility for B+LNZ Genetics when it became a business unit within B+LNZ Ltd.



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. Jeremy also has responsibility for B+LNZ's work in the sector's people and capability space.



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.



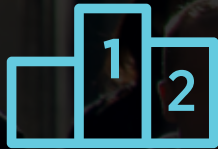
JOHN LADLEY
General Manager South Island

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.

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 exports: \$9.2 billion in the 12 months to 30 September 2019



The sector has 92,000 employees, 36,000 directly and 56,000 indirectly employed.



New Zealand sheep and beef farms cover 8.8 million hectares (a third of the country's land mass)



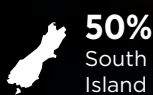
Sheep and beef farms have 2.8m hectares of native bush including 1.4m hectares of native forest

**Wool included in export figure*

Stock numbers (2018)

Sheep

27.5m 



Beef cattle

3.6m 



Dairy cattle

6.5m 



GLOBAL SITUATION

As 94% of New Zealand's sheep meat and 88% 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

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.

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.

Innovative research and farm extension

The sector is investing significantly in research and farm extension 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.

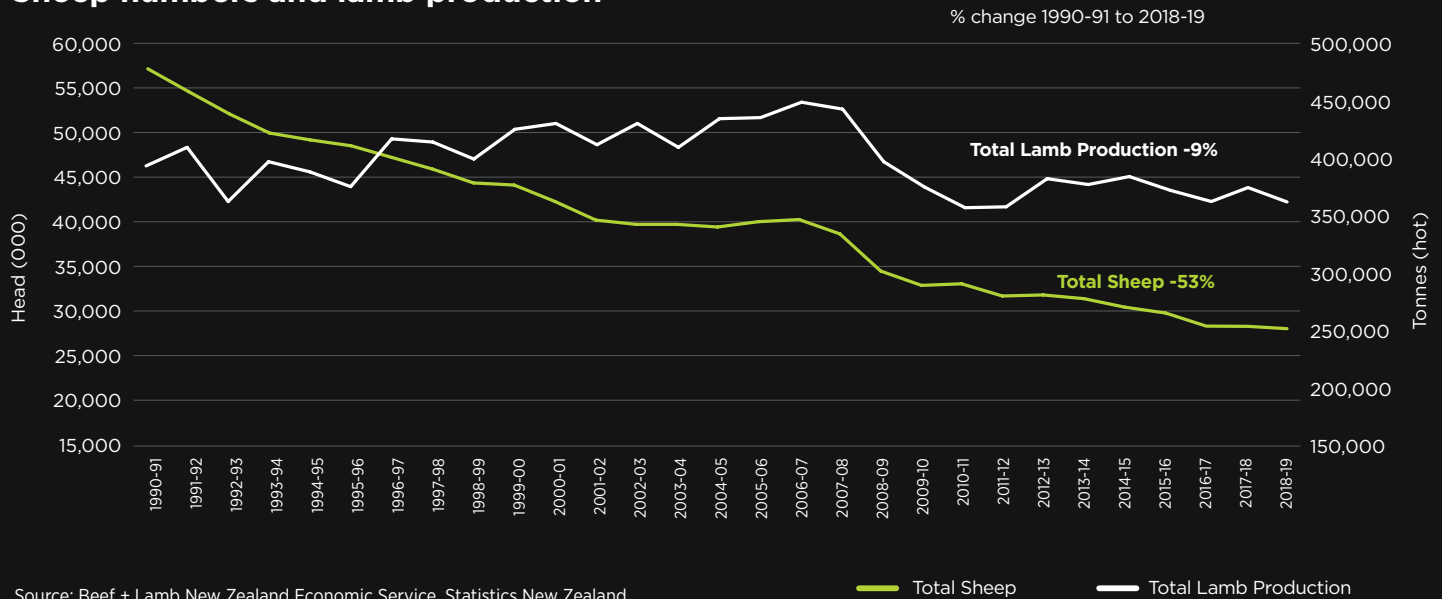
Regulation

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

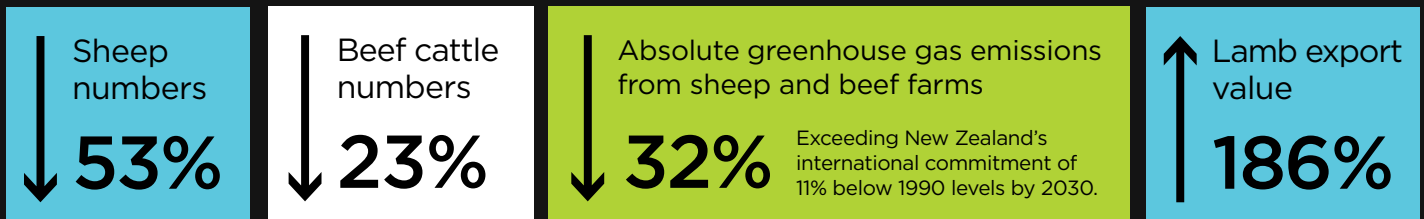
PRODUCTIVITY AND ECO-EFFICIENCY

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:



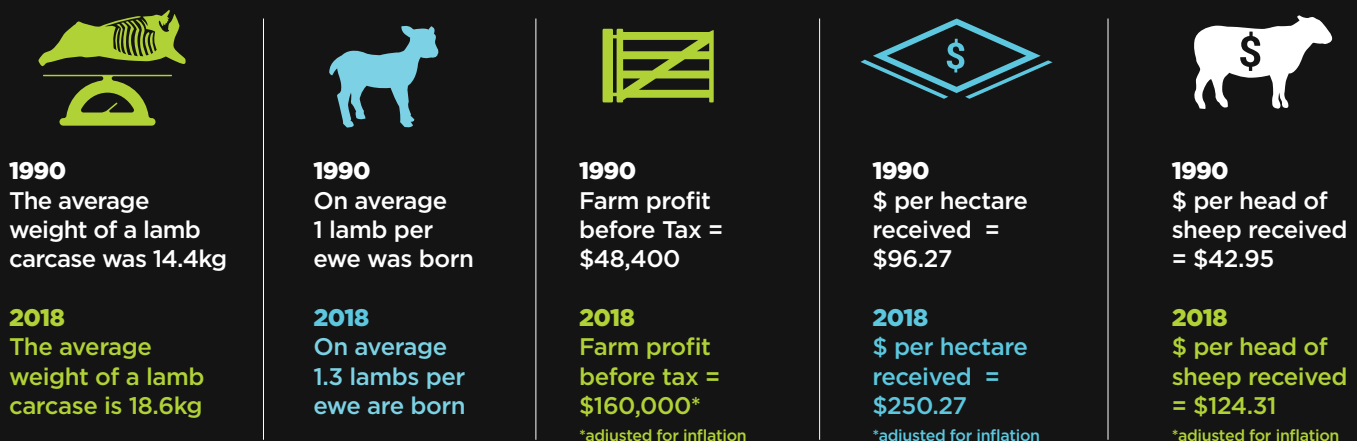
While sheep numbers have fallen 53% since 1990 (57m to 27m), the amount of lamb we produce off these sheep has only gone down 9%. This has been driven by a range of things, including improved lambing percentages and lamb weights.

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 sheep and beef 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.

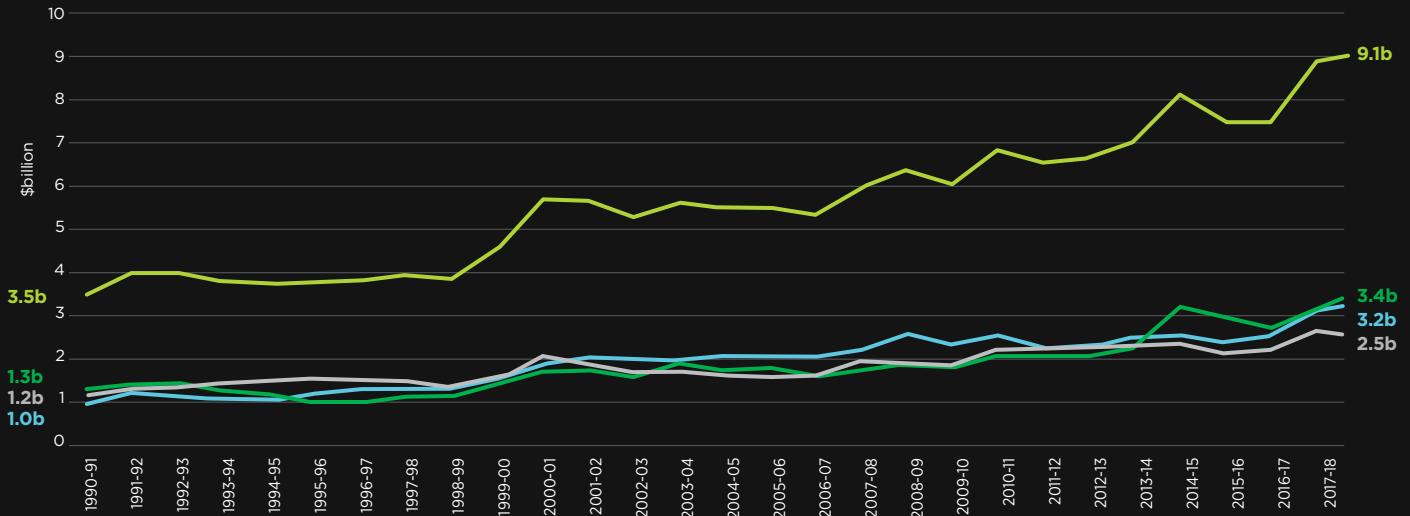
PRODUCTIVITY GAINS



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.

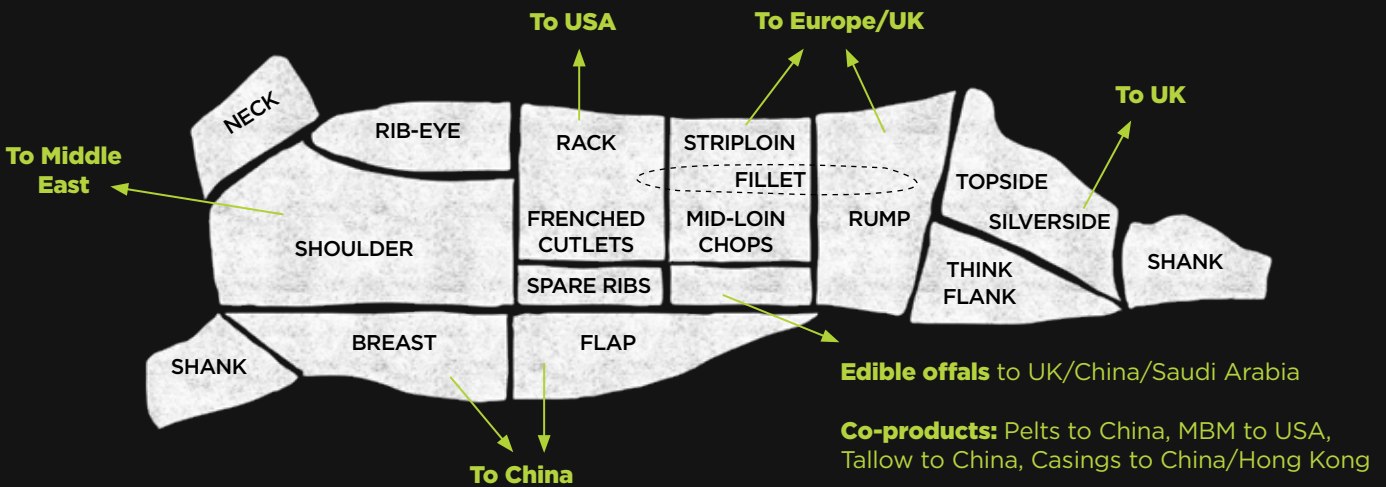
Total value of red meat exports



Source: Beef + Lamb New Zealand Economic Service, Statistics New Zealand
Graph does not include Raw or Processed Wool

— Lamb — Beef — Other* — Total

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

2018
27% of lamb exports in high value chilled form

CUTS RATHER THAN CARCASSES



1990
Lamb exports: 47% carcasses 53% cuts

2018
Lamb exports: 2% carcasses 98% cuts



1990
Mutton exports: 67% carcasses 33% cuts

2018
Mutton exports: 35% carcasses 65% 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

HOW WE ARE

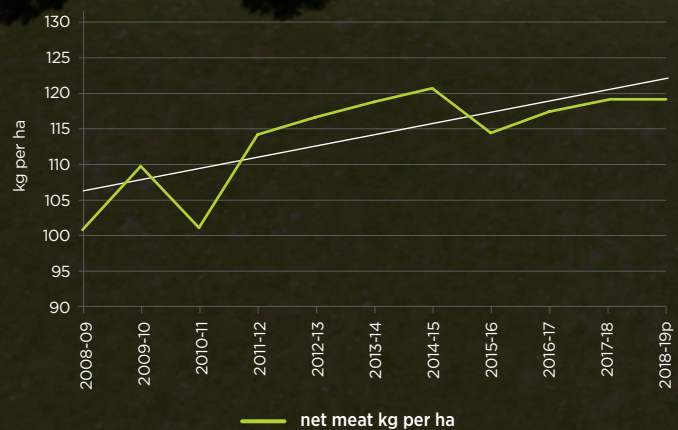
We have identified some key indicators to measure how we are tracking as an organisation. These performance indicators and their associated goals are a combination of on-farm productivity and profitability, confidence in the future of the sector, and farmer satisfaction and awareness of our activities. 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 is nearly 18% higher than 10 years ago

Net meat production for the All Classes Sheep and Beef Farm provisionally at 119 kg per hectare was similar to 2017-18 as good seasonal conditions continued. Net Sheepmeat production per ha increased by 2.8% as farmers retained younger replacements, indicating confidence in the sector. While the beef cattle herd increased 2.9%, the increase was all in young stock, while the number of older beef cattle declined. Consequently, net cattle meat production declined by a small amount.

NET MEAT PRODUCTION PER HECTARE



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

Sheep and beef farming is profitable

↗ Provisionally up 5% on 2017-18

Earnings before Interest, Tax, Rent and paid managers salary (EBITRm) for the All Classes Sheep and Beef Farm at \$365 per ha provisionally increased 5% for 2018-19. This was driven by slightly higher gross farm revenue (+6%) with increases across most revenue streams, the largest being Sheep (+9%) and Beef (+3%). Farm Working Expenses increased 5%, with some catch up on repairs and maintenance (+6%) and fertiliser expenditure (+10%). Average interest and rent expenditure was down (-3%) due to lower interest rates and some debt reduction on the previous year.

FARM PROFITABILITY (EBITRm)



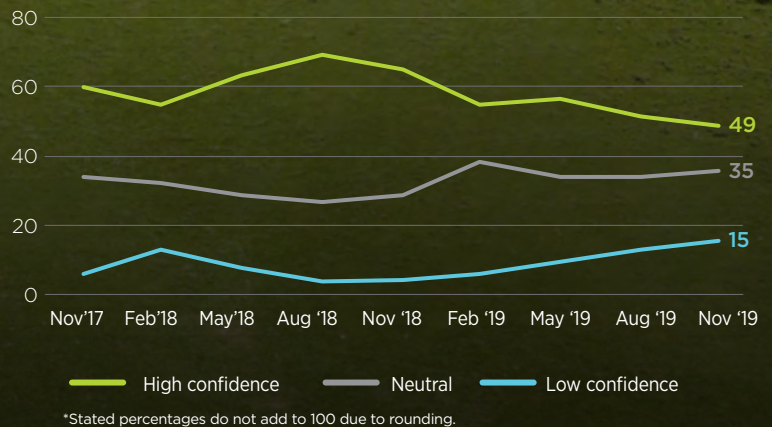
Source: B+LNZ Economic Service All Classes Sheep and Beef Farm (p) provisional

TRACKING

Snapshot
November 2019

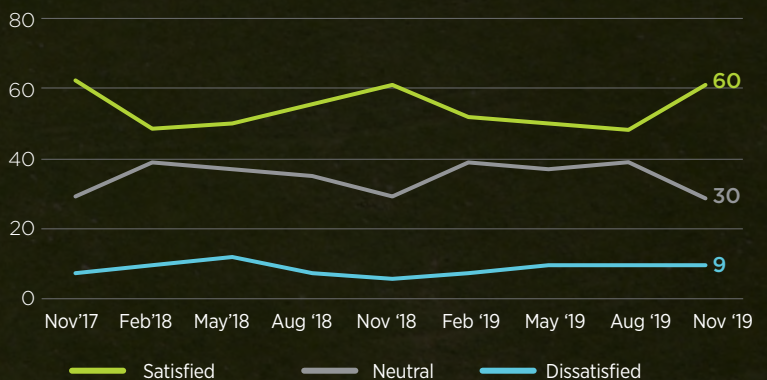
Industry confidence **49%**

Industry confidence has fallen from the historic highs reached in August 2018, with half (49 percent) of farmers declaring they were confident in the future of the New Zealand sheep and beef industry. While demand, good prices, and solid returns were all reasons for confidence, drivers of no confidence were almost entirely related to government policies being proposed and the impacts these would likely have on compliance costs and constraints on operating their farm.



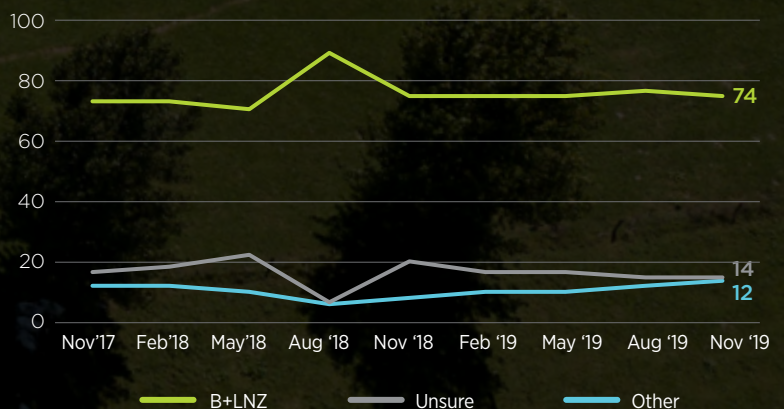
Satisfaction with B+LNZ **60%**

Overall satisfaction with B+LNZ has remained consistent for the past two years (62 percent Nov 2017, 61 percent Nov 2018, 60 percent Nov 2019), with events such as regular and successful field days, forecasts and data of industry performance, and providing leadership and advocating to the New Zealand public all being areas ranked highly by farmers, and the promotion of New Zealand beef and lamb overseas through initiatives like the Taste Pure Nature country of origin brand.



Awareness of B+LNZ **74%**

Overall awareness of B+LNZ continues to track well at 74 percent, with the spike to 88 percent in mid-2018 being down to the levy consultation which took place during June-July of that year. As a result of that, more work has been undertaken this year to deliver regular physical updates to farmers, which included inserts in two CountryWide editions and in November saw a short update booklet mailed to all farmers.



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.
- 2 Market access through FTA's has increased enabling maximum market value to be captured and returned to farmers.
- 3 Farmers have grown profitability through productivity, efficiency and improved cost of production.
- 4 The time and cost of regulatory compliance has been streamlined.
- 5 Farmers are recognised for their commitment to the environment while maintaining the productive capacity of land.
- 6 Farmers have access to the right people with the right skills and a new generation of leaders is developing.
- 7 Dairy farmers, beef farmers, and industry working together to maximise opportunities.
- 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

Page 46

A close-up photograph of a hand using wooden chopsticks to pick up a piece of salmon from a bowl of ramen. The bowl is filled with a light-colored broth, sliced mushrooms, and green onions. In the foreground, a small metal plate holds a halved soft-boiled egg with a runny yolk and green garnishes. The background is a rustic wooden surface.

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Unlocking market potential

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

Total levy Investment* in this strategic pillar was \$7.3m for 2019. The following table is a summary of the key initiatives within this pillar.

Name	Description	Contribution to strategic priority
Market Development	\$5.5 million	
Taste Pure Nature	Development and implementation of the activation strategy for Taste Pure Nature in the United States.	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 and collaboration with processing companies, 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.	
Market Access	\$1.8 million	
Facilitating Trade	Protect and improve 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*

Unlocking market potential



Key achievements in 2019

- Launch of the Taste Pure Nature origin brand in the United States and beginning work on a future strategy for China
- Identifying the future trends which will impact on our sector, making significant progress on a project to identify new pathways to market
- On-going work to prepare for Brexit
- Input into the EU/NZ FTA negotiations

Taste Pure Nature

Taste Pure Nature launched in late March 2019 with a pilot rollout in California. The initial launch was well received, generating 176 articles with potential media impressions (people seeing the articles) of 137.4 million. The main Taste Pure Nature video was also viewed in the United States over one million times, and digital advertisements shown over 18 million times.

The first phase of activity has focused on building generic awareness of the Taste Pure Nature brand. In parallel, B+LNZ is working with three initial partners the Lamb Company (a joint venture between Alliance, Silver Fern Farms, and ANZCO), Atkins Ranch, and First Light Foods to develop marketing plans that will leverage off the brand by partnering with them on specific initiatives such as influencer events, digital marketing campaigns, and retail promotions. These are a call to action that directly connects consumers with where they can buy the product at retail.

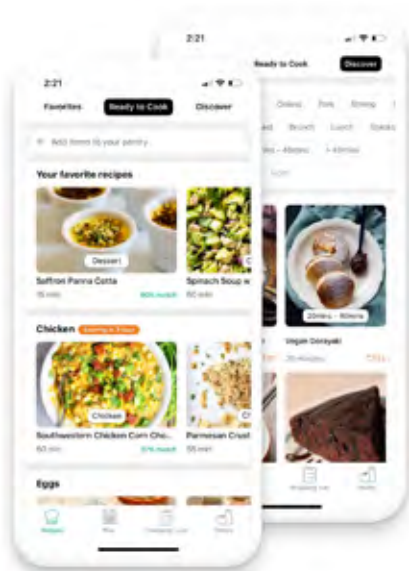
Other companies who have applied for licences and are approved to use the Taste Pure Nature trademark are AngusPure, Coastal Spring Lamb, ANZCO Foods, Ovation, Alliance and Silver Fern Farms.

The success of Taste Pure Nature relies heavily on collaboration with export and marketing companies, and their support to date has been widespread and greatly appreciated.

The target customer for Taste Pure Nature is a consumer we've dubbed the "Conscious Foodie", who was identified following two years of in-depth research. Conscious Foodies care about the provenance of their food. They want to know it was raised ethically and as naturally as possible and they want to build experiences around their food.



▶ Watch the video or get more information www.tastepurenaturenz.co.nz



Global mega trends

B+LNZ commissioned a major piece of research to explore the global mega trends that could impact New Zealand's red meat sector and develop a potential roadmap to respond to them. The initial scoping phase identified seven themes which have the greatest likelihood of influencing the sector. A workshop was held in July with farmers, meat companies, government, and B+LNZ to explore territories in detail, and develop ideas and strategies to address/take advantage of them. The final report was released in December 2019 and this is available on the B+LNZ website: www.beeflambnz.com/news-views/shaping-future-red-meat-sector-report

New pathways to market

B+LNZ is working in partnership with processing companies on identifying potential new pathways to market and avenues for greater sector collaboration to realise these opportunities. Our research has shown that there is greater value to be extracted from taking more control in the value chain and getting closer to consumers, and the initiatives are aimed at working to capture more value that is returned to farmers. More information about this project will be available in 2020.

TRADE ACCESS

Brexit and NZ/EU FTA

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. In October, the Brexit deadline was extended for the third time to 31 January 2020. This was positive for business, including our sector because it avoided a no-deal Brexit especially ahead of Christmas trade. However, with any extension uncertainty is also extended.

B+LNZ, MIA and the NZMB have worked hard to put in place contingency planning for a no-deal scenario in order to mitigate potential trade impacts and help to ensure continuity of trade. This work has also been closely aligned to the efforts of the New Zealand Government, and we would like to

extend our thanks to officials from MFAT, MPI, NZTE and Customs for their ongoing work and collaboration.

We continue to work closely with government on addressing the EU and UK proposal to split the World Trade Organization (WTO) quotas that allow our access into their markets which remains unacceptable to the sector.

B+LNZ's Chairman Andrew Morrison and Director Martin Coup, visited London and Brussels in October 2019 as part of trade delegation led by the Minister of Trade, Hon David Parker. The visit was a good opportunity to connect with importers, government and fellow industry contacts to better understand economic dynamics and implications from Brexit, but also register ongoing concerns about the impact on the New Zealand red meat sector.





Building International relationships

Strong trade relationships are underpinned by strong people to people relationships. In 2019, B+LNZ hosted the Sheep Industry Ambassadors Programme, a partnership aiming to increase collaboration between the New Zealand, Australian, and American sheep industries. The programme involved young farming leaders from each country taking part in a comprehensive tour of the New Zealand sheep industry in order to gain a better understanding of the entire supply chain. The sheep ambassadors visited farms across New Zealand in order to see different production systems and spent time at processing plants, an agriseed company, research companies and New Zealand Merino. The programme even included a visit to previous Sheep Industry Ambassador, Katey Craig's farm in Te Popo Taranaki.

B+LNZ staff also attended the International Beef Alliance (IBA) annual

meeting in Brazil in order to further cement relationships with beef exporting countries. The IBA is a voice for trade liberalisation and is made up of partner organisations from New Zealand, Australia, Canada, United States, Mexico, Brazil and Paraguay. The IBA presents a strong and united voice on issues relating to the international trade in beef.

Continuing those relationships and further building upon them is an important part of B+LNZ's international focus, as it provides opportunities to engage with partner industries around the world where our interests align. This gives our position a stronger voice in important institutions such as the WTO.

We have also been focused on developing our relationships with other international agricultural organisations, especially focused on discussions regarding the environmental footprint of red meat.

Barriers to trade report

B+LNZ partnered with the MIA to produce the Barriers to International Trade Report for 2018/2019. This report gives an overview of the barriers to trade, both tariff and non-tariff. www.beeflambnz.com/news-views/new-zealand-sheep-and-beef-sector-barriers-international-trade

The commercial-in-confidence report is also distributed to MFAT and other government agencies and outlines the current challenges that the red meat sector faces when exporting. It also summarises the wins that have been achieved since the previous report was published two years ago. The Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) featured as a significant trade win for the sector, as it will lower tariffs for red meat products in a number of new markets, and importantly Japan.

Based on the red meat sector's exports for the year ending 2018, 50 percent of the sector's exports by value are covered by Free Trade Agreements (FTA's) in force and saved the sector \$350 million in tariffs. This is expected to increase to approximately 75 percent once FTAs currently under negotiation are concluded.

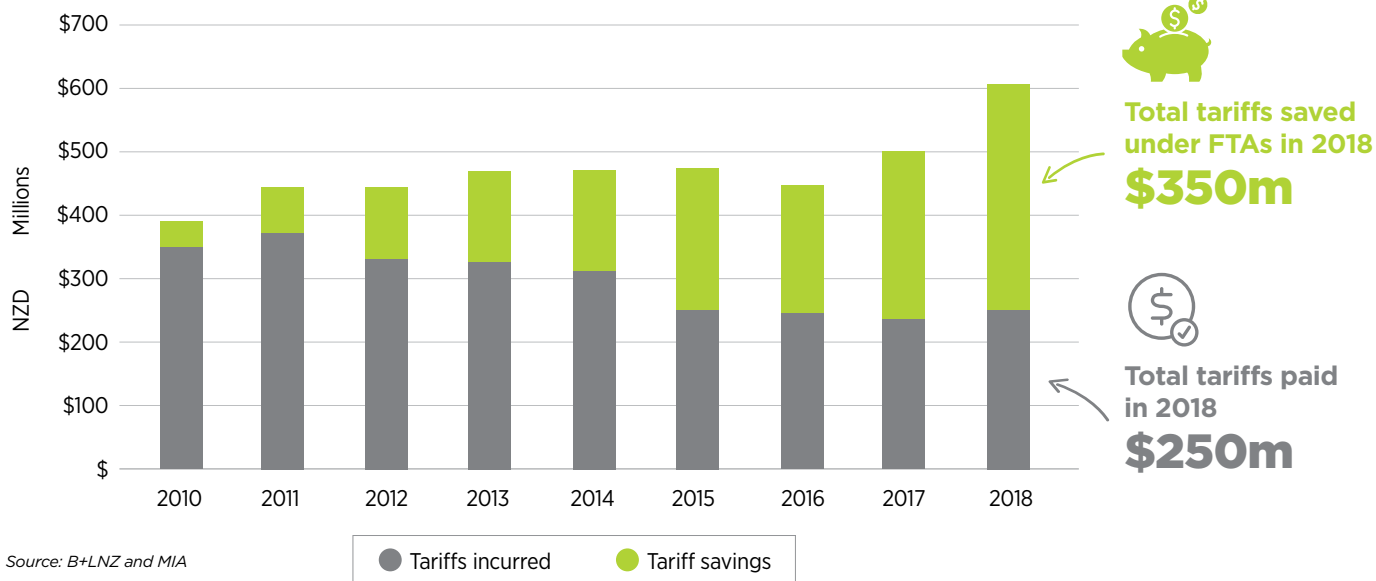
While reducing tariffs through FTAs is important, the removal of non-tariff barriers (NTBs), or regulations that create red tape or are difficult to comply with, requires constant engagement with foreign counterparts, both at a government to government level and at an industry level.

Examples of some of these trade barriers include the use of electronic certification for product to clear borders promptly, the approval and listing of processing plants and requirements around halal processing. These can all add significant costs to production and shipping and can result in it becoming uneconomic to export to certain markets, resulting in less flexibility for processors to respond to price signals around the world. The red meat sector relies on this flexibility to find markets that are willing to pay the highest price for our products.

This report is an important resource for the government who work on our behalf to reduce these barriers and open up markets for our exports.

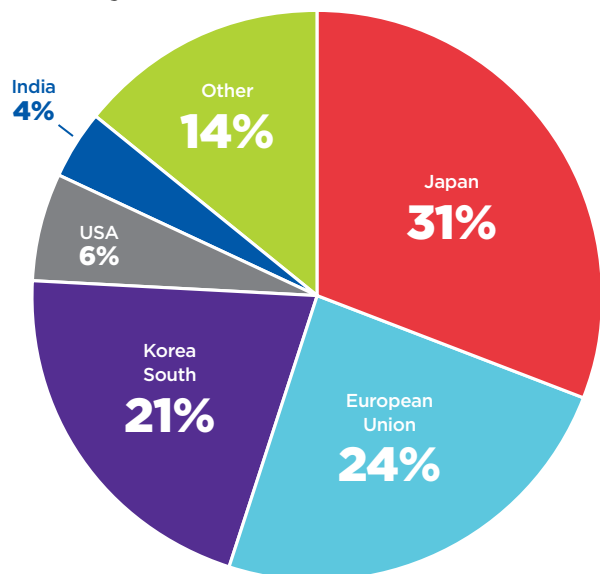


Summary of Sector's FTA Tariff costs and savings



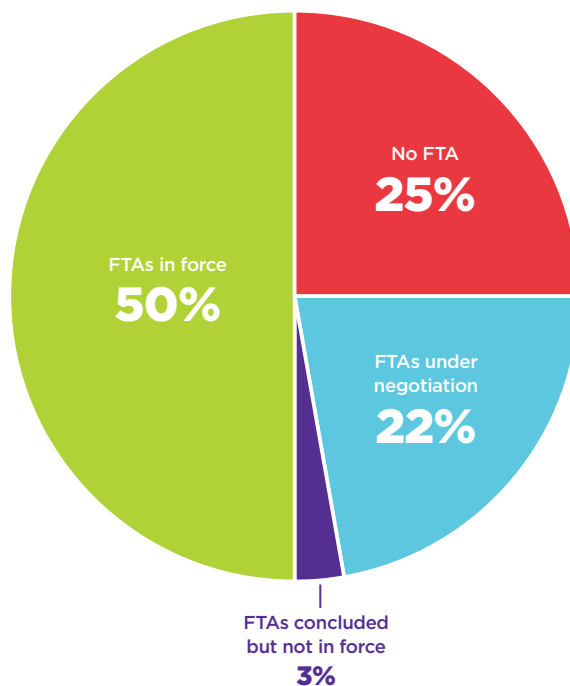
Tariffs paid on Sheepmeat, Beef and Co-products by country

Year ending Dec 2018



Source: Compiled by B+LNZ from Global Trade Atlas and WTO tariff download facility/NZ FTAs

The sector's trade, by value, covered by Free Trade Agreements (FTAs)



🐑 Top Sheepmeat markets for 2018

- 1 European Union \$1.4 billion
- 2 China \$1.2 billion
- 3 United States \$430 million

🐮 Top Beef markets for 2018

- 1 United States \$1.2 billion
- 2 China \$782 million
- 3 Taiwan \$188 million

02



Supporting farming excellence

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



Total levy Investment* in this strategic pillar was \$13.3m for 2019. The following table is a summary of the key initiatives within this pillar.

Name	Project cost** \$,000	Description	Contribution to strategic priority
RMPP	3,200 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 31.	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	2,006	Plan and implement regional research and extension plans that reflect regional and national needs. Deliver events and support to farmers and Farmer Councils.	
Farmer Council operations	347		
Beef + Lamb New Zealand Genetics	3,971	Develop and implement next generation genetics solutions, such as NProve, to boost farm profits and efficiency.	
Research and Development	1,666	Progressing 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 34.	
Sector capability	884	Supporting sector employment and training.	

* 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.

Supporting farming excellence



Key achievements in 2019

- Getting the Future Farm up and running
- Development of our People and Capability strategy
- Leadership on developing a cross-agriculture primary training proposal
- Progressing the Farming Excellence strategy

FUTURE FARM

FUTURE FARM VISION

The vision for B+LNZ's Future Farm is inspiring vibrant farming communities through demonstrating farming excellence.

B+LNZ's North Canterbury Future Farm at Lanercost held its first open day on 9 November 2018, with 140 attendees, including the Minister of Agriculture. The day was structured as an introduction day to the farm with a focus on local farmer engagement. The aim of the day was to launch the concept, introduce the people and the partnership, provide an in-depth look at the property and the current status, share the process to date in terms of getting the partnership and farm up and running.

During 2019 the Future Farm has also hosted the Sheep Industry Ambassadors learning and development team, filming for an awareness and training video, local farmer discussion groups, a quad safety course hosted by FMG, and a body condition workshop.

ON FARM

A key objective of the North Canterbury Future Farm is to be in the top 20 percent in Earnings for Interest, Tax and Rent/Total Farm Capital by land class, and within a leading environmental footprint.

Goals for the Future Farm programme are:

- to demonstrate best practice environment management,
- demonstrate exemplary business performance,
- develop people and industry leaders,
- be customer focused.

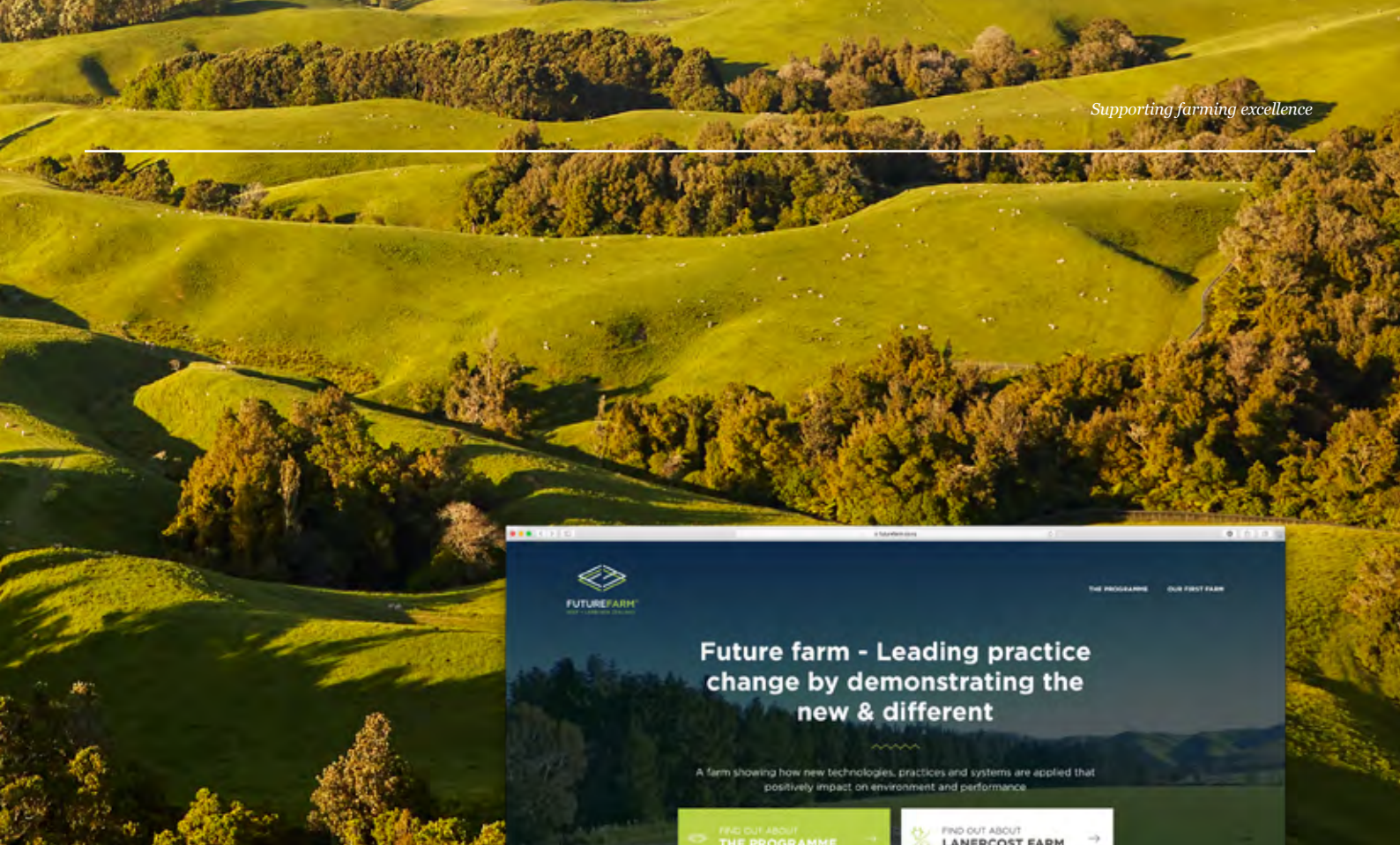
The farm team have been busy improving productivity and profitability while continuing the transition to the 2022 "standard year" farm system. The pasture improvement plan included soil testing all paddocks going into crop to ensure a tailored approach for each paddock and crop. A target fertilizer plan is being implemented to ensure future productivity is achieved while eliminating waste from blanket applications. The additional winter crop grown as part of this pasture renovation has shifted the ratio of sheep to cattle in the short term as cattle are brought on to utilize feed grown.

To demonstrate best practice environment management

Ongoing use of Farmax and OverseerFM enables modelling of the environmental footprint in the current season and what the farm system may look like in the long term. Nutrient loss, greenhouse gas emissions, carbon sequestration potential and land management have been areas of focus so far with water quality and biodiversity on the radar to investigate next. Highlights of this work include estimating the existing vegetation which could offset anything from 23 percent to 67 percent of total farm carbon emissions. The Future Farm demonstrated how nitrogen loss per hectare could be reduced from forecasted 24 kg N/ha to 17 kg N/ha through changes to management within the same farm system.

Exemplary business performance

A farm consultant has generated a model of the best return within the capital constraints of the Future Farm while maintaining a beef herd. The capital constraint and beef herds are both features of many hill country properties throughout New Zealand that were retained to keep the programme relevant to other sheep and beef farmers.



The recommended focus on maximizing ewe production means a shift from finishing lambs to selling all non-replacement lambs at weaning. All prime lambs are sent to the processors at weaning and the balance are sold store. This represents a shift from income driven by lamb finishing to income driven by the reproductive performance of ewes.

This also means a change from relying on summer and autumn feed (to finish lambs) to utilising spring feed to underpin the reproductive performance of the capital stock.

Develop people and industry leaders

The North Canterbury Future Farm Board is made up of representatives of the partners involved in the farm. In the future we are likely to see more corporate type structures involved in the governance of farms and the Future Farm is providing an opportunity for the Board members to develop their skills. Three of the Directors undertook further training in governance for the programme during the year.

Be customer focused

There are two groups of customers for the Future Farm to focus on, the wider farming community who get information from the programme and the ultimate customers or consumers of the products produced on the farm.

The Future Farm website was launched in April 2019 to share with farmers and others the process of establishing the partnership. The website also includes information on the property evaluation process, environmental audits and planning, sheep genetics, soil health evaluation, and health and safety which can all be found at futurefarm.co.nz. The website is a key element of the communication plan and will continue to be developed so that it can support the programme.

The learnings from the leasing process have also been captured and published to help share what we experienced.

With the focus over the last 12 months being getting the farm and programme underway, existing farm relationships with processors have been maintained. The cow herd is owned by Harris Meats, providing a very direct link between the farm and the customer. Over the next year the Future Farm will look at the supply of our sheep and wool to investigate how we can link more closely to our customer, hopefully leveraging B+LNZs Taste Pure Nature programme.

FUTURE FARM PROGRAMME

The Stakeholder Group has been formed and together developed an evaluation framework tool to assess proposed new technologies and innovations for the Future Farm. Using this framework it evaluated a farm information management software system suitable for use on Future Farm. This was assessed against the current and future needs of the farm, and a recommendation was made to the Future Farm Board, then deployed on farm.

The Advisory Panel also has been established and part of their work involves identifying and setting KPIs to direct the needs of the farm.

The Advisory Panel and Stakeholder Group continue to actively seek out opportunities for innovations that should be explored further at the Future Farm.

REGIONAL ROUND-UP

Environmental issues and working collaboratively were the general themes across all eight regions served by B+LNZ Extension Managers.

Within these over-arching themes, each Regional Extension Delivery Plan, which is drawn up by the individual B+LNZ Farmer Councils, reflected the challenges, issues and opportunities specific to that region.

North Island



Northern North Island - Extension Manager Veronica Gillett

Environmental policy and *M.bovis* have been the big challenges facing the Northern North Island region over the past year. Supporting the establishment of Catchment communities throughout the region has been a focus for B+LNZ and seed funding was provided to employ a coordinator to carry out this role.

Northland's multi-sector Extension 350 programme continues, with three sheep and beef clusters around the region.

RMPP action networks have been successful with nine action groups underway and more in the pipeline.

B+LNZ held 15 workshops during the year with a total combined attendance of 215 people. Most popular were the 'Wormwise' and 'Farms, Trees and Carbon' workshops. Larger events included Women of the land, Lower North Environmental Focus Farm final field day, NZ Dog trial champs (sponsored) and the Annual showcase event held at Mack Lynn's farm which alone had an attendance of 146 people.



Mid Northern North Island - Extension Manager Maria Shanks

Policies have been the main focus for this region, particularly the Waikato Regional Council's Plan Change 1 hearings at which a number of farmers and organisations presented their case. The Farmer Council identified sub-catchment groups has having the potential to have a big influence on improving water quality in the region. A sub-catchment coordinator has been working part-time since July 2018 and is working alongside B+LNZ to increase the number of these groups and to knowledge-share between them.

A total of 58 events, including 32 workshops, were held in this region. Field days were often run in conjunction with other organisations to meet the specific requirements of different regions as identified by Farmer Council. For example, looking at water reticulation on sheep and beef farms and technologies in water management.



Western North Island - Extension Manager Jason Griffin

Supporting the establishment on running of Community Catchment Groups has and continues to be a priority for B+LNZ in this region. There are now 10 running in the Rangitikei region under the umbrella of the Rangitikei Rivers Catchment Collective Incorporated Society.

Amongst the B+LNZ events and workshops held in the Western North Island over 2019 were five Farming for Profit field days and AgInnovation, the region's annual showcase event which was held in May. A B+LNZ Innovation Farm project will begin next year on Waitatapia Station with the aim of developing a Remote Performance Recording system for cattle and making use of that information in day-to-day management. The "Big Dine In on November 15" brought farmers together to celebrate their industry and the great food they produce.



Eastern North Island - Extension Managers Emma Harvey (Wairarapa/Tararua) and Mark Harris (Hawkes Bay/Gisborne)

Forestry taking over productive farmland has been the dominant issue in this region over the past year. It was the B+LNZ Farmer Council that initiated Baker and Associate’s Wairoa Case-Study which showed the devastating impact widespread forestry would have on rural communities. This case study was presented at Parliament.

Farming for Profit programmes have been run successfully in both the Wairarapa and Tararua regions with good attendance. These covered a range of topics throughout the year such as tackling policy changes, business and personal resilience, animal health and trees on farm. Drench resistance is becoming more prevalent across the whole region and B+LNZ been encouraging RMPP groups to run Wormwise workshops to help educate farmers on parasite management.

In total, B+LNZ ran or co-hosted 32 different events in the Wairarapa/Tararua areas, reaching 1475 people. In the Hawkes Bay, Patrick and Izzy Crawshaw’s Monitor Farm programme was launched and this attracted widespread interest and community support at the opening field day and subsequent community days. B+LNZ had input into a total of 48 events and workshops in the Hawkes Bay/Gisborne area, reaching 1768 people. The most significant B+LNZ-supported event was the Ahuwhenua Maori Farmer of the Year Award (Sheep and Beef) which held three successful and well-attended field days.

South Island



Northern South Island - Extension Manager Anna Boyd

Fire, flooding, drought, environmental compliance and government policies are all issues that B+LNZ dealt with in this region, reflecting its spread and climatic diversity. Alongside FarmSmart- which is the region’s annual flag-ship event held in June, B+LNZ held 50 workshops and field days reaching 2,541 farmers. These included Farming for Profit days along with FEP, Wormwise, Carbon and Biosecurity workshops.

Farming for Profit field days and seminars remain popular and were well attended within the five sub-regions of the Northern South Island. Topics, expert speakers and farm host locations are chosen by a farmer committee. Topics are mainly production focused but this last year in particular, environment -related issues were frequently explored.



Central South Island - Extension Manager Laura Lake

The winter grazing of forage crops came under the spotlight again this year. In Central South Island, B+LNZ teamed up with Environment Canterbury to run a series of “pod” events in small communities to ensure farmers had the information and resources they needed to follow best-practice winter cop management. Working with B+LNZ’s Environment team and Environment Canterbury, the Farming Excellence team supported the establishment of four new catchment groups.

Alongside 11 Land and Environment Plan/ Farm Environment Plan workshops and Carbon workshops, B+LNZ used social and print media in a targeted campaign to get information to farmers who did not regularly attend B+LNZ events. The Central South Island hosted B+LNZ’s Annual Meeting in March which was attended by 120 people.

Southern South Island - Extension Manager Olivia Ross

Helping farmers understand the implications of proposed government policy around climate change and fresh water were a focus for this region, as was working with B+LNZ’s Environment team to support the establishment and functioning of Catchment Groups. The grazing of winter forage crops was a focus in this region and B+LNZ collaborated with DairyNZ to ensure farmers had the information and resources they needed to follow good management practices around winter crop management.

With a view to building sector capability, SSI continued to run the successful personal and professional development programme Generation Next. Aimed at people working within the industry, this programme is being extended into Central and Northern South Island regions. Helping farmers upskill, B+LNZ worked in partnership with RMPP to run events and develop resources such as podcasts. They also worked to ensure farmers were aware of the wealth of information available to them through B+LNZ’s Knowledge Hub.



Tailoured resources continue to prove popular

A strength of New Zealand's sheep and beef industry is our culture of sharing ideas and answers. Researchers and farmers innovate, and the new approaches spread rapidly. The Product and Development Team at B+LNZ work to constantly improve the way information can be shared, and the ease with which it is understood and adopted. Our focus is not on 'what' the information is, but 'how' it is shared. We also recognise that we have a wide and diverse audience, who don't all think and learn the same way. As a result, we are always adding new channels and ways of sharing information, and we aim to have any given piece of information available in many formats, so that everyone can find the format that best suits them. For example, with the focus on winter grazing during 2019, we have Good Management Practice information available to read (factsheets and resource books), to view (videos), to hear (podcasts), to share and discuss (at events such as workshops and field-days), and to work through (online learning modules).

 **21,000**

Farmer resources downloaded

 **68,000**

Average views of tweets each month

 **100,000**

Average views of Facebook posts each month

 **26,100**

Podcast downloads

 **27,000**

Farmer resources mailed out




183 events
around the
country,
which were
attended
by nearly
4,500
farmers

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 ensuring farm extension delivery within their region is meeting needs of local communities. They work with their local extension managers and farmer director to develop an extension delivery plan for the region. B+LNZ also has two specific advisory groups providing advice and to help guide decision making in the environment and research areas, working closely with the relevant teams in B+LNZ.

All sheep, beef, and dairy levy payers on the B+LNZ electoral roll can participate in the decision-making process through their Farmer Council. We seek to ensure we have a cross section of farmers and skill sets on Farmer Council. As an example, we now have a dairy farmer on each of the Farmer Councils. 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-opts industry experts to act as a valuable link to regional activity aligned to commercial activities on farm.

Farming Excellence Strategy

B+LNZ is developing a new strategy for the delivery of its Farming Excellence programme over the next three to five years.

The focus is on identifying areas inside the farm gate that farmers would like to have a greater influence on to drive improved productivity and profitability. As part of this B+LNZ is also identifying the role it has in delivering against these needs.

Led by John Ladley, B+LNZ General Manager South Island, the development of the Farming Excellence strategy is an across-business effort. UMR completed a piece of research based on nine farmer focus groups and a survey of 1,050 farmers to understand farmers' needs around extension and the best way for farmers to receive the resources and information we have available.

As the strategy is developed the delivery of extension programmes will be reviewed. We will consider the most effective means of delivering extension programmes either by B+LNZ or partnering with other organizations to extend the reach to more farmers as well as improving the efficiency and effectiveness of what we do.



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- 1 Brendon Hargest – sheep and beef farmer from Gore (involved in a Southland Action Group)
- 2 Gary Massicks – facilitator of an Action Group based in Whanganui
- 3 The Whale family attended the Farm Business Transition and Succession workshop in Fielding in 2019
- 4 Soil Carbon Builders West Otago Action Group

Red Meat Profit Partnership

Beef + Lamb New Zealand is one of ten partners in the Red Meat Profit Partnership (RMPP) Primary Growth Partnership, a programme which is playing a key role in lifting the performance of the sheep and beef sector.

RMPP concludes in September 2020 and a transition plan covering all the programme’s initiatives, including the RMPP Action Network, is currently being finalised.

The RMPP Action Network is made up of Action Groups which support farmers to develop the confidence to turn ideas into action on-farm.

There are now 186 (and growing) Action Groups in New Zealand. With an average of eight farms per group, this means about 1,500 farm businesses have joined this nationwide initiative that results in individual farms working with others in their group to develop and implement plans to improve productivity and profitability.

RMPP Action Groups transitioned to B+LNZ during 2019, providing the opportunity to explore how the Action Group concept can be integrated into future activity.

RMPP’s range of resources and tools are helping farmers measure

farm business performance and make informed decisions based on robust evidence. Good farm business planning is critical to helping sheep and beef farmers increase productivity and profitability.

Key performance indicators are assisting farmers to measure their farm business performance. The online business planning tool BizPlan is helping farm businesses identify goals and develop an action plan to assist in achieving these.

The Beef + Lamb New Zealand Knowledge Hub is home to a wide range of learning modules covering topics identified as important to sheep and beef farmers and rural professionals.

RMPP has developed and grown the skills and knowledge of farmers and advisors through structured learning workshops, course material and other resources.

The Taking Ownership of Your Financials workshop builds farmers confidence in understanding the financial performance of the farm business, where the farm is performing well and areas with further potential.

The Farm Business Transition and Succession workshop takes farm businesses through what can be a very difficult process. It covers understanding, management and ownership of the family farm business.

The Aspiring to Farm Business Management workshop has been

developed for individuals or couples wishing to manage or own a sheep and beef farm business. The workshop covers the many ways to enter farm ownership – share farming, leasing, equity partnership or straight-out purchase.

Over 500 rural professionals and farmers have undertaken facilitation training while programmes delivered by the Agri-Women’s Development Trust (AWDT) (funded by RMPP) have attracted strong interest with more than 1,500 women attending over 100 workshops.

RMPP has engaged with many primary, secondary and tertiary students – influencing teacher, pupil and community perceptions of the farming sector.

34 meat processors have implemented eASD and over 1,500 farmers are now using the technology. RMPP’s investment in the development of systems and processes is helping the sector’s operational efficiency.

The New Zealand Farm Assurance Programme (NZFAP) is validating the integrity of New Zealand’s farming system for our global customers. NZFAP Plus standards covering environmental, people and biosecurity are now in development and will be a voluntary add-on to the NZFAP standards.

RMPP is on track to deliver real meaningful change to the red meat sector.

Māori Engagement

B+LNZ has completed a stocktake of the Māori sheep and beef sector to better understand who and where our Māori levy payers and stakeholders are. This piece of work, led by B+LNZ's Sector Capability Manager Doug Macredie, will help us to find and engage with our Māori stakeholders in a more effective and efficient manner. It will also help us access new funding streams to help lift farming excellence.

B+LNZ will continue our strong relationship with the Ahuwhenua Trust after another successful Māori Farm of the Year competition and the Federation of Māori Authorities.

People and Capability

Farmers emphasise that the future success of our industry relies on attracting talented and motivated young people and equipping them with the skills to be successful.

B+LNZ has reviewed where we are investing our time and energy to get the best outcome for our farmers and the people entering the industry. Farmers

told us that they wanted us to focus on initiatives that would build capability behind the farm gate. B+LNZ is now implementing that approach. Practically, that means B+LNZ will continue to support agriculture in schools in several ways. B+LNZ is focused on those students who are making career decisions (generally those in Years 12 and 13) and those people that influence their choices – teachers and guidance counsellors.

As an example, B+LNZ works with Young Farmers to provide “Teacher’s Day Out” - an opportunity to take teachers onto farms so they can see the opportunities available to their students while also providing teaching resources to make it easy for teachers to talk about farming in the classroom.

B+LNZ is also a strong supporter of the St Paul’s Collegiate Agricultural programme, acting as a hub to build more agriculture courses in secondary schools across New Zealand and getting recognition from NZQA for agriculture as a valid secondary school subject with University Entrance status.

For school leavers, B+LNZ will continue to support cadet farms around the country and assist in the

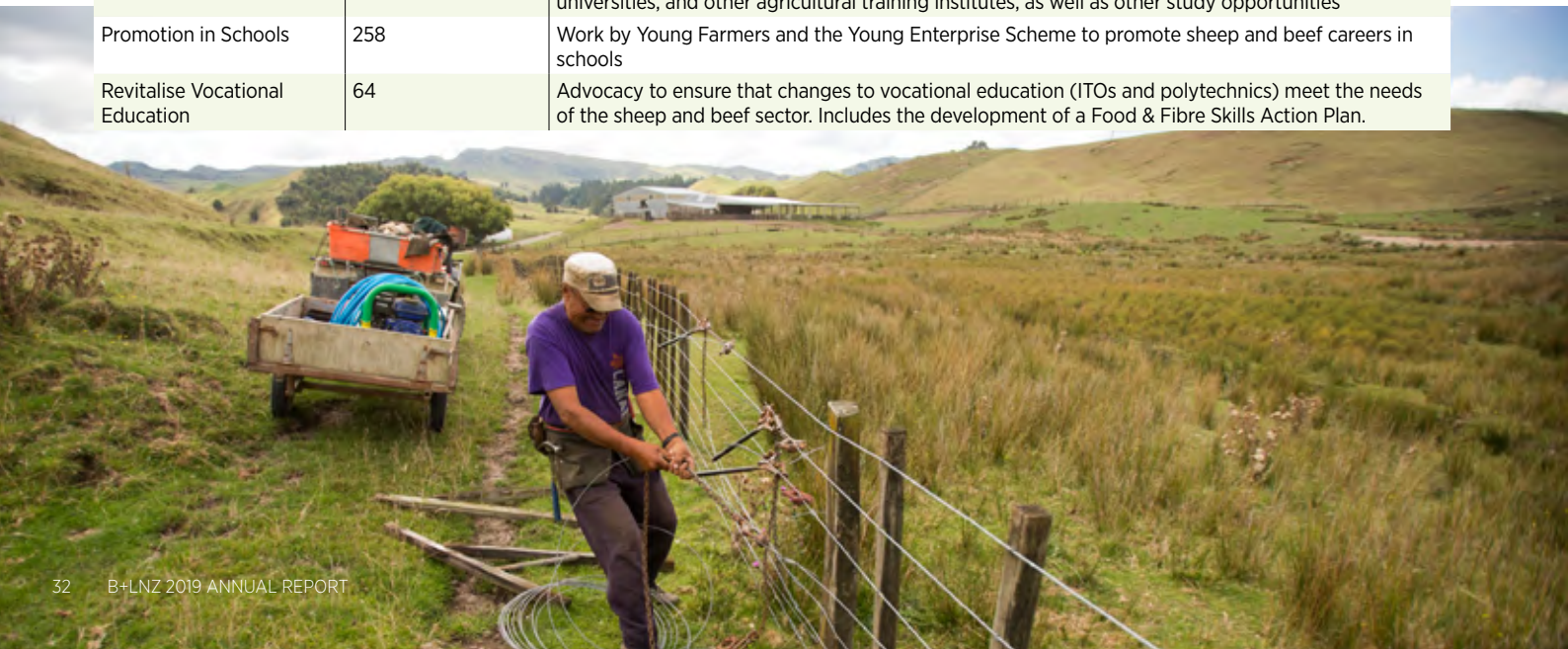
development of new cadet farms. This is an area we hope to see grow.

Alongside our farmer extension programmes, B+LNZ works with and supports Kellogg’s Rural Scholars and the AgriWomen’s Development Trust to promote the next generation of farming leaders.

B+LNZ welcomed the launch of the new Food & Fibre Skills Action Plan 2019-2020. This Government and primary sector initiative aims to fix the skills gaps facing farmers and growers. Through our involvement in the Skills Leaders Working Group, we have taken a leadership role on reforming the approach to primary sector skills and training.

B+LNZ’s Chief Insight Officer Jeremy Baker will be chairing the establishment group responsible for the implementation of Food & Fibre Skills Action Plan. During this initial phase, B+LNZ will be focussed on the establishment of the Workforce Development Council, helping to set up a new Centre of Vocational Excellence for the primary sector, and continuing our own initiatives to support on farm training and development for sheep and beef farmers.

Sector capability	Expenditure \$,000	Description
AgITO on Farm Knowledge and Skills	81	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	100	A unified approach across sheep, beef, dairy, arable and primary sector skills development entities to build human capability in the primary industries.
Māori Agribusiness	229	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	92	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	60	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
Promotion in Schools	258	Work by Young Farmers and the Young Enterprise Scheme to promote sheep and beef careers in schools
Revitalise Vocational Education	64	Advocacy to ensure that changes to vocational education (ITOs and polytechnics) meet the needs of the sheep and beef sector. Includes the development of a Food & Fibre Skills Action Plan.



Beef + Lamb New Zealand Genetics

As at 1 October 2019, Beef + Lamb New Zealand Genetics (BLG) was integrated into B+LNZ as a separate business unit following the end of the partnership funding programme between B+LNZ and the Ministry of Business Innovation and Employment, with B+LNZ now taking over sole funding of BLG's activities.

Genetics is a critical tool for achieving B+LNZ's vision of profitable farmers, thriving rural communities, valued by all New Zealanders, and BLG's ongoing work will continue and overtime B+LNZ is looking to better integrate BLG's activities to drive benefits for our Environment and Farming Excellence programmes.

Launch of nProve

The new nProve tool which will replace FlockFinder and RamFinder, will be rolled out to commercial farmers in 2020. nProve is based on new software and technology that provide greater transparency and make it easier for farmers to identify the ram flocks for their specific farming circumstances.

Over recent seasons, farmers have had access to New Zealand Terminal and Maternal Worth – a single figure that indicates the genetic worth of one ram, versus another.

With nProve, commercial farmers can customise what they are looking for in a ram, using simple slider scales to indicate the specific traits important for their operation. The results are a list of breeders who have rams best fit for that individual commercial farmer's own set of circumstances.

The tool's tag line "Fit for your purpose" means that commercial farmers are no longer limited to pursuing the same rams that are at the top of NZTW and NZMW scale. Now farmers are able to target rams at the top of their own customised 'worth' scale.

Sheep and Beef Progeny tests

In partnership with breeders and MPI, a low-input sheep progeny test is underway at Orari Gorge Station, Geraldine. In addition to New Zealand Maternal Worth (NZMW) traits (Reproduction, Survival, Growth, Adult Size and Wool), the site also measures WormFEC, Resilience, Dagscore, Bareness Breech and Belly, Tail Length and Greenhouse Gas emissions.

With the liquidation of Taratahi, a new home has been found for the Sheep Progeny Test North Island Hub flock. That home is Glenside Station in the Wairarapa. Glenside Station is leased and managed by former Taratahi

Farms Director Paul Crick, who has a long association with the progeny test and the Hub flock. Glenside's 7700 stock units include progeny from previous cohorts (2016, 2017 and 2018), so B+LNZ Genetics can continue measuring and reporting on these animals.

Now in its sixth year, the Beef Progeny Test involves mating more than 3000 cows and heifers annually across four large stations and one dairy farm. With attention firmly on animal welfare, the dairy sector is turning to the dairy-beef market to provide solutions. Results reinforce that there are excellent dairy-friendly beef bull options available to dairy farmers – and dollars to be made. Across all the bulls assessed in 2019, there was 56kg difference between the best and worst bull for yearling weight. At \$3 per kg liveweight, that translates to a \$168 difference per head.

Results reveal many low-birthweight beef bulls produce calves similar to, or lighter than, calves produced by an average Friesian bull, when bred over crossbred cows. Calving ease has repeatedly been excellent, with less than 1 percent of cows assisted in any season.

Bull selection has a big impact on gestation length and therefore days in milk. The average Gestation Length EBV of the progeny test bulls was 281 days – slightly better than the dairy breed average of 282 days.

Sheep farmers now able to breed "low methane" sheep

In a world first, New Zealand sheep farmers now have the ability to breed animals that emit less methane.

In November 2019, B+LNZ Genetics launched a "methane research breeding value". Breeding value (BV) is a term used to help select important traits that



ram breeders want to bolster within their flock (e.g. low methane-producing animals).

The launching of this significant breeding tool is thanks to a 10-year multi-million dollar collaboration between the Pastoral Greenhouse Gas Research Consortium (PGGRC), New Zealand Agricultural Greenhouse Gas Research Centre (NZAGRC) and AgResearch, supported by the Ministry of Business, Innovation and Employment and Ministry for Primary Industries (MBIE).

The new breeding value takes advantage of the fact individual sheep vary in their levels of methane emissions and these differences are passed on to the next generation.

This is a global first for any species of livestock. Launching the methane breeding value gives New Zealand's sheep sector a practical tool to help lower our agricultural greenhouse gases. Up until now, the only option available to farmers wanting to lower their greenhouse gas emissions has been to reduce feed intake on a farm wide basis.

This takes us a step further – towards actually lowering sheep methane emissions, in keeping with the sector's commitment to work towards reducing its greenhouse emissions.

Interested farmers will have access to rams within two years – the time it will take to breed and grow rams on a commercial scale.






Science, Research, and Development

Our industry is underpinned by good science and we are continuing to ensure that our research institutes and universities are working on projects which will deliver for our farmers. The three main areas of focus are farming systems, animal health and production, and the environment.

As a core partner in the Pastoral Greenhouse Gas Research Consortium, B+LNZ continues to play an important role in the search for methods to reduce methane emissions from ruminants on pasture. This year has seen a Breeding Value created for methane production in sheep. This world-first development has been rolled out to selected breeders to build the genetic database which will in turn allow all New Zealand farmers to add it to the selection criteria for their flocks.

R&D Projects

2018/19 Expenditure (\$,000)

Hill Country Futures	2104 1404 Government funding 700 Levy funding
Pastoral Genomics	520
The Pasture Raised Advantage Research 	107
Ewe udder health & effects on lamb production	105
Improving Post Weaning Growth Rates and Twin lamb and lamb growth management	125
Pasture Management in a Volatile World	60
Grazable shrubs for hill country 	55
Assessing change and quality of native woody vegetation on sheep and beef farms – select case studies	49
A multifaceted approach to assessing the impact of long-acting anthelmintics on rumen microbes, ewe health and fertility.	40
Protecting our soils - helicropping 	25
Drenching ewes with ML's (Macrocyclic Lactone's) at lambing - accounting for the unintended consequences	38
Fodder beet Best Management Practice	10
Catch crops for sediment leaching 	10
Catch crops for nitrate control 	10



Market Development



Environment

Description of research projects invested in by B+LNZ

2018-2019

Hill Country Futures is a five-year \$8.1 million programme supported by MBIE, B+LNZ, PGG Wrightson Seeds, and Seed Force focused on future proofing the profitability, sustainability and well-being of New Zealand's hill country farmers, farm systems and rural communities. The scene is changing for New Zealand farmers. Society's expectations around food production transparency, environmental sustainability and climate change obligations are already influential at an on-farm level – and will become increasingly so. This programme takes a trans-disciplinary approach and considers the whole-farm system. It incorporates traditional science research, farmer knowledge, mātauranga Māori (Māori wisdom), social research and citizen science. At an on-farm level, the programme focuses on practical options for future proofing hill country farming and includes a strong emphasis on forages. Specifically, which farming practices and forages will best serve hill country farms and farmers into the future?

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%pa (the current baseline being -0.5%) 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 the MBIE, B+LNZ, DairyNZ, Dairy Australia, Agriseeds, PGG Wrightson Seeds, and AgResearch.

This co-funding supports a MIA innovation-led programme to investigate the health benefits of New Zealand pasture-raised red meat consumed as part of a well-balanced diet and to provide robust scientific data that will help distinguish New Zealand product in international markets. Alongside collecting data regarding the composition of red meat and the nutritional impacts of its consumption (including health biomarkers and measures of protein, minerals, lipids) the programme is also designed to investigate the psychological aspects of the health and wellness for consumers, including taste (enjoyment, mood, satisfaction), well-being and sleep (quality of life, total restfulness, invigoration).

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.

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.

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.

This co-funding supports a Hawke's Bay Regional Council led MPI SFF project assessing the suitability of tree Lucerne (tagasate) as both a soil stabiliser and as stock feed. Tagasate is a hardy nitrogen fixer with high protein foliage suitable for sheep and cattle that thrives on steep, erosion-prone, north-facing hill country. Tagasate also provides shade and shelter.

This project supports a University of Canterbury Master's student who is using remote sensing and aerial photography images that have been captured over time as well as the ground-truthing of vegetation types and spatial distribution to map the current distribution of native woody vegetation using the vegetation classification framework at five pilot study locations.

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.

This co-funding contributes to a Ballance Agri-Nutrients led MPI SFF project to develop best practice guidelines for helicropping to ensure that the process is environmentally sustainable thus protecting our soils and water quality.

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.

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.

This co-funding contributes to an AgFirst led MPI SFF project. This project will evaluate a range of catch crop species and establishment techniques to reduce sediment and surface flow losses following the winter grazing of forage crops. The initial focus is on hill country in Hawke's Bay but the systems developed will provide spill-over benefits to all farming regions and terrains nationally.

This co-funding contributes to a Lincoln Agritech led MPI SFF project. This farmer-led initiative is aiming to develop and demonstrate the use of catch crops in winter forage grazing rotations as a means to lower their nitrate leaching footprint. Using catch crops successfully will not only reduce nitrate leaching losses but increase N use efficiency and feed production on farm.

Health and Safety

Beef + Lamb New Zealand has been investing in initiatives to support our farmers to improve health and safety on their farms.

Extending Farm Safety Management System workshop programme

More than 200 farmers attended our Farm Safety Management System workshop over the past 12 months, building on work in previous years, and we've received excellent feedback from participants. Farmers have also welcomed the opportunity to meet with WorkSafe New Zealand inspectors at the workshops, which has helped change perceptions and expectations when inspectors visit farms.

We are also seeing a number of farmers who have experience of accidents on their farms, or of WorkSafe investigations, offering to talk at our workshops or share their experiences with other farmers. This is invaluable, both in helping other farmers to establish effective health and safety systems and to clarify what is involved in an investigation from a farmer viewpoint.

Beef + Lamb New Zealand has also run two pilot Farm Safety Management System level II workshops. Feedback and learnings from these will be used to develop the final model, which will be rolled out during 2020.

These will have more interactive elements than the initial workshops with the sessions focusing on farmers implementing farm safety management systems alongside input from participants sharing what has worked for them.

Working with ALHSAG and WorkSafe

Over the past year, we have continued our relationships with WorkSafe New Zealand and the Agricultural Leaders Health and Safety Action Group (ALHSAG). This has included building stronger connections between ALHSAG, WorkSafe and our regional staff. ALHSAG General Manager Tony Watson and WorkSafe's Engagement Lead Agriculture Al McCone also met with our Northern and Southern teams and Tony participated in our off road safety exercise.

Walking the talk

This year, we have also done a lot of internal work to strengthen health and safety outcomes for our employees. Wellness committees are now established at all of our sites and hold regular meetings. We have also put a process in place for our employees who make lone visits to farms. They now contact the farmer in advance of their visit so they can have a conversation about any risks or safety requirements/ farm rules.

All our facilitators and farm-facing staff have now been trained in and accredited to the use of our Event Safety Management System. This also has a flow-on effect. When our facilitators run events, such as farm field days, our host farmers are part of the pre-event visit and discuss the simple event safety management plan – and see that put into action.

Priorities for 2020

Building on what we have already been doing, working with the likes of WorkSafe, ALHSAG, the B+LNZ Farmer Council and our health and safety partners Exigent, we're committed to doing more.

During 2020, we will be:

- continuing our Farm Safety Management System Level I workshops
- rolling out our Farm Safety Management System Level II workshops
- continuing to work with WorkSafe and ALHSAG on practical and effective messaging and initiatives to improve health and safety outcomes in farming.
- developing relationships with industry partners around supporting some of our programmes
- exploring some new initiatives.



More than 4,500 farmers have attended B+LNZ'S health and safety workshops since 2015

B+LNZ Innovation Farm programme

B+LNZ's Innovation Farm programme showcases innovation and puts new science and technology to the test in a farm system. The Innovation Farm programme is all about helping farmers identify tools and practices that lift productivity and result in real financial improvements.

One of the current projects is trialling and demonstrating an "e-shepherd" virtual fencing system in conjunction with existing electric fences. These virtual fences will be used as temporary fences. The project will look to trial 75 bulls in the conveyor system and if successful, it will be extended to 75 bulls in the cells. For virtual fences to work, cattle are fitted with collars which deliver a noise followed by an electric stimulus when they reach the pre-programmed boundary.

According to Agersens, the company delivering the system, animals learn by the second or third association that they need to stop or turn aside when they hear the sound. To trial the system, the project as sought and was granted approval from AgResearch's Animal Ethics Committee.

With a number of projects coming to an end in 2020, an innovation workshop was held Dunedin to seek out and help farmers progress concepts into projects. Following the workshop three projects have been identified to support and bring to life. These are: Tourism and technology on farm, Blueprint for Sediment traps, and Swedes with functional catch crop. We have also identified other projects that have a strong link to existing research and development work or programmes currently funded by B+LNZ.



Dairy specific focus

B+LNZ worked on a number of initiatives in 2019 that are either directly focused on delivering value back to our dairy levy payers, or broader initiatives that have a strong dairy component to the work.

Some highlights this year include, the second year of results in the dairy-beef progeny testing project. This project that was launched in 2016 is starting to deliver some great insights into bull selection and breeding. A copy of the latest results released in September can be found here: www.tiny.cc/blg-dbpt

There are a number of initiatives in the market development space that will be of value to the dairy-beef component of New Zealand's exports. The launch of Taste Pure Nature in California will be of long-term value as most of New Zealand's beef exports to the US are currently grinding beef. The market development team is also working with processing companies to identify potential new market opportunities for bobby calves.

B+LNZ has continued our close collaboration with DairyNZ this year on issues like M. bovis, biosecurity, winter grazing, climate change and water. There are a number of workshops that B+LNZ has launched this year that we see as being of value to dairy farmers and have been looking to increase our marketing of these events with DairyNZ.

Examples of this are the 'Farms, Trees and Carbon workshops', winter grazing workshops in Southland; and National workshops on biosecurity. We are conscious that there is often less visibility to dairy farmers around the work that B+LNZ is doing on your behalf and we will shortly be releasing a booklet that highlights the projects and work underway, as well as previous major projects.

03



Enhancing our environmental position

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

Total levy Investment* in this strategic pillar was \$3.9m for 2019. 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*

Key achievements to date



CARBON NEUTRAL BY 2050

- We've made good progress in quantifying our sector's emissions and offsets, and encouraging farmers to look at how to integrate trees on their farms. Our sector is already very close to being carbon neutral. We hope to be able to have some metrics on this in early 2020.
- Since 1990, sheep and beef farmers have reduced their absolute greenhouse gas emissions by 30 percent.
- Research by the University of Canterbury last year, identified 1.4 million hectares of native forest on sheep and beef farms. The B+LNZ Economic Service also estimates 180,000 hectares of pines on our farms.
- The Auckland University of Technology is doing research to measure the carbon sequestration from these trees, which we believe will take us a long way to being carbon neutral.
- We have developed and launched new "Farms, Trees, and Carbon" workshops to help farmers understand climate change, the Emissions Trading Scheme, on-farm planting, and the One Billion Trees programme. Nine workshops have been held already with 200 farmers attending. Farmers are interested in how they can better integrate trees into their farms for carbon, water and biodiversity benefits.
- We have actively engaged in the Zero Carbon Bill process, making submissions and providing advice to farmers on engaging.
- In partnership with 10 other primary sector organisations, we put forward the **Primary Sector Climate Change Commitment, He Waka Eke Noa** for measuring and managing agricultural emissions at the farm level which the government agreed to.
- B+LNZ strongly supports the integration of trees on sheep and beef farms, but is concerned about the potential impact mass afforestation could have on rural communities. Recent **research that B+LNZ commissioned from BakerAg** highlights this risk, illustrating that blanket forestry could reduce in a loss of 1 in 5 jobs from rural communities.

→ Next steps:

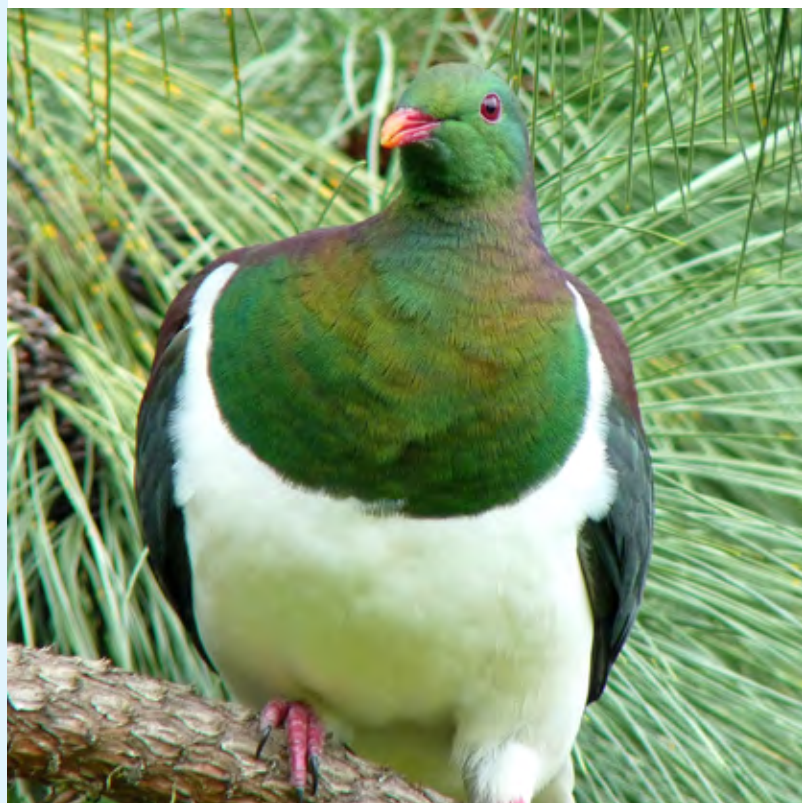
- Getting the He Waka Eke Noa work programme up and running as quickly as possible.
- We are progressing work on establishing a carbon measurement and certification scheme for sheep and beef farmers.
- Looking for partnerships (including with the One Billion Trees programme) to work with farmers on integrating trees on farms.
- Continuing our Farms, Trees, and Carbon workshops.

THRIVING BIODIVERSITY

- Our focus has been on quantifying the significant stock of biodiversity on our sheep and beef farms.
- The University of Canterbury identified 2.8 million hectares of native vegetation on sheep and beef farms, made up of 1.4 million hectares of native tussock and scrub, and 1.4 million hectares of native forest. This represents 25 percent of total native vegetation in New Zealand.
- The "Farms, Trees, and Carbon" workshops, which identify opportunities for farmers to integrate trees on their farms, has a particular focus on native trees.
- We have been engaging with the government on the development of its National Policy Statement on Biodiversity. We strongly promote biodiversity on sheep and beef farms, but need to ensure that new policies do not disadvantage or discourage those farmers that have already taken steps to protect or enhance their biodiversity.

→ Next steps:

- Working with the University of Canterbury, we are identifying areas of the country where help is needed to improve biodiversity and assist farmers in developing biodiversity plans.
- The University of Canterbury is also undertaking research to understand the changes in biodiversity on farms over the last two decades. This will help inform our work programme.





CLEANER WATER

- B+LNZ's focus is on having clean freshwater surrounding sheep and beef farms where New Zealanders can swim and gather food.
- In 2019 we launched new freshwater workshops to help farmers monitor and improve freshwater quality on farm. Nine workshops have been held so far with over 100 farmers attending.
- We have worked with the Ministry for the Environment on the Freshwater Improvement Fund project, which has seen four new catchment groups formed across New Zealand.
- We have undertaken significant work in the past year to improve winter grazing practices. We updated all our winter grazing resources for farmers (to include advice on what paddock and crop to choose) and developed and launched new winter grazing workshops to help farmers minimise sediment runoff from wintering cattle on crops. We have run major communications campaigns aimed at providing advice on best-practice winter grazing management.
- We have engaged with government on the development of new policies under the Essential Freshwater (EFW) process and our teams have been working around the country on a variety of regional plan processes, such as PCI in the Waikato.
- B+LNZ supports many of the EFW proposals such as clear science based in-stream environmental bottom lines. We are concerned, however, about grand-parenting provisions that disproportionately impact on the lowest environmental footprint farming systems, and the compliance costs of some proposals far exceed the environmental benefit. With some small, but important changes, we can get there: www.beeflambnz.com/freshwaterconsultation
- There are now 70 catchment community groups throughout New Zealand, supported by B+LNZ in their efforts to create local solutions to address environmental issues in their catchment.

→ Next steps:

- Continuing work to lift the number of farmers with Land and Environment plans and deliver more freshwater workshops.
- Continuing work to help farmers improve winter grazing practices.
- Supporting the establishment and work of more Catchment Communities and sharing their stories publicly.
- Supporting farmers on engaging in the Essential Freshwater policies and implementation.
- Collecting more information about the good work farmers have been doing across the country to improve water quality, soil and biodiversity and reduce greenhouse gas emissions.



HEALTHY PRODUCTIVE SOILS

- As a sector, we're focused on matching land use to land capability, improving soil health and carbon content while minimising soil loss, so we can have a productive sector well into the future.
- We have worked to ensure that healthy soils are integrated into our overall work/projects. Key areas include:
 - Our Hill Country Sustainability project with MBIE has a strong focus on soils
 - Ensuring Land and Environment Plan workshops help farmers better understand their soils
 - Focus on sediment management in winter grazing resources.

→ Next steps:

- Continue to integrate healthy soils into our work and help farmers build their understanding of how healthy soils deliver improved outcomes across their businesses.
- Continue with the Hill Country Sustainability Project
- Supporting on-going erosion control work, which also keeps soils healthy - a healthy soil is an un-eroded soil.

Summary of where to from here?

- Working with Catchment Communities to accelerate the uptake of farmers' environment planning.
- Develop further resources to support our Catchment Communities Support Programme. This includes an interactive map of farmer stories and catchment communities to showcase the massive amount of work taking place around the country.
- Running more climate change, winter grazing, trees on farm, and water quality workshops.
- Continue our support for the Pastoral Greenhouse Gas Research Consortium.
- Ongoing advocacy on behalf of farmers to ensure any plan changes and national policy changes are fit-for-purpose and work for both sheep and beef farmers and central/local government.
- Showcase environmental best practice within a high-performance farming operation via B+LNZ's Future Farm - Lanercost.
- Better telling the environmental story of New Zealand's sheep and beef sector - within a global context - to the New Zealand public.
- Continue to engage resources with ministries and sector agencies on developing and improving good farming practices; integrating farm planning; and evolving an industry led quality assurance programme.
- Complete the development of a biodiversity programme, building on our Norton report work, to help our farmers manage and protect biodiversity.

Climate Change

Zero Carbon Act

Climate change policy was one of the two major environmental policies that dominated the focus of both the primary sector and politicians this year. Starting in May, the Climate Change Response (Zero Carbon) Amendment Bill - more commonly referred to as the Zero Carbon Bill - worked its way through Parliament before eventually being passed in November.

As a result of earlier submissions from the primary sector, including B+LNZ, during the Ministry for the Environment's consultation in 2018, the government did adopt a split gas approach in the legislation, allowing for different targets for long-lived (carbon dioxide and nitrous oxide) and short-lived (methane) greenhouse gases.

In this legislation the Government has set a net zero target for carbon dioxide and nitrous oxide by 2050, allowing these gases to be offset by the purchase of carbon credits (via the planting of trees). Both of these targets were backed by B+LNZ, though we did encourage the government to include a gross reduction target for carbon dioxide to ensure that there was a requirement for overall reductions in its emissions rather than just allowing it all to be offset via tree planting.

However, the Government did propose and ultimately kept an extremely tough gross (total) reduction target for methane of 10 percent by 2030, and 24-47 percent by 2050. In opposing these targets, B+LNZ took a science-based approach using the latest metrics coming out of the University of Oxford and Victoria University of Wellington, which demonstrate that to achieve the same "net zero" contribution to additional warming as carbon dioxide, methane emissions only need to reduce by 0.3 percent a year.

Throughout this process B+LNZ met with Prime Minister, senior Ministers, and MPs from across Parliament to challenge both the metrics the Government was using to inform its legislation as well as the assumed ability of the sector to meet those steep targets as well while still remaining financially and socially sustainable.

Unfortunately, despite near universal opposition from livestock industry groups and agricultural organisations, the methane targets were retained in the final legislation. However, Climate Change Minister James Shaw did commit to referring these targets to the new Climate Change Commission for them to review, and as a sector we have already written to the Minister urging him to do so.

He Waka Eke Noa - The Primary Sector Climate Change Commitment

As the Zero Carbon Bill worked its way through Parliament, the Interim Climate Change Committee reported back with their recommendation on how to handle farm emissions. Their proposal was for an interim levy at the processor-level for livestock emissions to fund the development of an eventual farm-level pricing mechanism.

In response, 11 primary sector organisations came together with He Waka Eke Noa - the Primary Sector Climate Change Commitment - which put forward an alternative model. This model would see those organisations redirect existing funding to develop the farm-level pricing mechanism without the need for an additional levy on the sector, an action the sector argued would be such a broad-brush tool that it would be a disincentive for individual farmers to make changes on their property that would reduce or offset their greenhouse gas emissions.

Following a consultation period, the Government, with a few minor caveats to ensure progress is being made, agreed to He Waka Eke Noa, making it a historic industry-led pathway to emissions pricing for the agricultural sector. To find out more visit www.beeflambnz.com/climatechangecommitment



32%

reduction in absolute greenhouse gas emissions since 1990

Afforestation

Connected to the development of climate change policy, afforestation was a significant focus for B+LNZ with farmers raising concerns about a number of sheep and beef farmers being purchased and converted into forestry. While B+LNZ absolutely agrees there is a place for forestry on farm and farmers are very supportive of the integration of trees within a farming operation, there is growing concern in some regions about increasing numbers of productive sheep and beef farms selling into forestry and the potential impact this may have on regional communities.

In response, B+LNZ has been undertaking analysis to understand the extent of the conversion happening, what is driving it, and the impacts it will have on regional communities.

Crucially, B+LNZ has been focused on working with the Government to understand what they are trying to achieve with their policy settings, including loosening of Overseas Investment Office rules relating to forest, proposed Essential Freshwater policies, the Zero Carbon Act and the likely lifting of the price cap on carbon credits, to avoid unintended consequences for the sector while delivering on our shared environmental objectives.

For example, in assessing the Zero Carbon Act, the Parliamentary Commissioner for the Environment estimated that under the legislative framework, companies will look to offset 60 percent of their carbon dioxide emissions through tree planting, requiring an additional 5.4 million hectares of land to be locked up in forestry. Likewise, under the proposed Essential Freshwater regulations, restrictions on land use change would see any land converted from pasture into forestry locked up into forestry too.

B+LNZ has raised this issue with Ministers, MPs, and officials on numerous occasions during 2019, and helped organise a day of meetings directly between concerned farmers and Ministers and MPs to reinforce the importance of this to the sector. We also commissioned rural consultancy firm BakerAg to look at the potential impacts of widespread afforestation on Wairoa: www.beeflambnz.com/research-afforestation-impacts-wairoa. We have commissioned further case studies for other parts of the country.

Development of tools and research for climate change

B+LNZ is investing in a number of projects so farmers will have the tools to manage their agricultural emissions.

In 2019 we launched our Farm, Trees and Carbon workshops to provide advice how farmers can integrate trees - whether native or exotic - into their farms. Over 10 workshops have been held with over 200 farmers attending these.

We are working with Enviromark, Overseer and other agricultural organisations to develop a system for farmers to measure their emission and offsets and seek carbon neutral accreditation.

We have also invested in research to measure the sequestration on sheep and beef farms from their native and production forestry to establish our sector's net carbon position. We hope to release this research soon.

Beef + Lamb New Zealand Genetics have also developed a methane "research breeding value" that it launched in November 2019, which will allow farmers to identify and breed low methane sheep.

This world-first new breeding tool is thanks to a 10-year multi-million-dollar collaboration between the Pastoral Greenhouse Gas Research Consortium (PGGRC), New Zealand Agricultural Greenhouse Gas Research Centre (NZAGRC) and AgResearch, supported by the Ministry of Business, Innovation and Employment and Ministry for Primary Industries.



1.4M hectares of native forest on sheep and beef farms

Water

Essential Freshwater consultation

In September 2019 the Government announced its Essential Freshwater policy, a suite of proposed changes to regulatory settings with the goal of improving New Zealand's waterways. B+LNZ engaged intensively with farmers, our partner agricultural organisations, officials, and the Government over the proposals.

More than 3,500 sheep and beef farmers attended dozens of freshwater meetings run in conjunction with DairyNZ and Federated Farmers, including 25 hosted by B+LNZ during the consultation period.

We support the intent of the government's proposals and are working to address the sheep and beef sector's specific issues and we support effective freshwater policies and the need for clear, science-based environmental bottom lines that protect human and ecological health, as well as frameworks that empower farmers and communities to work together to achieve these.

The main concerns that were raised by sheep and beef farmers are that the Essential Freshwater proposals would reward the highest nitrogen leaching operations and penalise the farming systems with the lightest environmental touch, through a number of "grandparenting" provisions. The

Government would be, in effect, placing higher costs on our most environmentally sustainable and low impact farming systems.

As part of informing the response to the proposals, B+LNZ commissioned research by BakerAg to measure the impact of the Essential Freshwater policies on sheep and beef farms. BakerAg applied the proposed regulations to four farms across the country and estimated that the costs would be \$2.4 million and \$3.4 million per farm over a decade, many times greater than the \$148,500 over 10 years estimated by MfE. www.beeflambnz.com/freshwaterconsultation

The proposals would also lock in existing land uses and prevent the small changes in farming systems on low-emitting farms that would be needed to offset the additional costs to comply with other parts of the proposed regulations.

BakerAg found the capital costs of meeting the proposed changes would be \$185,000 for a mixed cropping farm and \$680,000 for a hill country sheep and beef farm. In addition, there would be ongoing compliance costs of between \$35,000 and \$80,000 per year.

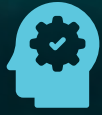
The research also estimates a loss of net future income of between \$95,000 and \$184,000 per farm as a result of 'grandparenting' provisions, which

lock in sheep and beef farms at their current stocking rates and land-use, and impractical fencing requirements.

With some small but important changes to the proposed policies, it would be possible to meet the country's environmental objectives.

In our submission to the government on the essential freshwater policy proposals, B+LNZ recommends the following changes:

- Removing the grandparenting and fencing provisions and adopting an industry approach, including the existing New Zealand Farm Assurance Programme (NZFAP), to support sheep and beef farmers to improve freshwater quality.
- Allow hill country cropping as a permitted activity with careful management of soil type and discharge.
- Amend land-use change restrictions, particularly the moratorium on forestry to pastoral conversion, and allow extensive farming systems to diversify into other extensive or low environmental impact systems.
- Use of tailored land and environment plans to manage stock access to waterbodies or exclusion in hill country.
- A focus on the identification and management of critical water source areas and proper stock management.



49% of farmers have created farm environment plans



80% of farmers with a farm environment plan are actively implementing them



Over **3,750** farmers have attended a Land and Environment Plan workshop

Tools for farmers on water and winter grazing

In parallel with our policy engagement, B+LNZ has been working hard to provide farmers with the tools to improve water quality on their farms.

Great progress has been made with farm environment planning:

- More than 900 farmers attended 72 workshops in 2018-2019.
- Over 3,750 farmers have now attended a Land and Environment Plan workshop.
- 49 percent of sheep and beef farmers now have a Farm or Environment plan in place, up from 36 percent in 2017 (Source B+LNZ UMR Quarterly Survey).
- 80 percent of sheep and beef farmers with a Farm or Environment plan are actively implementing their plan. (Source B+LNZ UMR Quarterly Survey)

B+LNZ is also upgrading our Farm Environment Plan template to cater for changing policy needs and ensure full coverage of soils, water, climate and biodiversity and on supporting every farmer to have an active plan by the end of 2021.

In 2019, we launched new freshwater workshops to help farmers monitor and improve freshwater quality on farm. Nine workshops have been held so far with over 100 farmers attending.

Good progress is also being made on the Freshwater Improvement Fund project that we are partnering with the Ministry for the Environment to demonstrate the environmental progress that can be made by linking farm and catchment planning. There have been four new Catchment community groups in the Hawke's Bay in the Maraekakaho area, the Wairarapa in the Wainuioru catchment, in Otago in the Thompson's Creek catchment near Alexandra, and in the Mimihau catchment in Southland.

B+LNZ has undertaken significant work in the past year to improve winter grazing practices. We updated all our winter grazing resources for farmers (to include advice on what paddock and crop to choose) and developed and launched new winter grazing workshops to help farmers minimise sediment runoff from wintering cattle on crops.

We have run major communications campaigns aimed at providing advice on best-practice winter grazing management and held joint workshops with DairyNZ in Southland with Agri-professionals so that advisors are providing farmers with consistent best practice advice.



Catchment groups

B+LNZ has significantly lifted its support of catchment communities around the country.

There are now 70 community groups connected with B+LNZ operating in various catchments around New Zealand. B+LNZ has been working to support these groups to get up and running, develop their focus, and ensure ongoing technical and administrative support.

B+LNZ is also bringing together catchment groups to share information on their work and this includes connecting groups online. A new interactive map of New Zealand allows people to see what catchment groups are doing around the country and how to get in contact with them with the aim of helping share knowledge across the country as well as illustrating just how much work is taking place to improve the health of our rivers and lakes.

www.beeflambnz.com/your-levies-work/community-catchment-group-programme

04



Government and public insight and engagement

Backing our farmers on the issues that count



Total levy Investment* in this strategic pillar was \$3.2m for 2019. 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*

Government and public insight and engagement



Key achievements in 2019

- Significant collaboration with industry partners such as the Meat Industry Association, Federated Farmers, and DairyNZ
- The completion of an in-depth analysis of public perceptions of the sheep and beef sector
- Significant engagement across all areas of government in key policy areas like trade, climate change, water, afforestation, biodiversity, and biosecurity
- On-going intensive engagement in the *Mycoplasma bovis* response
- Input into the NAIT review

Public perceptions research

There has been significant interest and commentary about the future of red meat in relation to people's diets and health and environmental concerns, driven in particular by well-funded groups such as the EAT Forum.

With the global population expected to grow by one billion by 2030, it is vital we have conversations about the sustainability of our food supply. The New Zealand sheep and beef sector is already a world leader in terms of sustainable production and is taking steps to further improve on this.

To better inform how we position the sector in response to these concerns, B+LNZ completed the most comprehensive research on public perceptions of the red meat in New Zealand in collaboration with B+LNZ Inc and MIA, with funding from AGMARDT.

The research started in October 2018 by analysing online public conversations on social media going back two years across four areas - New Zealand, California, Texas, and the rest of the United States as reference markets. This was followed in November by a nationally representative sample of 2,000 New Zealanders on their attitudes to farming and red meat and how they used red meat in their diets.

In January and February 2019 the research drilled down in more depth with immersive sessions with in-home family interviewing sessions in Auckland, Wellington, Waikato, and Whanganui, with another group of focus group sessions with consumers across Auckland, Waikato, and Christchurch.

Public perceptions are positive with farmers viewed as trustworthy

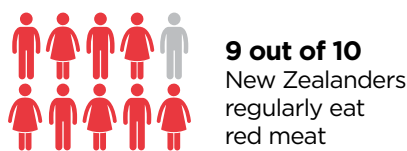
people, but there were increasing concerns about the environmental impacts of red meat production. The research highlighted there is very little knowledge among New Zealanders about how sheep and beef cattle are raised in this country with three out of every four people being unfamiliar with the beef and sheep sector. In particular, there was a lack of knowledge about our free range grass-fed systems; very low water usage; significant reduction in greenhouse gas emissions; and major biodiversity on our farms, especially when compared to global production systems, particularly those based on grain.

The research also showed a lack of knowledge of the economic contribution sheep and beef farmers have to both regional and national economies.

Insights

Since 2017, Beef + Lamb New Zealand has been driven by its purpose of “insights and action that drive tangible impact for farmers”. Insights involve a deep understanding of people and issues that help the organisation and farmers understand and tackle challenges and opportunities facing the sector.

In 2018-19, B+LNZ undertook analysis of consumer views of GMOs and genetics, greenhouse gases emissions and the impact of ETS systems, the environmental footprint of the sheep and beef sector, public perceptions of the red meat sector in New Zealand, and the impact of afforestation on rural communities. These added to the work done previously on alternative proteins and consumer preferences, which supported Taste Pure Nature and related market initiatives.



Red meat regularly featured in the diets of 9 out of 10 New Zealanders, but consumption is under pressure with proteins like chicken gaining in popularity due to affordability while fish delivered on perceived health benefits. Red meat still proves a family favourite thanks to its versatility, flavour, and convenience, but the research identified areas where perception could be improved around its nutritional value and environmental footprint.

The research also identified the areas in which consumers were after more information about beef and lamb that could breathe new life into their perceptions of farming and red meat, including domestic endorsement of the Taste Pure Nature country of origin brand that B+LNZ launched in 2019. Consumers want a better understanding of the health benefits from eating red meat, they want to know what its environmental footprint is, and they want food that reflects their values.

One of the big opportunities to improve perceptions was around the ability of the New Zealand public to visit a farm and get a first-hand experience of New Zealand’s farming systems, with connection to a farm being the best indication of how the sector is viewed, either positively or



negatively. This insight was a key part of why B+LNZ sponsored the initial scoping study for the Open Farms movement and is a proud sponsor of it going forward, as bringing urban and rural New Zealand together will be key to help challenge some of the pre-existing perceptions that have developed over the last 30 years.

Another useful finding was that it was frequently those who had the lowest levels of knowledge about farming and red meat who were driving negative stories about the sector, illustrating the opportunity for B+LNZ to work with farmers to directly tell their stories about them and how they farm to consumers.

As a result of this research, a number of exciting initiatives are underway – such as supporting Open Farms – to better promote the sector to New Zealanders and provide factual information to correct the use of global environmental statistics that are often based on farming systems, such as grain-fed, that have little or no relevance to New Zealand. Keep an eye out in 2020 for more news.

Regular ongoing reputation monitoring is also now in place to gauge how consumers attitudes and behaviours are shifting in response to both industry activity as well as other factors.




Economic Service

The Economic Service is a whole-of-organisation service built around collecting and analysing economic and other data about sheep and beef farms, production and exports. The Service will have been operating for 70 years in 2020.


At the heart of the Economic Service’s activities is the Sheep and Beef Farm Survey, which gathers data from a statistically valid sample of over 500 sheep and beef farms, across five regions and eight farm classes. Over 2,000 data points are collected and analysed across each of these farms each year.

This data is combined with analysis of meat production, processing, and exports to provide a strong overall picture of the economic and production activity of the red meat sector. This analysis is provided to farmers in a variety of formats, including quintile analyses, on-line benchmarking tools and support workshop delivery.

This data and analysis are critical for Beef + Lamb New Zealand’s advocacy work, as they provides a robust basis for estimating the impact of policies on the sector and the rural communities it supports.

 **6,000**

Downloads of Economic Service reports and publications

 **50,000**

The number of times Economic Service online tools and calculators have been used

Mycoplasma bovis

M. bovis is one of the greatest biosecurity challenges New Zealand has faced and it has been a tough year for those farms affected by the disease outbreak. B+LNZ remains committed to achieving eradication so that we can farm free from this disease.

As part of funding the beef cattle sector's share of the response (6 percent), B+LNZ consulted with farmers in mid-2019 about an increase to the maximum biosecurity levy rate for cattle from \$0.45/head to \$2.00/head, with an initial levy rate of \$1.80/head for beef cattle, and allowing different rates to be set for different stock classes so that dairy cattle could be exempt from a 'beef cattle' levy for the *M. bovis* response.

59 percent of the 1,601 farmers who provided feedback supported B+LNZ's proposals, with farmers recognising the importance of the *M. bovis* response and the need for the beef cattle industry to actively play its part in helping eradicate the disease. Farmers recognised that it was importance for B+LNZ to have a seat at the table for the *M. bovis* response to ensure beef farmers' views are heard and to resolve issues with the response.

The Minister of Agriculture has now approved the new biosecurity levy rates and these will come into effect from 1 March 2020.

Two reviews were conducted into the *M. bovis* response during 2019, one initiated by MPI and one by DairyNZ. These reviews looked at how the response could improve its systems and processes, and the recommendations from them both are being implemented in order to ensure the success of the programme and to minimise its impacts on farmers as much as possible.

The DairyNZ and Beef + Lamb New Zealand Compensation Assistance Team (DBCAT) was also set up to help guide farmers through the compensation process.

In October, a report from the independent Technical Advisory Group (TAG) concluded that achieving eradication is feasible and supports the changes the Programme made over the past six months.

The Programme is beginning the planning and development of the ongoing surveillance effort, which when the time comes, will allow us to be fully confident that the disease has been eradicated.



We will continue to work with government and DairyNZ to ensure the eradication programme has the greatest chance of success, and that farmers are represented every step of the way.

B+LNZ's regular surveying of beef farmers showed that 55 percent of farmers have made at least some changes on their farm to reduce the risk of *M. bovis*, but ongoing vigilance is required with the *M. bovis* response set to start surveying the national beef herd in early 2020 to assess the extent of the disease's spread.

More advice and resources on *M. bovis* are available at: www.beeflambnz.com/mycoplasma-bovis



Biosecurity

Biosecurity is a key concern for farmers. Pests and disease incursions can have a significant impact on farms, the sector and the wider economy. B+LNZ, in partnership with DairyNZ, hosted a series of biosecurity workshops throughout the country to help build farmer awareness of the steps they can take to protect themselves and their neighbours.

DBCAT

The DairyNZ and Beef + Lamb New Zealand Compensation Assistance Team (DBCAT), set up in September 2018 to facilitate *M. bovis* claims on behalf of affected farmers, is now assisting over 90 per cent of all claims.

The team is funded by the *M. bovis* Programme but run independently by Beef + Lamb New Zealand and DairyNZ.

DBCAT has 14 staff based strategically to support the *M. bovis* programme in Hamilton, Canterbury, South Otago and Southland.

On average, claims made using assistance from DBCAT are paid out six days faster than claims they have not helped prepare, he says.

NAIT changes

NAIT plays a vital role in managing food safety and biosecurity risks, underpins New Zealand's market assurances and supports the sector to meet customer requirements.

As the response to *M. bovis* found, there is a significant cost to the sector if farmers do not comply with NAIT. The robustness of the traceability system is important for eradicating *M. bovis*. A lack of complete NAIT data is also a barrier to moving towards more cost-effective, risk-based management of bovine tuberculosis.



The Government passed changes to the National Animal Identification and Tracing Act in December. The amendments, which were developed in the wake of the *M. bovis* response, include tightening up the rules around untagged animals, and increasing the penalties and infringement fees.

B+LNZ was pleased the Government dropped several proposals to amend the NAIT Act. We supported the changes to the NAIT scheme because we believe the focus on greater compliance activity for those not doing the right thing with their NAIT account will be backed by farmers who are meeting their obligations.






We also welcomed the Government's decision to drop a proposal for the Crown to take ownership of NAIT data on behalf of PICAs, all farmers and the wider sector. This data is fundamental

to biosecurity and market assurances. But it also has huge potential as a way to integrate whole-of-life quality assurance into the story New Zealand tells to the world. That is why industry ownership is so important.

We were also pleased that the proposal to remove the 'unsafe to tag' exemption in five years is now a review of the exemption - the health and safety of our farmers must always be paramount.

The increase in the penalties and infringement fees, such as the \$400 fine per non-complaint animal, is significant and when the Bill was passed, we called on the Ministry for Primary Industries to exercise a level of discretion and work with farmers alongside OSPRI and its stakeholders to encourage and drive greater compliance.

Expenditure after deducting other income

Priorities	Actual 2018-19 \$,000	Budget 2019-20 \$,000
 Supporting Farming Excellence (incl. final year RMPP funding in 2019-20)	13,404	14,700
 Unlocking Market Potential	7,307	9,100
 Enhancing our Environmental Position	3,917	5,300
 Government and Public Insight & Engagement	3,201	3,600
 Building a Great Organisation	2,268	2,100
Total Levy Expenditure	30,097	34,800

Budget 2019-20

SHEEPMEAT LEVY

	Per Head	Cents Per Kg ¹
Supporting Farming Excellence	\$0.41	2.28¢
Unlocking Market Potential	\$0.21	1.16¢
Enhancing our Environmental Position	\$0.13	0.70¢
Government and Public Insight and Engagement	\$0.09	0.51¢
Building a Great Organisation	\$0.04	0.25¢
	\$0.88	4.90¢
Income		
Levy	\$0.70	3.89¢
NZMB Interest	\$0.04	0.24¢
Reserves Drawdown for RMPP	\$0.10	0.55¢
	\$0.84	4.68¢
Levy Stream Surplus /(Deficit) For The Year	(\$0.04)	(0.22)

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

Note: Numbers have been rounded

BEEF LEVY

	Per Head	Cents Per Kg ¹
Supporting Farming Excellence	\$2.03	0.73¢
Unlocking Market Potential	\$1.66	0.59¢
Enhancing our Environmental Position	\$0.94	0.33¢
Government and Public Insight and Engagement	\$0.56	0.20¢
Building a Great Organisation	\$0.41	0.15¢
	\$5.60	2.00¢
Income		
Levy	\$5.20	1.86¢
NZMB Interest	\$0.14	0.05¢
Reserves Drawdown for RMPP	\$0.70	0.25¢
	\$6.04	2.16¢
Levy Stream Surplus /(Deficit) For The Year	\$0.44	0.16¢

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

B+LNZ Governance Statement

The B+LNZ Board has adopted a Board Charter which sets out the responsibilities of the board, the delegations to management and a requirement to review the Board's performance

The B+LNZ Board and senior management have all adopted code of Values and Behaviour to which to hold each other to account.

The Board has two Committee's:

Audit & Risk Committee

This committee assists the Board with its governance responsibilities for financial reporting & external audit, risk management, internal control, compliance with laws and

regulations, code of conduct compliance and delegated authorities for management. This Committee meets with KPMG (the Auditor) and has reviewed the statutory financial statements.

This Committee has a shared function with the New Zealand Meat Board

Honoraria, Remuneration and Expense Committee

This Committee assists the Board in the oversight of the Directors Independent Remuneration Committee (comprising David Nelson, Derrick Millton and Bruce Wills), the remuneration policies for the B+LNZ team and reviews for the CEO and his reports.

This Committee has shared function with the New Zealand Meat Board

SUMMARY FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 September 2019

In thousands of New Zealand dollars	Group Year Ended 2019			Group Year Ended 2018		
	Total	Levy Stream	Non Levy Stream	Total	Levy Stream	Non Levy Stream
Non Exchange Revenue						
Levies Received	29,293	29,293	-	25,850	25,850	-
Other Non Exchange Income	7,777	5,924	1,853	8,615	5,270	3,345
Exchange Revenue						
Other income	4,770	4,770	-	3,872	3,872	-
Total Income	41,840	39,987	1,853	38,337	34,992	3,345
Operating expenses	(41,441)	(39,424)	(2,017)	(37,084)	(33,202)	(3,882)
Net operating surplus/ (deficit) from operating activities	399	563	(164)	1,253	1,790	(537)
Net finance income	541	509	32	630	542	88
Net operating surplus/ (deficit) for the year before income tax	940	1,072	(132)	1,883	2,332	(449)
Income tax expense	-	-	-	-	-	-
Net operating surplus/ (deficit) for the year	940	1,072	(132)	1,883	2,332	(449)
<i>Other comprehensive income</i>	-	-	-	-	-	-
Total comprehensive income for the year	940	1,072	(132)	1,883	2,332	(449)
Attributable to:						
Levy payers	1,072	1,072	-	2,332	2,332	-
Meat Education Fund	(121)	-	(121)	(324)	-	(324)
Special Reserves	(11)	-	(11)	(125)	-	(125)
	940	1,072	(132)	1,883	2,332	(449)

These statements are to be read in conjunction with the notes on page 57. 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 2019

	Parent Year Ended 2019				
In thousands of New Zealand dollars	Beef	Sheepmeat	Total Levy Stream	Non Levy Stream	Total
Non Exchange Revenue					
Levies Received	13,699	15,594	29,293	-	29,293
Other Non Exchange Income	2,485	2,669	5,154	1,853	7,007
Exchange Revenue					
Other income	1,350	1,658	3,008	-	3,008
Total Income	17,534	19,921	37,455	1,853	39,308
Operating expenses	(16,418)	(19,997)	(36,414)	(2,017)	(38,431)
Net operating surplus/ (deficit) from operating activities	1,116	(76)	1,041	(164)	877
Net finance income	228	259	486	32	518
Net operating surplus/ (deficit) for the year before income tax	1,344	183	1,527	(132)	1,395
Income tax expense	-	-	-	-	-
Net operating surplus/ (deficit) for the year	1,344	183	1,527	(132)	1,395
<i>Other comprehensive income</i>	-	-	-	-	-
Total comprehensive income for the year	1,344	183	1,527	(132)	1,395
Attributable to:					
Levy payers	1,344	183	1,527	-	1,527
Meat Education Fund	-	-	-	(121)	(121)
Special Reserves	-	-	-	(11)	(11)
	1,344	183	1,527	(132)	1,395
Share of Operating surplus/ (deficit) of Research Consortium and Subsidiaries as reflected in Group Financial Statements comprising:			(455)		
B+LNZ Investments Ltd			24		
Pastoral Genomics Ltd			(126)		
B+LNZ Emissions Company Ltd			(147)		
B+LNZ Genetics Ltd			(206)		
Group Net operating surplus/ (deficit) for the year- Levy Stream			1,072		

These statements are to be read in conjunction with the notes on page 57. 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 2019

In thousands of New Zealand dollars	Parent Year Ended 2018				
	Beef	Sheepmeat	Total Levy Stream	Non Levy Stream	Total
Non Exchange Revenue					
Levies Received	11,374	14,476	25,850	-	25,850
Other Non Exchange Income	720	1,080	1,921	3,345	5,266
Exchange Revenue					
Other income	984	1,234	2,096	-	2,096
Total Income	13,078	16,790	29,867	3,345	33,212
Operating expenses	(12,288)	(15,719)	(28,007)	(3,882)	(31,889)
Net operating surplus/ (deficit) from operating activities	790	1,071	1,860	(537)	1,323
Net finance income	223	283	506	88	594
Net operating surplus/ (deficit) for the year before income tax	1,013	1,354	2,366	(449)	1,917
Income tax expense	-	-	-	-	-
Net operating surplus/ (deficit) for the year	1,013	1,354	2,366	(449)	1,917
<i>Other comprehensive income</i>	-	-	-	-	-
Total comprehensive income for the year	1,013	1,354	2,366	(449)	1,917
Attributable to:					
Levy payers	1,013	1,354	2,366	-	2,366
Meat Education Fund	-	-	-	(324)	(324)
Special Reserves	-	-	-	(125)	(125)
	1,013	1,354	2,366	(449)	1,917
Share of Operating surplus/ (deficit) of Research Consortium and Subsidiaries as reflected in Group Financial Statements comprising:			(34)		
B+LNZ Investments Ltd			(106)		
Pastoral Genomics Ltd			(12)		
B+LNZ Emissions Company Ltd			(37)		
B+LNZ Genetics Ltd			121		
Group Net operating surplus/ (deficit) for the year- Levy Stream			2,332		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2019

In thousands of New Zealand dollars	Group		Parent	
	Retained Earnings	Total Equity	Retained Earnings	Total Equity
Balance at 1 October 2018	22,265	22,265	21,334	21,334
Total comprehensive income for the year				
Surplus/(Deficit) for the year	940	940	1,395	1,395
Total comprehensive income for the year	940	940	1,395	1,395
Balance at 30 September 2019	23,205	23,205	22,729	22,729

These statements are to be read in conjunction with the notes on page 57. A copy of the full financial report is available from Beef + Lamb New Zealand Limited.

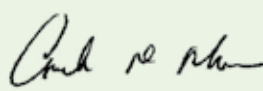
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

In thousands of New Zealand dollars	Group 2019	Group 2018	Parent 2019	Parent 2018
EQUITY EMPLOYED				
Retained earnings	23,205	22,265	22,729	21,334
TOTAL EQUITY EMPLOYED	23,205	22,265	22,729	21,334
Represented by:				
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	10,764	9,470	9,399	7,908
Trade and other exchange receivables	2,875	1,455	2,596	917
Non- exchange Receivables	2,120	1,846	1,957	1,711
Term Deposits	11,000	13,545	11,000	13,545
Derivative financial instruments	22	24	22	24
Livestock on Hand	328	323	-	-
Advance to Partner (Lanercost)	57	-	-	-
Advance to Subsidiary Company	-	-	360	-
TOTAL CURRENT ASSETS	27,166	26,663	25,334	24,105
NON-CURRENT ASSETS				
Property, plant & equipment	532	572	382	458
Intangible assets	236	412	236	412
Investments in subsidiary companies	-	-	582	1
Advance to Subsidiary Company	-	-	-	581
Term receivables- Exchange	95	97	95	97
TOTAL NON-CURRENT ASSETS	863	1,081	1,295	1,549
TOTAL ASSETS	28,029	27,744	26,629	25,654
CURRENT LIABILITIES				
Trade and other payables	3,941	4,569	3,040	3,462
Derivative financial instruments	1	1	1	1
Deferred Revenue	115	148	115	148
Employee entitlements	621	573	598	521
TOTAL CURRENT LIABILITIES	4,678	5,291	3,754	4,132
NON CURRENT LIABILITIES				
Lease Liabilities	146	188	146	188
TOTAL NON-CURRENT LIABILITIES	146	188	146	188
TOTAL LIABILITIES	4,824	5,479	3,900	4,320
NET ASSETS	23,205	22,265	22,729	21,334

The Board of Directors authorised these financial statements for issue on 4 December 2019.

This statement is to be read in conjunction with the notes on page 57. 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 2019

In thousands of New Zealand dollars	Group Year ended 2019	Group Year ended 2018
Net cash flows from operating activities	(1,046)	3,252
Net cash flows from/(to) investing activities	2,339	1,523
Net cash flows used in financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	1,293	4,775

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 4 December 2019. 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.

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.

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	2019 (\$000)	2018 (\$000)
Chairman	70	69
Directors	34	33.4
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.

(\$,000) Remuneration Range	Number of Employees			
	2019		2018	
	Continuing	Discontinued	Continuing	Discontinued
100-109	8	-	8	2
110-119	7	1	4	-
120-129	3	-	2	-
130-139	2	-	5	-
140-149	1	-	2	-
150-159	5	-	1	-
160-169	3	-	1	-
170-179	5	-	3	-
180-189	-	-	1	-
190-199	-	-	1	-
200-209	1	-	1	-
210-219	1	-	-	-
220-229	1	-	2	-
270-279	1	1	1	-
290-299	1	-	-	-
301-310	1	-	-	-
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 2019. 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.

Meat and Wool Trust Ltd (Shareholder Beef + Lamb New Zealand Ltd)	Kirsten Bryant (R), Melissa Clark-Reynolds, Mark Clarkson, Martin Coup, Tony Egan (A), Nicky Hyslop (A) Sam Lewis (R), Andrew Morrison, George Tatham, Philip Smith, Bill Wright (R), S Gower (A).
Subsidiary Companies	
B+LNZ Clover Company Ltd Holds B+LNZ interest in Pastoral Genomics Research Consortium	Sam McIvor
B+LNZ Emissions Company Ltd Holds B+LNZ interest in Pastoral Greenhouse Gas Research Consortium	Sam McIvor
B+LNZ Investments Ltd Holds B+LNZ interest in the North Canterbury Future Farm	Sam McIvor
Taste Pure Nature Ltd Licences meat exporters with Taste Pure Nature branding	Sam McIvor (A)
Primary Resources Ltd Non-trading	Andrew Morrison
B+LNZ Genetics Ltd	George Tatham (Chairman from August), Chris Kelly (Chairman until August), Bob Thompson, Greg Murison (R), James Parsons.
Associates	
Beef + Lamb New Zealand Incorporated	Andrew Morrison (A), Sam Lewis (R), Sam McIvor (A)
North Canterbury Future Farm Management Ltd	Sam McIvor, Kate Acland, Carl Forrester, Simon Lee, Hamish Fraser (A)
Red Meat Profit Partnership General Partner Ltd.	Malcolm Bailey, Graham Brown, Alan McDermott, Sam McIvor, Jane Smith, George Tatham, Bob Cottrell, Wayne Allan
Pastoral Genomics Ltd	Bill Wright (R), Nicky Hyslop (A)
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 55 to 59:

- i. Have been correctly derived from the audited company and group financial statements for the year ended 30 September 2019; and
- ii. Are 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 2019;
- 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 other explanatory information. Our opinion excludes the statutory disclosures on page 59.



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 services to the group in relation to other Advisory 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 annual report. Our opinion on the company and group 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 financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 financial statements

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

- the preparation and fair presentation of the summary 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 financial statements that is correctly derived from the audit company and group financial statements.



Auditor's responsibilities for 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 4 December 2019.

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

4 December 2019



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