New Zealand's red meat sector: our priorities for a prosperous New Zealand

The New Zealand red meat sector produces the world's most delicious and nutritious premium beef and lamb for customers in more than 100 markets across the globe.

Our proud farmers raise sheep and beef cattle as nature intended - overwhelmingly free range and pasture fed. They're kaitiaki (guardians) of the land with almost a quarter of New Zealand's total native vegetation on sheep and beef farmland.

We're also an economic powerhouse for the New Zealand economy, returning more than $11 billion in export revenue to the country, supporting approximately 92,000 jobs (5 percent of total national employment), and making a real difference to rural and regional communities.

We make a vital contribution to the social, economic and environmental wellbeing of this small country, and this is a responsibility we take extremely seriously.

For us, pragmatic policy and regulatory settings are critical if we are to continue to lift productivity, foster innovation and produce world-class, sustainable and premium food.

Our sector's success is New Zealand's success – let's find a way to make it happen together.

Almost
1/4
NZ's total native vegetation on S&B farms

92,000
New Zealand jobs

More than
$11b
in export revenue

5%
of total national employment

Government can help us achieve this vision in the following ways:

1. **Climate and Environment Policy**
2. **Workforce and Industrial Relations**
3. **Trade**
4. **Biosecurity**
5. **Innovation, Research and Development**

Climate and Environment Policy

1

The issue

The sector is committed to playing our part to address climate change, improving our waterways and protecting New Zealand's biodiversity.

New Zealand sheep and beef farming is built around extensive low-impact grassland grazing systems. We are widely recognised as having one of the most environmentally efficient farming systems in the world.

The carbon footprint of New Zealand beef and lamb from farm to plate is amongst the lowest in the world. While the sector is up for the challenge of doing even better, we are asking for some specific changes to policies as the cumulative economic impact of the current poorly crafted rules is crippling.

Our solutions

Climate Change:

- For the Government to report annually on new warming as well as emissions.
- Amend the methane targets to ensure they are aligned with carbon dioxide emissions reductions to achieve no additional warming by 2050.
- Establishing a robust measurement and reporting framework for agricultural emissions, which sets common standards across sectors ensuring practical and cost-effective reporting.
- No pricing of emissions unless there is an identified need and benefit for reducing emissions. If our sector is tracking to meet current targets there is therefore no justification for pricing.
- Recognise and reward farmers for their on-farm sequestration.
- Continue to support industry through investment in climate change mitigation and adaptation research funding.
- Continue to support the processing sector transition away from coal to renewable energy.

Carbon Farming:

- A combination of policy changes are needed to curb the sale of sheep and beef farms into forestry to offset carbon emissions.
- There needs to be an urgent review of the role of forestry in the Emissions Trading Scheme and specific limits on the amount of offsetting fossil fuel emitters can do. We are not saying zero, but some limits are warranted.
- In the short-term, we must test and implement a range of possible tools such as further limits on foreign investment; some limits on exotics being put into the permanent category of the ETS (to address "carbon only" farming); and additional rules for carbon and plantation forestry at the regional level.

Biodiversity:

- Delay the introduction of the Biodiversity National Policy Statement until the policy settings are right and the final NPSIB supports and encourages good biodiversity outcomes, not additional unnecessary regulation. Policies should ensure that biodiversity is an asset rather than a liability.
- In particular, work with industry to narrow the definition of Significant Natural Areas (SNAs) and provide greater support and recognition for farmers for protecting indigenous biodiversity.

Water:

- Remove the low slope map for stock exclusion and replace it with a more effective general rule designed to accommodate regional differences.
- Defer the introduction of the winter grazing rules until the Government has operationalised freshwater farm plans and amend the slope rule for winter grazing from 10 degrees to 15 degrees.
- Change the thresholds for requiring a freshwater farm plan and ensure the plans are risk and outcomes-based.

Workforce and Industrial Relations

2

The issue

People are our most important asset. We are focused on attracting and retaining talent, supporting training and development opportunities for our people and ensuring the policy settings allow companies to hire internationally where there are shortfalls.

The sector's sustained labour shortage is hampering processors from reaching their full potential and results in a loss of value and reduced export revenue (estimated to be approximately $600 million). It also has knock on implications for training and development opportunities for staff, and innovation.

Businesses need certainty and a stable business environment to effectively plan for the future and invest in growth and development.

Our solutions

Industrial relations:

- Work with industry to co-design facilitative policies and regulations without adding to the cost of doing business and creating unintended consequences.
- Halt and review the Fair Pay Agreement legislation to ensure it is well targeted and can deliver for workers at risk without inadvertently capturing well-organised, well-paid industries, like the meat industry, and disrupting long standing /stable employment relations which deliver for workers.
- Review and, if necessary, repeal legislation, such as social insurance, which will add unnecessary costs to doing business without obvious benefits.

Education/training and skills development:

- Continued support to attract people to work in the red meat sector.
- Ensure that the work of Workforce Development Councils, Te Pūkenga and TEC are strongly connected, responsive and accountable to the needs of industry.

Immigration:

- Ensuring immigration settings help address genuine industry labour shortages where they can't be filled domestically. For example, the Sector Agreement and any subsequent RSE scheme should be well designed to address industry needs in terms of migrant numbers, duration of visa and types of roles.
- Ensuring that visas are processed efficiently and without undue delay to ensure workers can be in New Zealand at the right time in the season.
- Establish a special halal butcher visa category to ensure the sector can capture the greatest value from exports. Halal certified products are worth approximately $3.5 billion in export revenue and rely on only 250 halal butchers.

Trade

3

The issue

Trade is fundamental to the future prosperity of the sector and New Zealand. The red meat sector is the New Zealand's second largest goods exporter, generating 15 percent of New Zealand's goods export revenue in 2021. The value of the sector's exports in the 2021 was valued at $11 billion (including sheepmeat, beef, and co-products with raw wool adding another $468 million as well).

To succeed in the current complex trading environment and weather the storm of rising protectionism, volatility and geo-political tension, our sector needs secure access to a multiplicity of existing and future markets. The focus must be on removing tariff and non-tariff barriers, in order to improve the competitiveness of our products.

Our solutions

- Invest in foundation building cooperation programmes to pave the way for new trade deals.
- Continue to unlock market potential for exporters through a focus on resolving non-tariff barriers, and continuing to negotiate improved access with trading partners.
- Look to extract further value from New Zealand's network of trade agreements by negotiating systems recognition and mutual recognition agreements to address NTBs.
- Revisit New Zealand's trade policy strategy to ensure it remains fit for purpose and consider creative pathways for deeper trade relationships.
- Continue support for a strong international rules-based framework through the WTO.

Biosecurity

4

The issue

The incursion of pests and diseases into New Zealand is the biggest risk to the sector. The impacts of an incursion affecting livestock (such as Foot and Mouth Disease) would be catastrophic. We need to be well prepared both from a government and sector perspective. We are committed to partnering with the Government to ensure our Government Industry Agreement (GIA) for Biosecurity Readiness and Response is robust, thorough and ready to action.

Our solutions

- Adequately support and resource preparation for a national biosecurity response – i.e. for Foot and Mouth Disease (FMD). Key issues such as cost-share and compensation in the event of an incursion and continuation and resumption of trade need to be agreed in advance to support a swift and effective response and recovery.
- Bipartisan political support of the key elements of the FMD Operational Agreement (currently under development) to increase the chance of the outcome being enduring.

Innovation, Research and Development

5

The issue

Innovation has been a cornerstone of the New Zealand sheep and beef sector since the first shipment of frozen meat to the United Kingdom in 1882. Innovation, and implementation of new technology both on-farm and in processing operations has built our reputation as a global leader in agricultural science and technology, resulting in high-quality products for the world. It adds value and grows returns for New Zealand. The next phase of innovation will require the industry to tackle difficult issues including via blue sky R&D. We want to partner with government to deliver a focused R&D strategy/plan.

Our solutions

- Ensure there is a targeted national strategy for R&D and innovation that is responsive to industry needs and able to support innovative transformational projects (for example use of AI in processing plants).
- Support the Sector's commitment to continuing research innovation and technology through access to funding and expertise.

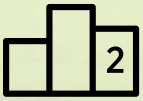
Our Story

Over the last 30 years the sector has led the economy in terms of productivity and value-add gains and transformed itself.

Since 1990, export values have doubled while at the same time halving the number animals needing to be farmed. This is a story of efficiency gain and value adding. On-farm and processing innovations have delivered massive eco-efficiency improvements, while driving economic gain.

We are confident the sector will continue to innovate and grow in value in an environmentally sustainable way, with the right policy settings.

Largest manufacturing industry and significant rural employer



2nd largest goods exporter

15% of NZ goods export revenue

Productivity and added value gains

In 1990 the average weight of a lamb carcass was 14.4kg
The average weight of a lamb carcass now is 19kg

In 1990 the average ewe lambing percent was 100.
On average now it is 132 lambs born per 100 ewes

In 1990 lamb exports were 47% carcasses and 53% cuts
Lamb exports are now 5% carcasses and 95% cuts

In 1990 8% of lamb exports were in high value chilled form
Over 25% of lamb exports are now in high value chilled form

Our sector is a leader in environmental sustainability

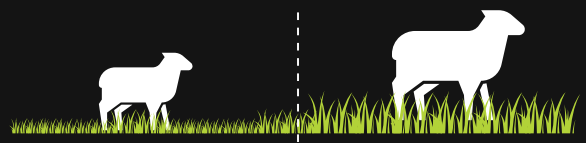
The New Zealand Sheep and Beef Sector is widely recognised as having one of the most environmentally sustainable production systems in the world.

Climate change

The Sector has made significant progress on climate change with an absolute reduction in greenhouse gas emissions of 30% since 1990.

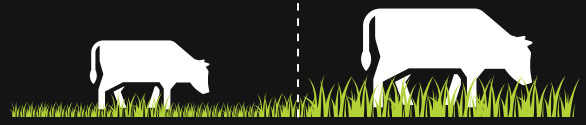
Of the remaining emissions, a significant proportion are being offset by the 1.4 million hectares of native forest and 180,000 hectares of pine plantation on our sheep and beef farms.

The carbon footprint of New Zealand sheep and beef production (on-farm Life Cycle Analysis) is amongst the lowest in the world.[1]



New Zealand
6.01kg CO_2-e per kg

Average of studies
14.2kg CO_2-e per kgW



New Zealand
8.97kg CO_2-e per kg

Average of studies
14.1kg CO_2-e per kg

Combining GWP* with on-farm trees and woody vegetation (which sequesters carbon) sheepmeat have not added any additional warming in the last twenty year time period and has been '**climate neutral**'.

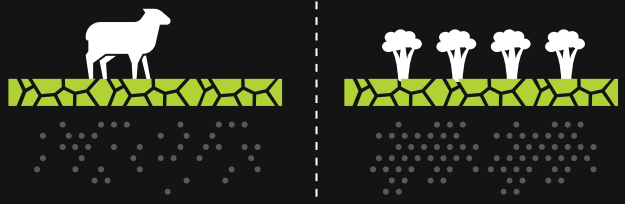
Water

From a water perspective, we can work within the limits of the land.

New Zealand sheep and beef production nitrogen leaching rates are on average the lowest of any form of food production. Sheep and beef farm systems also use very little amounts of irrigation, compared to other farming systems.

Sheep and beef
17kgN/ha/yr

Other land uses
30-40kgN/ha/yr



The sector has an average nitrogen leaching rate (as modelled by OverseerFM) of 16kgN/ha/yr. On other farming systems, the average nitrogen leaching (as modelled by OverseerFM) is closer to 30-40kgN/ha/yr depending on the land use and soils, and can be as high as 100kgN/ha/yr for some horticultural crops.

The main water quality issues from sheep and beef production are e-coli; sediment; phosphorus and impacts from winter grazing. While there are still issues that need to be addressed, nearly every one of these indicators has been improving in the last 30 years.

Biodiversity & Land

2.8m ha native vegetation
on sheep and beef farms

New Zealand sheep and beef farms are home to the largest area of indigenous biodiversity outside of the Department of Conversation estate, indigenous biodiversity is hugely important to our farmers.

A quarter of New Zealand's native vegetation is found on sheep and beef farms, covering 2.8 million hectares. Much of this is regenerating native bush and the sector is committed to continuing to build the biodiversity on our farms.

[1]Estimates by B+LNZ using NZ LW and global CW figures in research by Stewart Ledgard: AgResearch, 2021