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# DIRECTORY

## PRINCIPAL BUSINESS

Trade Association representing New Zealand  
meat processors, exporters and marketers

## REGISTERED OFFICE

Wellington Chambers  
Level 5, 154 Featherston St, WELLINGTON

## SOLICITORS

Burrowes & Company  
Level 5, 82 Willis Street, WELLINGTON

## BANKERS

Bank of New Zealand  
222 Lambton Quay, WELLINGTON

## COMMUNICATIONS

Food New Zealand  
Ali Spencer, Spencer PR

## ANNUAL REPORT & CONFERENCE PUBLICATIONS

Beef + Lamb New Zealand Incorporated

## PHOTOGRAPHS

Provided courtesy of Beef + Lamb New Zealand  
Incorporated

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# FOREWORD

This Annual Report comes at a time of considerable uncertainty in our overseas markets. A year ago, the MIA noted that the Trans Pacific Partnership had been signed in Auckland, a long-held goal of our industry. However, events did not happen as we had assumed they would, and the withdrawal of the United States from the TPP, and more general uncertainty in the trade area is disappointing and creates challenges for our members as major exporters. All eyes are now on TPP 11 in the hope that the significant gains of the original agreement can be captured by the remaining parties. Of particular importance to us is creation of a level playing field in certain markets, such as Japan where competing countries already have significant tariff advantage through bilateral trade agreements.

Brexit has also created uncertainty. The EU28 currently takes half of New Zealand's total global sheepmeat exports, worth some \$NZ1.5 billion annually. Within the EU28 the United Kingdom is New Zealand's major high-value market for lamb legs, which can account for up to one third of the entire value of a carcass. Preserving the market stability our industry has worked hard to establish, as well as our existing market access rights is therefore a key focus for us. MIA and Beef + Lamb NZ (B+LNZ) have committed to putting a senior person in London for a two year period to ensure that the voice of the New Zealand meat industry is heard at this critical time.

What is heartening is that the anti-globalisation rhetoric does not seem to have entirely taken hold around the world. The EU is set to launch negotiations for a trade agreement with New Zealand later this year. The Pacific Alliance (Chile, Colombia, Mexico and Peru) has announced it will negotiate a trade deal with New Zealand and there is still some hope for TPP 11. There have also been some wins for our industry in existing and new markets. China continues to develop as a market, and we welcome the developments in access for chilled meat and blood products. There have also

been positive developments with access to the Iranian market, and the first meat shipment left New Zealand in May.

Another significant event this year is the General Election. To ensure that politicians from all parties understand the needs of the red meat sector and what the sector itself is doing to address these, MIA and B+LNZ have jointly produced an election year manifesto, outlining the issues we want to partner and progress with government. Fundamentally, our sector wants the same thing as the various political parties claim they want – a thriving export based economy, a sustainable environment, and safe and ethical production. The over-arching theme of the manifesto is one of partnership – that if government wants to achieve the kind of results we both want, then industry and government have to work together.

A good example of how we work in partnership with government is the Government Industry Agreement on biosecurity, where we jointly engage on wider biosecurity issues, share joint decision-making on biosecurity readiness and response work, and share costs. In July the MIA members agreed to sign the Government Industry Agreement on biosecurity with the Ministry for Primary Industries.

Another example of a successful partnership between MIA and government has been in the development of animal welfare regulations. As an industry we see the need for effective regulation – and consistent enforcement of regulations – because it helps protect us from false or misleading claims – claims that could damage our reputation with the New Zealand public, and with overseas customers. The required standards are not an intrusion on the majority of farmers and processors who already meet extremely high standards. Rather, it is ensuring that there is a consistent approach across the entire primary sector and that a very small minority do not let the rest down.

Another major responsibility of our industry is health and safety in the various workplaces. Our industry is committed to reducing the high injury rate amongst our workers. Most of the work is undertaken at the company and site levels. This is where the primary responsibility lies, and processors are taking their health and safety responsibility extremely seriously. There is also a role for MIA in facilitating cooperation and whole of industry work, and this year the MIA has continued to produce industry standards for the high risk and hazard activities – a tangible sign of our commitment.

Partnership is at the heart of new processor Codes of Practice (CoP) for various parts of the meat processing operation. These have been developed by MPI and industry working together, and are founded on the principle that the Government role is to set scientifically based food safety outcomes (as performance criteria), but it is for the processor to have systems in place that meet those requirements and to prove that they are being met. This eliminates prescriptive and unnecessarily onerous standards.

This partnership principle also underpins the Owner Operator model being rolled out by the Ministry for Primary Industries' Verification Service's directorate. This model reflects the newer policy approach whereby the processor takes full responsibility for meeting regulatory compliance, and evidence is gathered to ensure issues are being identified and addressed by the operator and the data is provided to the MPI verifier to provide assurance that the operator is in control. In turn, MPI verifiers are taking a true verification role. A pilot was successfully trialed at two processing plants, and industry looks forward to this model being rolled out further.

While there have been a number of positive developments across a range of areas for our industry this year, there has been one other area where there has been a notable lack of progress.

In previous annual reports we have noted the industry's ongoing frustration with the immigration process related to the employment of a small number of overseas-sourced halal slaughtermen, a vital role for the industry's business model of being able to export to all customers around the world.

The process this year was once again resource-intensive and protracted, creating uncertainty for the industry. MIA has continued to try and progress a number of options that would provide industry with long-term security of the halal slaughterman resource, and which is a regulatory requirement. It has been disappointing that recent government initiatives to address other general issues threaten to adversely impact in this specialist area. Employing New Zealand residents remains our priority and we are only looking to the immigration system to meet what is a genuine shortfall.

In addition to the areas highlighted above, MIA has continued to coordinate an active programme of investment in pan-industry collaborative research and development (R&D) projects to support the growth and sustainability of the sector.

In summary, it has been another busy year for the MIA and while there are some significant challenges ahead, particularly on the trade front, there continue to be significant opportunities for our industry as a reliable supplier of safe, high quality food to discerning customers around the world.



John Loughlin  
**Chair**



Tim Ritchie  
**Chief Executive**

# ADVOCACY

An important role of the MIA is to promote and enhance a better level of understanding of the meat industry within government and with the wider public.

In the lead-up to the 2017 general election a key focus of this advocacy work has been to work with Beef + Lamb New Zealand Ltd (B+LNZ) to produce an election-year manifesto that focuses on a range of key sector initiatives where a stronger partnership with government will achieve better outcomes for the sector and for the wider New Zealand economy.

The Blueprint for partnership with the New Zealand Government highlights policy priorities for the sheep and beef sector, describes the significant work that the sector is already undertaking in these areas, and sets out how the government can help to deliver on these priorities. MIA and B+LNZ met with a number of Members of Parliament for more detailed discussions of key issues facing the sector. These meetings were useful to further raise the profile of the sector and to address questions MPs might have and to help influence their policy development.

MIA also continued to work with B+LNZ to organize 'Speak Meat' field trips to provide officials from MFAT and MPI with a deeper understanding of the sector. This programme has been running for five years now, and provides an opportunity for officials who are involved in trade and market access work to observe first-hand how the sector operates. This year two 'Speak Meat' events were held – one for officials in December in the Waikato and another targeting Members of Parliament in May in the Manawatu region. Feedback from both was positive and confirmed the value of this ongoing initiative.

Throughout the year, the MIA has engaged with a number of overseas delegations and visitors to provide an overview of the New Zealand red meat industry, address questions they have about how New Zealand operates and develop networks across the region and beyond.

Another important element of the MIA's advocacy is briefing New Zealand's diplomats heading offshore. In addition to providing technical information and commercial insights into the markets New Zealand's offshore posts serve, the MIA has contributed to building up the knowledge of New Zealand's primary sectors and our unique position in the global market place. This is particularly important given the government's focus under Trade Agenda 2030 on progressing trade agreements and resolving market access issues, including non-tariff barriers to trade.



2017 Election Manifesto

## ► RED MEAT SECTOR CONFERENCE

The seventh Red Meat Sector Conference was held in Dunedin in July 2017. Jointly organized by MIA and B+LNZ, the conference brought together more than 200 delegates from across the sector to hear from a range of high quality speakers and discuss the sector and its future.

MIA would like to thank all the sponsors who once again contributed to the success of the conference: Maersk Line New Zealand, Hamburg Sud, OSPRI, AgResearch, Milmeq, Rezare Systems, Foss, QCONZ, Perten Instruments, Argus, Eurofins, Veritide, Kotahi, AusMeat, Silver Fern Farms, Rabobank, ANZCO Foods, Hally Labels, Triton, Polypak, University of Auckland, Port of Tauranga, Beef + Lamb Inc.



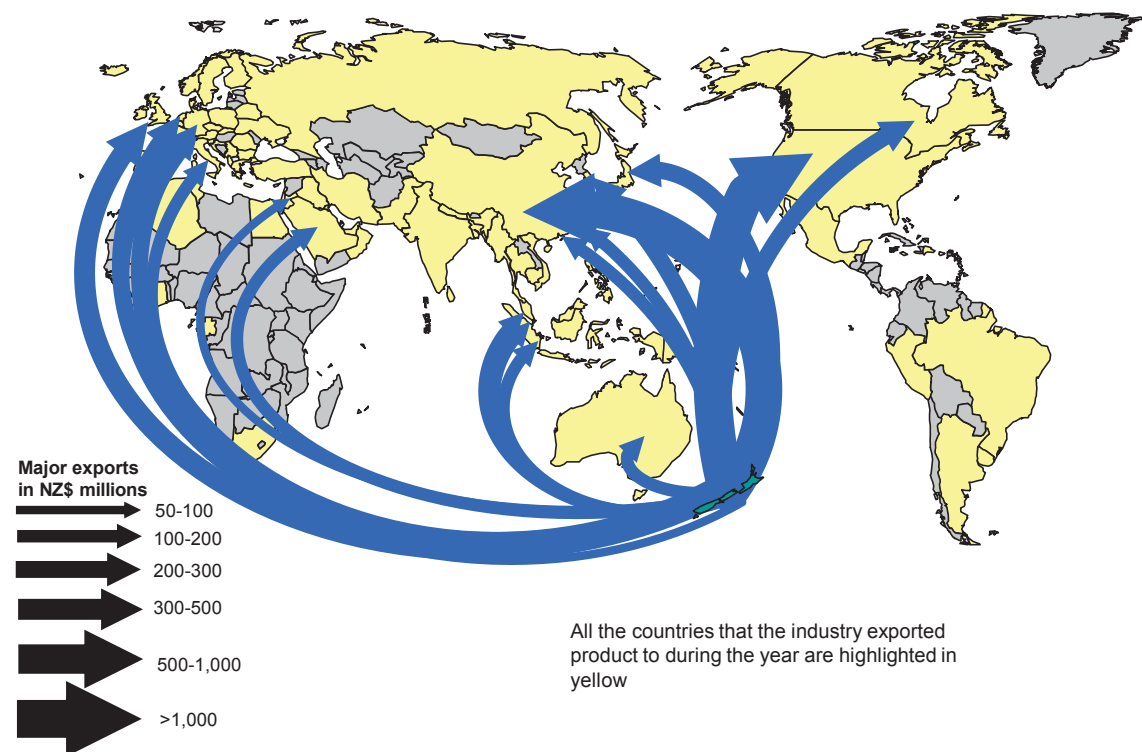
2017 conference programme cover



# TRADE

## OVERALL EXPORTS

MAJOR EXPORT DESTINATIONS FOR ALL NZ RED MEAT AND CO-PRODUCTS, 2016-17  
(ARROWS SHOWING MARKETS WITH EXPORT VALUE OF \$50M+)



Exports of sheepmeat, beef and co-products were worth \$7 billion in the year ended 30 June 2017, \$600 million less than in the previous year. Significant contributors were a decline in beef prices from the high levels of the previous year, and exchange rate movements, with total value of beef exports declining by nearly \$400 million. There was also a decline in the value of sheepmeat exports, down by \$130 million.

Both beef and sheepmeat export volumes also declined in 2016/17, which was in part due to fewer animals being slaughtered in 2016/17.

The industry exported to 122 countries during the year, with 17 countries taking exports worth more than \$100 million. Two countries accounted for exports of more than a billion dollars, the United States (\$1.59 billion), and China (\$1.44 billion). The next largest markets were some way behind, with the United Kingdom at \$459 million, Japan \$320 million and Germany \$294 million. These top five markets accounted for 58% of total exports in 2016/17.

## BEEF

### OVERALL EXPORTS

As noted above, the value of beef exports declined by \$398 million, from \$3.1 billion to \$2.7 billion in 2016/17. Some of this decline was a result of a drop in international beef prices and exchange rate movements, with the average FOB price of New Zealand beef exports in 2016/17 \$6.84 per kilo compared to \$7.20 the previous year.

A reduction in the volume of beef exported also contributed to the fall in export receipts. Beef export volumes declined by 36,000 tonnes from a high of 430,930 tonnes the previous year to 395,164 tonnes in 2016/17.

While the majority of beef exports were in frozen form, there was an increase in chilled beef, up from 6% to 7% by volume in 2016/17, and from 11% to 12% by value. Chilled beef exports totalled 25,799 tonnes worth \$330 million in 2016/17.

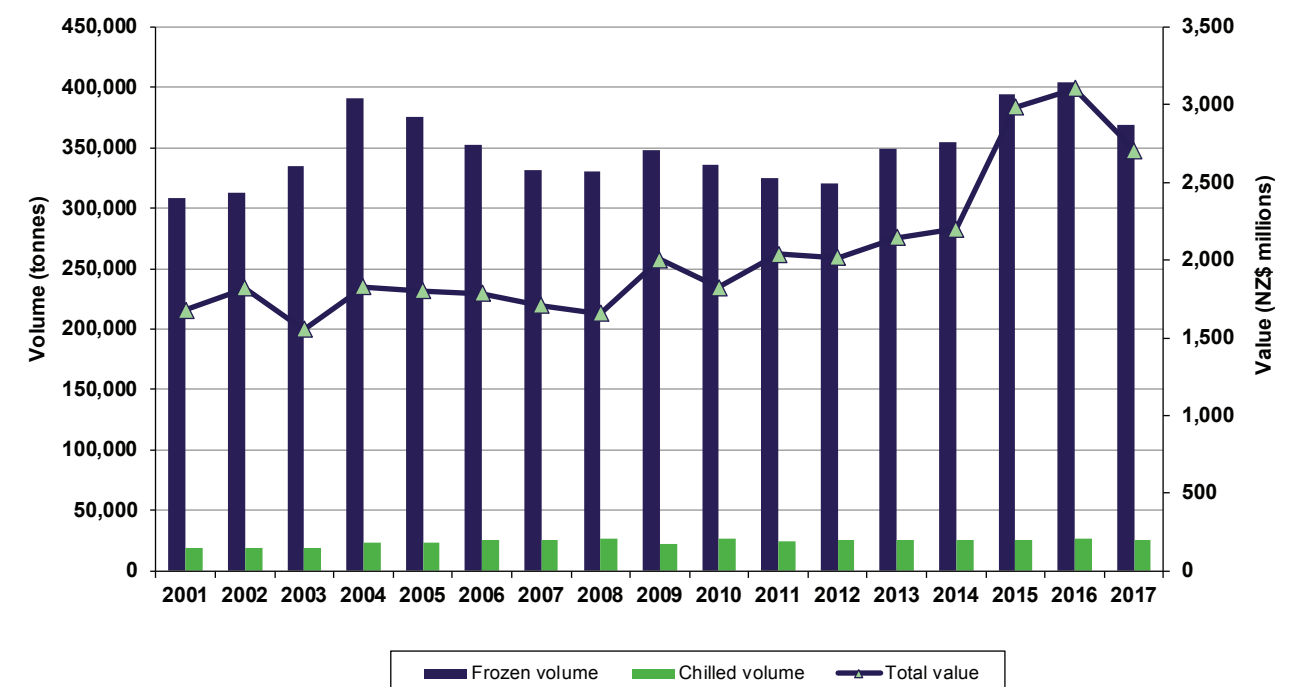
### NORTH AMERICA

Half of New Zealand's beef exports by volume, and 47% by value, went to North America in 2016/17, mostly to the United States. The broader region accounted for exports of just under 200,000 tonnes, worth \$1.27 billion in 2016. There were declines of 13% by volume and 18% by value compared to the previous year. A contributing factor was an increase of nearly 700,000 tonnes in US domestic beef production in 2016/17 compared to the previous year.

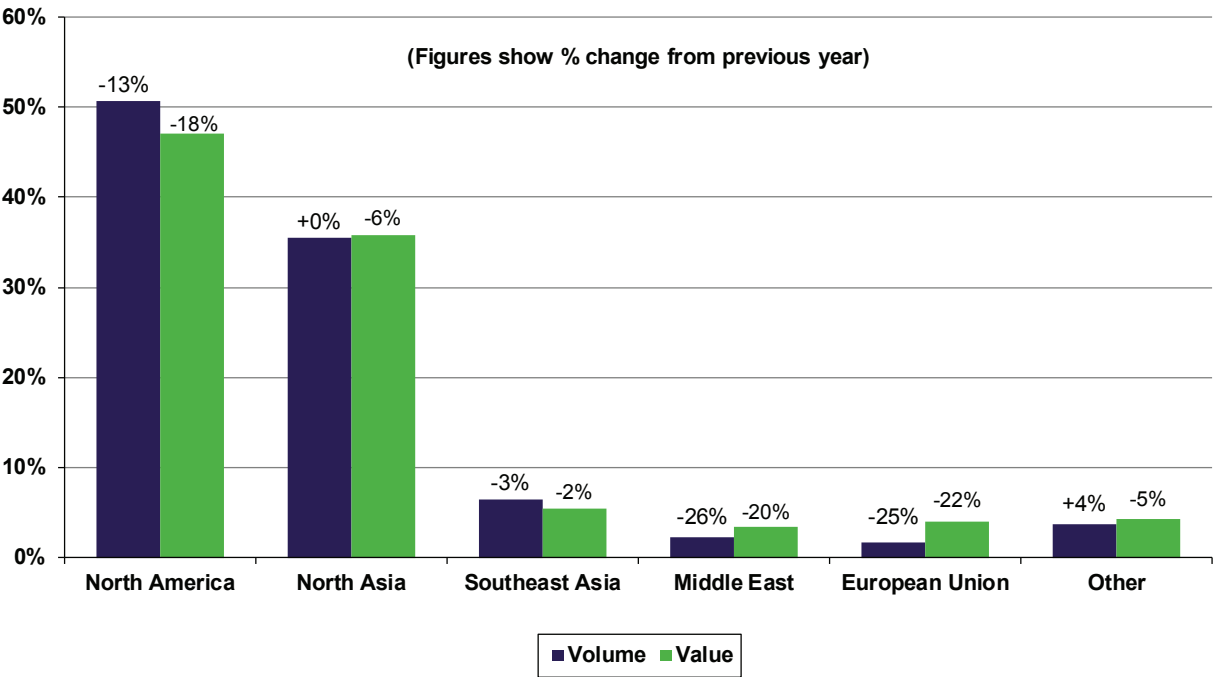
New Zealand exported 182,286 tonnes of beef to the United States in 2016/17, 26,646 tonnes less than the previous year. These exports were worth \$1.16 billion, \$237 million less than the previous year. The decline was in frozen beef, with exports of chilled beef steady at just over 3,000 tonnes worth \$38 million.

While exports to Canada are significantly less than those to the United States, at 17,714 tonnes worth \$106 million, at our sixth largest it is still an important beef market for New Zealand.

## TRENDS IN VOLUME AND VALUE OF NZ BEEF EXPORTS (JUNE YEARS)



► NZ BEEF EXPORTS BY REGION  
(BY VOLUME AND VALUE FOR THE YEAR ENDING JUNE 2017)



**NORTH ASIA**  
North Asia is the industry’s second largest regional market for beef, taking 140,105 tonnes worth \$969 million in 2016/17. The volume of exports was largely unchanged at 140,105 tonnes, but the value of these declined by 6% to \$969 million.

The region includes New Zealand’s four largest beef markets after the United States: China (76,645 tonnes worth \$495 million), Taiwan (22,225 tonnes worth \$174 million), Korea (20,175 tonnes worth \$121 million), and Japan (18,219 tonnes worth \$147 million).

Exports to the two largest markets in the region, China and Taiwan, were down 1% by volume and 8% by value, and 14% by volume and 18% by value respectively. The entry into force of the NZ-Korea FTA in December 2015 has allowed trade with that market to stabilise and exports increased 3% by volume and 4% by value compared to 2015/16.

There was also a 26% increase in the volume of exports to Japan, and a 7% increase in their value. This was the first increase in beef exports in five years, and

due to an increase in the demand for beef, with Japan recording a 12% increase in beef imports from all markets.

This increase in demand for beef in a high value market like Japan is welcome, but perversely it will likely have a negative impact on New Zealand in the short term. As part of its WTO commitments Japan is able to increase tariffs on beef from 38.5% to 50% if imports rise above certain trigger levels. These import trigger levels were reached in the second quarter and therefore the higher tariff level will apply to frozen beef imports from countries that do not have FTAs with Japan, including New Zealand and the United States, until the end of the Japanese financial year (31 March 2018).

This will further disadvantage New Zealand compared to Australia, which has a separate safeguard mechanism in its FTA with Japan, as Australia will face a significantly lower tariff of 27.2% over this period, giving Australia a significant 22% tariff advantage over New Zealand and other major competitors.

**SOUTH EAST ASIA**  
New Zealand’s beef exports to South East Asia have fluctuated in recent years, largely due the frequent changes in import policies by Indonesia, the largest market in the region.

Overall New Zealand beef exports to the region in 2016/17 declined by 3% to 25,549 tonnes, but increased in value by 6% to \$90 million.

In December 2016 the WTO upheld New Zealand’s challenge to the non-tariff barriers imposed by Indonesia. This decision, together with the relaxation of some of the import requirements initially helped trade recover to some extent. However, this was offset by the Indonesian government’s decision to allow imports of buffalo beef from India, and as a result New Zealand’s beef imports to Indonesia dropped by 965 tonnes to 9,471 tonnes. There was a larger decline in the value of exports, from \$61 million in 2015/16 to \$49 million in 2016/17.

There was also a decline in the volume and value of beef exports to the second largest market in the region, Malaysia, down 23% by volume to 5,334 tonnes and 13% by value to \$24 million.

However, exports to the Philippines increased 31% to 4,963 tonnes (worth \$21 million), to Singapore by 2% to 2,653 tonnes (worth \$30 million) and to Thailand, up by 45% to 1,972 tonnes (worth \$15 million).

**EUROPEAN UNION**  
As in previous years the European Union (EU) was a small market for New Zealand beef, taking exports of only 6,494 tonnes in 2016/17. However, these exports were worth \$109 million, and the EU continued to be the highest value region on a per kilo basis, with exports worth \$16.74 per kilo compared to the average FOB value for overall beef exports of \$6.84 per kilo.

Beef exports to the EU declined by 24% in volume and 22% value. Major destinations within the EU were the Netherlands (2,565 tonnes worth \$47 million), Germany (960 tonnes, worth \$21 million) and Italy (732 tonnes, worth \$9 million).

**OTHER MARKETS**  
Exports to the Middle East declined 25% to 8,703 tonnes, and 20% by value to \$93 million. This was largely driven by Saudi Arabia - from 4,479 tonnes (worth \$30 million) in 2015/16 to 1,908 tonnes (\$16 million) in 2016/17. Exports to the other major market in the region, the UAE, were largely steady, increasing 3% by volume to 2,752 tonnes and steady at \$30 million.

Outside of the major regions, important markets for New Zealand beef in 2016/17 were French Polynesia (\$33 million), Australia (\$20 million), and New Caledonia (\$15 million).

**OTHER EXPORTERS**  
India is the world’s largest beef exporter, specifically of buffalo beef. India’s exports for the year ended May 2017 (the latest data available) were 1.27 billion tonnes, marginally down, by 11,500 tonnes compared to the previous year. The largest markets for India continued to be Vietnam (659,000 tonnes), Malaysia (115,000 tonnes), and Egypt (92,000 tonnes). As noted above, India gained access to Indonesia during the year with exports of 65,800 tonnes for the period, making it India’s fourth largest market.

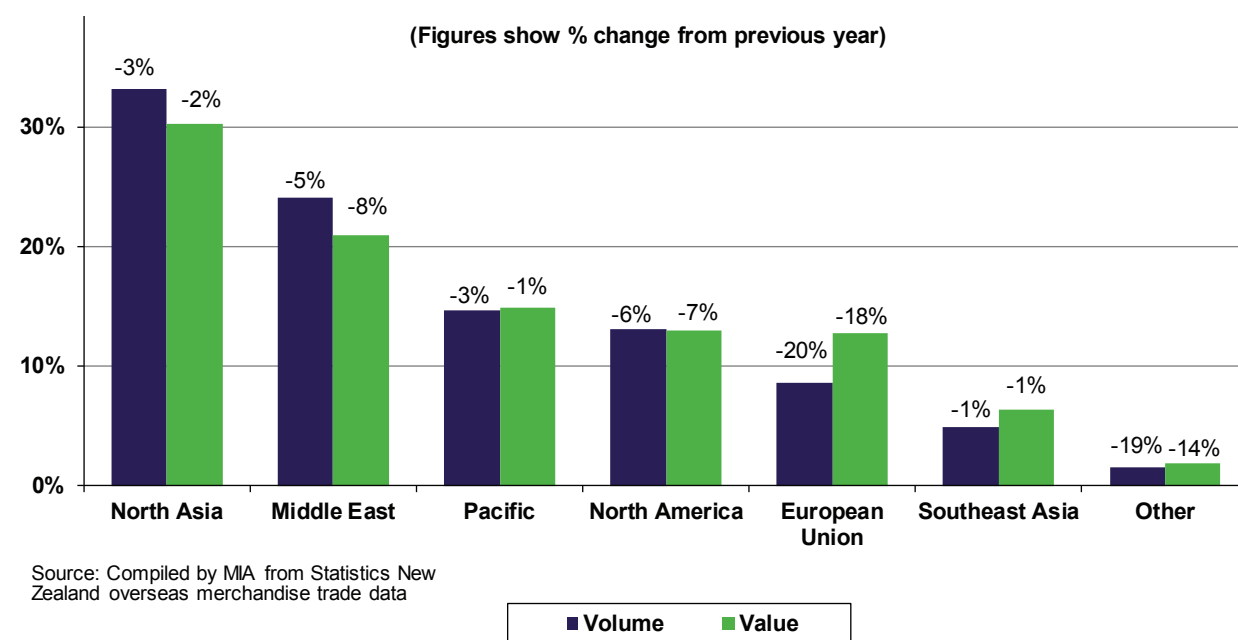
Brazilian beef exports declined by 11% to 1.03 billion tonnes for the year to June 2017. Brazil’s three largest markets were Hong Kong (178,000 tonnes), China (172,000 tonnes) and Russia (135,000 tonnes). MIA noted in last year’s annual report that Brazil had gained access to the United States for chilled and frozen beef. Brazil started exporting during the year, with a relatively modest total for the year of 14,265 tonnes.

Australian beef exports also dropped by 17% to 958,932 tonnes in 2016/17, largely due to favourable climatic conditions allowing for ongoing herd rebuilding. Like New Zealand, Australian exports to the United States declined, down significantly from 334,431 tonnes in 2015/16 to 208,353 tonnes. This decline, combined with a growth in exports to Japan saw Japan overtake the United States as Australia's largest beef market, with exports of 277,900 tonnes. The other major beef market for Australia continues to be Korea, with exports of 161,600 tonnes in 2016/17.

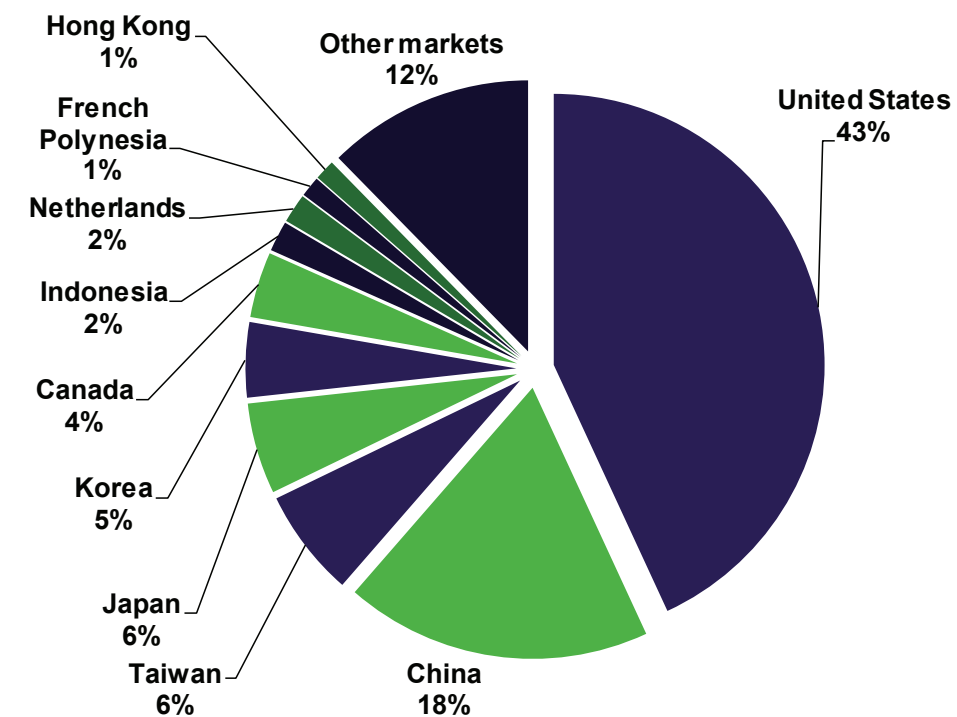
In contrast to the other major exporters the world's fourth largest beef exporter, the United States increased exports to 874,000 tonnes, up by 20% from the previous year. The major growth was in exports to Japan (up by 31% to 230,360 tonnes) and Korea (up by 38%

to 176,000 tonnes). There was also a 10% increase in the volume of exports to its third largest market, Mexico, which took 130,000 tonnes of beef from the United States in 2016/17. The United States has also recently gained access to China for both frozen and chilled beef after a 13-year absence, and the New Zealand industry will be watching with interest the development of its trade into that market.

► NZ CHILLED BEEF EXPORTS BY REGION  
(BY VOLUME AND VALUE FOR THE YEAR ENDING JUNE 2017)



► TOP 10 BEEF MARKETS BY VALUE  
(YEAR ENDED 30 JUNE 2017)





## ► SHEEPMEAT

### OVERALL EXPORTS

The volume of sheepmeat exports in 2016/17 declined by 9% to 373,312 tonnes. However, this drop was from the high export volumes in 2015/16, and exports in 2016/17 were close to the annual average of 379,660 tonnes over the last decade. There was a smaller drop in the value of exports, down by 4% to \$2.86 billion in 2016/17.

New Zealand exported 65,688 tonnes of high value chilled sheepmeat in 2016/17, worth \$786 million. While this was a decline of 8% by volume and 9% by value, it's share of exports was largely the same as in 2015/16, at 18% of total volume and 28% of total value.

Sheepmeat is the industry's most widely exported product group, with the industry exporting to 100 countries in 2016/17. Exports ranged from some 132,000 tonnes to China, down to 232 kgs to Palau.

### NORTH ASIA

North Asia is the largest region for New Zealand's sheepmeat exports by volume,

taking 150,991 tonnes, or 40% of total exports. The value of these exports was \$814 million.

The largest market in the region is China, and it is also New Zealand's largest individual market by volume and value with exports of 131,989 tonnes worth \$649 million. While the volume was down by 12% compared to the previous year, the value of these exports increased by 4% with the average FOB value up from \$4.28 per kilo, to \$4.72 per kilo in 2016/17.

Because of the dominance of China, exports to the region largely mirrored what happened in that market, with overall exports down 10% by volume but increasing 7% by value.

Exports to the two next largest markets in the region, Japan and Taiwan were similar to last year, 8,263 tonnes and 8,111 tonnes respectively, but as 40% of the exports to Japan were chilled and all exports to Taiwan frozen, sheepmeat exports to Japan were worth \$78 million compared to \$52 million for Taiwan.

### EUROPEAN UNION

While the volume of sheepmeat exports to Europe (117,632 tonnes) is lower than North Asia, the EU is the highest value region for New Zealand, taking sheepmeat exports of \$1.17 billion in 2016/17. This was 40% of New Zealand's total sheepmeat exports by value.

This is contributed to by being the destination for the majority of New Zealand's chilled exports, taking 63% by value in 2016/17, worth \$497 million.

Product type also contributes. The UK is New Zealand's major high-value market for lamb legs, which can account for up to 30% of the entire value of a carcass.

There was a 18% drop in exports to all major markets in the region by volume and value. Exports to the UK declined 22% to 53,772 tonnes, and 26% to \$415 million, to Germany down 11% to 18,363 tonnes and 7% to \$256 million, and to the Netherlands down 14% to 15,905 tonnes and 13% to \$208 million.

One of the factors influencing the decline in exports to the EU in 2016/17, and in particular to the UK, was the lower value of the British pound and Euro against the New Zealand dollar following the Brexit vote in June 2016. The uncertainty in the market following the Brexit vote also had an impact on exports during the year.

### NORTH AMERICA

North America is New Zealand's third largest regional market for sheepmeat, taking 37,655 tonnes worth \$407 million in 2016/17. This was an increase of 6% by volume and 4% by value compared to the previous year.

The major destination within the region is the United States, taking 27,000 tonnes worth \$318 million. It is a significant market for New Zealand being the third largest individual market in 2016/17 behind China and the United Kingdom.

As a high proportion of exports to the United States are in chilled form, it was also New Zealand's second largest market for chilled lamb in 2016/17, with exports worth \$109 million.

### MIDDLE EAST

There was a significant increase in both the volume and value of sheepmeat exports to the Middle East in 2016/17, with the volume up by 19% to 27,866 tonnes, and the value up 30% to \$186 million.

This increase was largely due to a recovery in exports to Saudi Arabia, which regained its position as the major destination within the region, taking 13,242, (up 85% from 2015/16) tonnes worth \$86 million (up 100%).

The other major market in the region is Jordan, with exports of 8,399 tonnes worth \$57 million in 2016/17. This was a drop of 18% by volume, and 5% by value.

### OTHER MARKETS

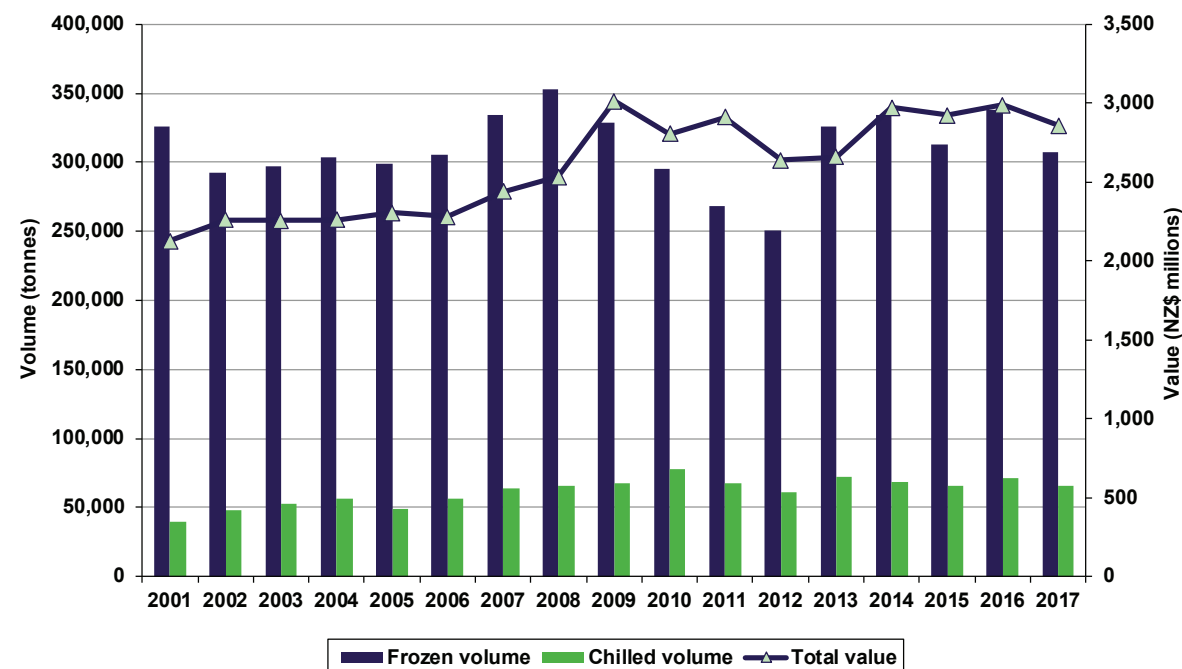
Other significant markets for sheepmeat included Malaysia with exports worth \$86 million (up by 70% from the previous year), Switzerland with exports worth \$49 million (down by 13%) and Fiji with exports worth \$20 million (up by 21%).

### OTHER EXPORTERS

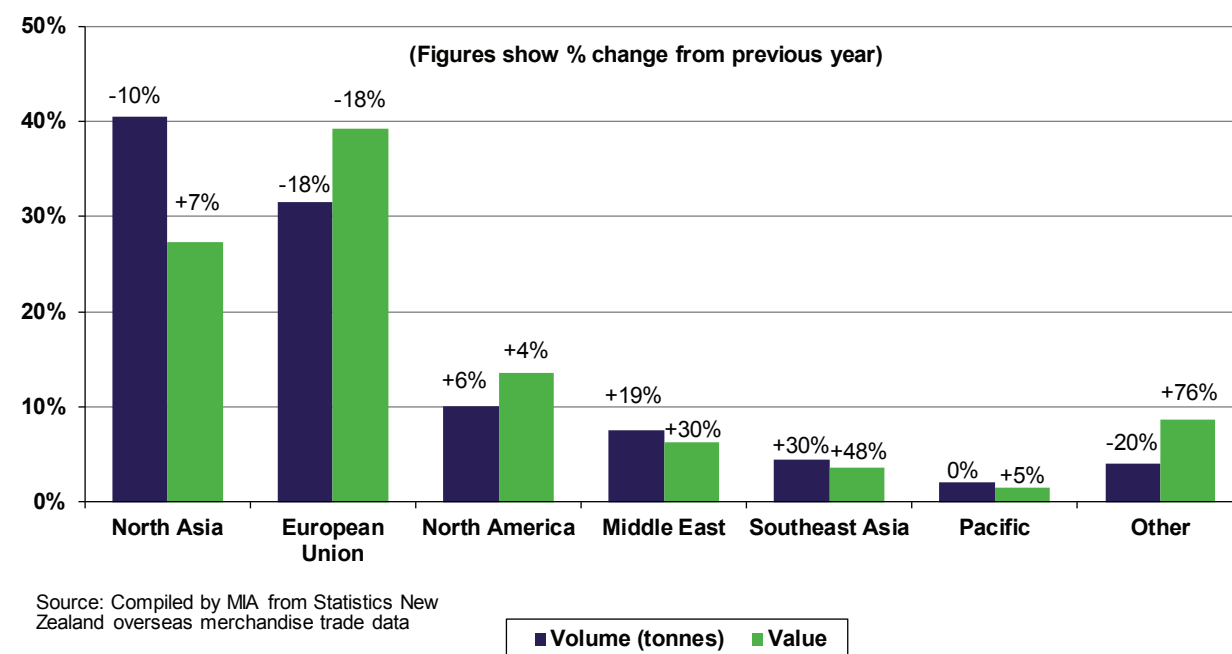
Australia and New Zealand are the two major global exporters of sheepmeat, and as with New Zealand, there was a decline in the volume of Australian exports, by 8% to 361,243 tonnes. A significant factor in this decline was the improved seasonal conditions in major sheep-producing regions, which led to widespread flock rebuilding and increased retention of breeding ewes.

Australia's major markets for sheepmeat in 2016/17 were the United States (64,502 tonnes, down 4% from 2015/16), China (59,480 tonnes, down 3%), and the UAE (29,296, down 5%).

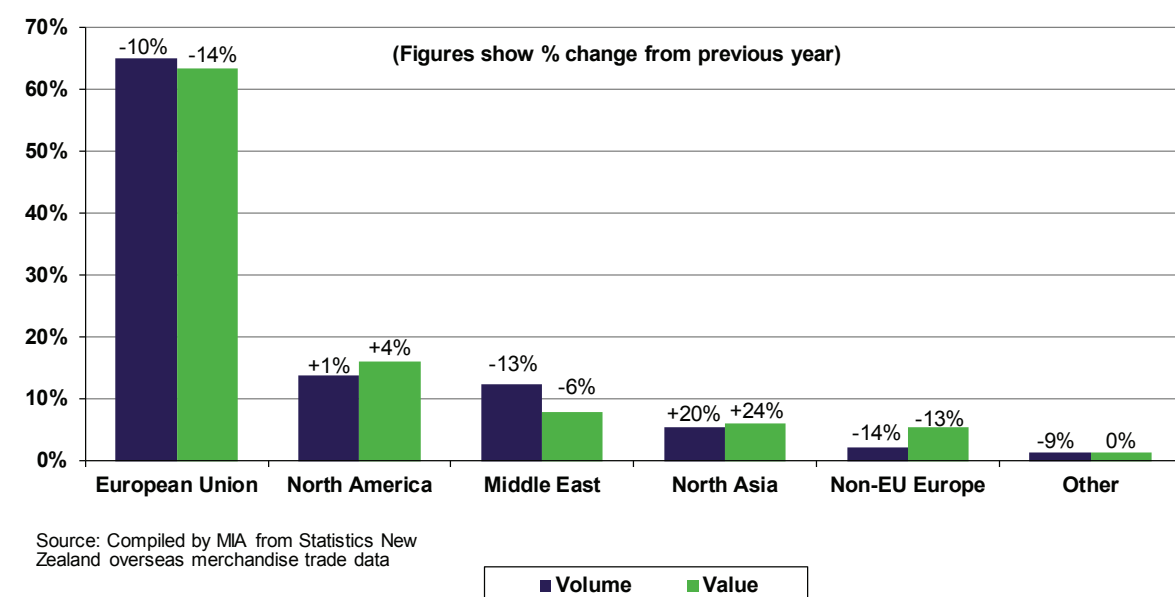
## ► TRENDS IN VOLUME AND VALUE OF NZ SHEEPMEAT EXPORTS (JUNE YEARS)



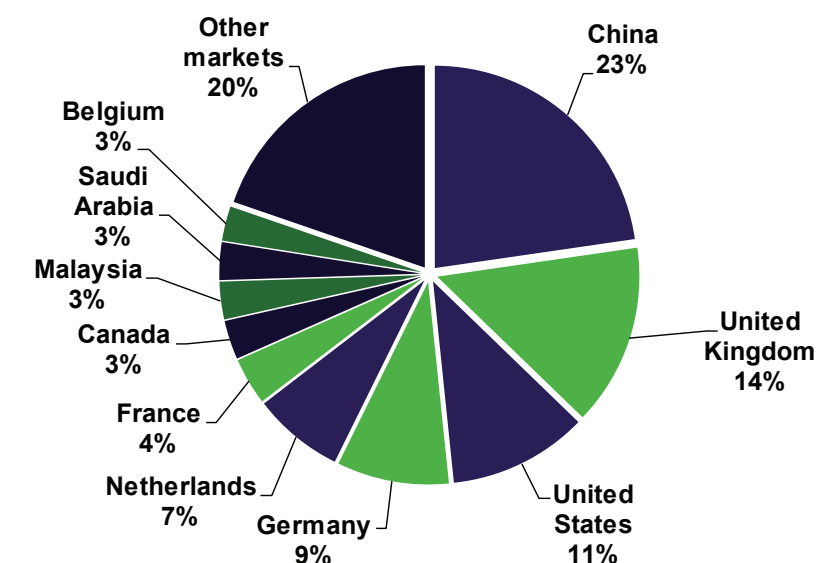
► NZ SHEEPMET EXPORTS BY REGION  
(BY VOLUME AND VALUE FOR THE YEAR ENDING JUNE 2017)



► NZ CHILLED SHEEPMET EXPORTS BY REGION  
(BY VOLUME AND VALUE FOR THE YEAR ENDING JUNE 2017)



► TOP 10 SHEEPMET MARKETS BY VALUE  
(YEAR ENDED 30 JUNE 2017)



► CO-PRODUCTS

OVERALL EXPORTS

Co-products are an important part of the industry's business model of utilising and valorising all parts of a carcass in the best returning market. Exports of co-products accounted for \$1.46 billion in 2016/17, a decline of 4% from the previous year.

HIDES AND SKINS

Much of the drop in overall co-product exports can be attributed to a decline in the value of the largest category of co-products, hides and skins, which earned 16% less in 2016/17 than the previous year, at \$380 million.

Exports to Italy, mainly bovine hides, declined by 8% to \$155 million. There was a larger decline in exports to China. This significant decline of 24% mainly comprised of sheep pelts, down \$39 million to \$56 million for the year.

While 73% of hides and skins exports went to Italy and China in 2016/17, there were exports of \$20 million to Vietnam, \$16 million to Australia, and \$15 million to India.

EDIBLE OFFALS

In 2016/17 the volume of edible offal exports dropped by 4% to 65,292 tonnes, but the value only 1% to \$237 million.

The largest market for edible offals continued to be Japan, which accounted for 24% of New Zealand's total offal exports by value, worth \$57 million. This was a 5% increase on the previous year. Exports to Japan consist almost entirely of bovine offals.

Other important markets continued to be China, with exports worth \$25 million (up by 17% from the previous year), and Korea with exports of \$32 million (up by 9%).

Exports to the United States, the largest market for ovine offals, declined in value by 35% to \$17 million.

#### MEAT AND BONE MEAL

New Zealand exported 150,470 tonnes of Meat and Bone Meal (MBM) in 2016/17, worth \$138 million. This was a decline of 11% by volume and 9% by value compared to the previous year.

Exports to the two largest MBM markets decreased, with Indonesia dropping 17% to \$56 million and the United States by 11% to \$22 million. This was partly offset by an increase in exports to China, by 18% to \$14 million.

#### PREPARED AND PRESERVED MEAT PRODUCTS

Prepared and preserved meat exports, which includes products ranging from corned beef through to meat-based stocks, broths and extracts, were worth \$174 million in 2016/17, a 6% increase from the previous year.

This was largely due to exports to the largest market, Australia, increasing by \$11 million to \$76 million. Exports to the second largest market, the United States fell by \$7 million to \$30 million. Other important markets for these products were Korea (\$18 million), and Japan (\$14 million).

#### TRIPE

After a number of year's growth, exports of sheep and beef tripe declined in 2016/17, down 9% to 24,915 tonnes and 10% to \$135 million. 72% of tripe exports went to China and Hong Kong, and while exports to China declined by \$4 million to \$62 million, exports to Hong Kong increased by \$1 million to \$25 million.

The next largest market was Korea with exports of \$8 million, an increase of \$3 million from the previous year.

#### OTHER PRODUCTS

Apart from the categories above, the industry also exports a variety of other products, ranging from sinews and tendons through to pet food ingredients and blood products, such as protein and serum for pharmaceutical manufacturing.

Exports of these products were significant at \$161 million in 2016/17, up from \$132 million the previous year. The major markets were the United States (\$35 million), Denmark (\$35 million), and Australia (\$15 million).

#### CASINGS AND SEMI-PROCESSED CASINGS

Exports of casing and semi-processed casings were worth \$85 million in 2016/17, a 31% decline from 2015/16. This is due in part to the smaller number of animals processed.

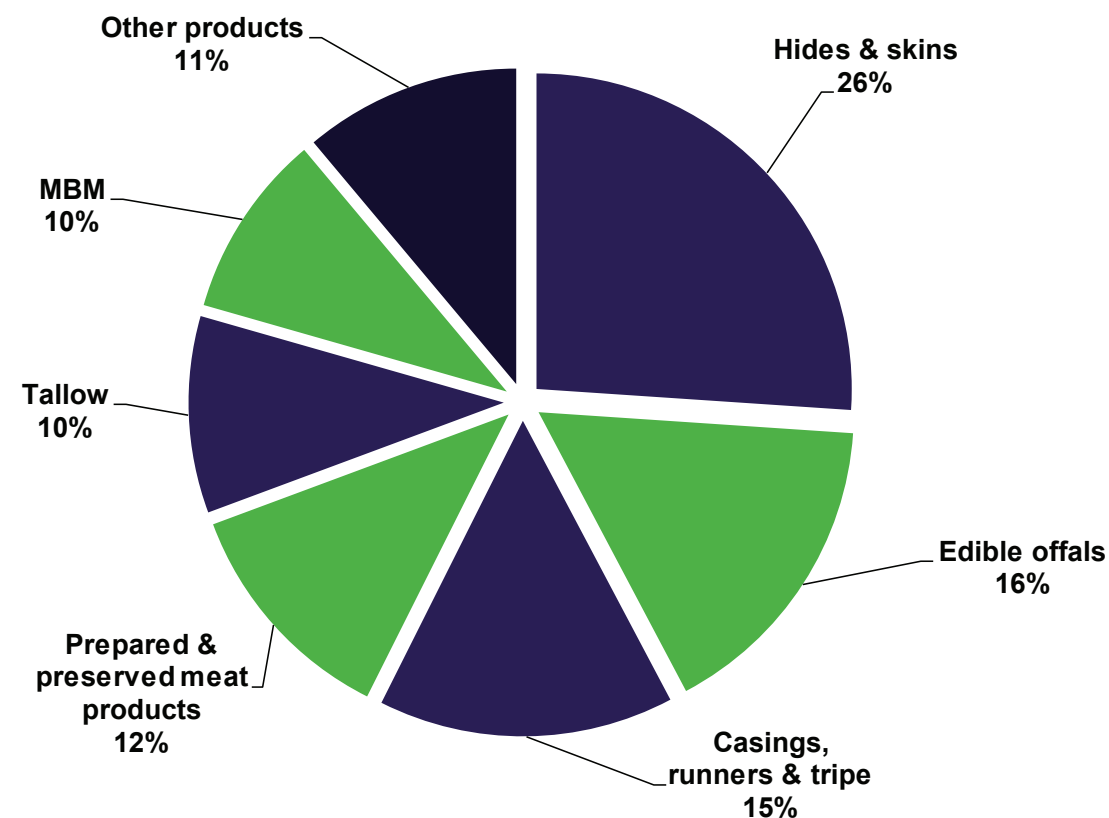
The largest market continued to be Egypt, with exports of \$24 million, some \$10 million less than the previous year. Exports to China dropped by \$9 million to \$19 million. Other important markets were Australia (\$12 million) and Morocco (\$8 million).

#### TALLOW

The volume of tallow exported was slightly down (by 1%) to 144,000 tonnes, but the value increased by 21% to \$147 million. This was due to growth in the volume of tallow exports to Singapore, primarily for biodiesel manufacturing. Singapore took 90,509 tonnes of tallow in 2016/17, worth \$91 million, a 25% increase in volume and 59% in value compared to the previous year.

Exports to the other major market, China, were down 22% to 43,891 tonnes and 9% by value to \$43 million. The only other significant market was the Philippines, with exports of 4,618 tonnes worth \$5 million.

► NZ EXPORTS OF CO-PRODUCTS  
(BY VALUE FOR YEAR ENDED JUNE 2017)





## MARKET ACCESS

### ► GENERAL

Exports are the lifeblood of the sheep and beef sector with 92% of New Zealand's sheepmeat production and 83% percent of beef production exported to over 120 countries.

Open and predictable market access is therefore vital for the on-going success of our export-focused sector by creating a stable and level playing field on which to compete.

In the face of growing anti-globalisation sentiment internationally and some uncertainty in the international trade environment, it is important that New Zealand continues to protect current access while looking for opportunities to open up new export markets. The industry has benefited significantly from the suite of New Zealand trade agreements – last year our industry saved approximately NZ\$211 million in tariffs as a result of the FTAs that are in force, including with China, Taiwan and Thailand. But there is still more to be done. Agricultural exports continue to face major barriers around the world, such as high tariffs, increasing use of non-tariff barriers, and domestic subsidies.

The MIA welcomed the government's Trade Agenda 2030 which will help support the industry's competitiveness in the current increasingly challenging global trading environment. In addition to tackling outstanding tariffs through trade negotiations, Trade Agenda 2030 brings a sharper focus on addressing non-tariff barriers (NTBs) which are often more costly than tariffs. The NZIER estimates that NTBs in the Asia Pacific region cost New Zealand beef exports alone approximately NZ\$1 billion a year. Our industry is experiencing a significant increase in regulatory and non-regulatory requirements that can either block our trade or make it very expensive. Addressing NTBs and removing the outstanding tariffs will help to level the playing field for New Zealand companies.

The MIA is continuing to work collaboratively with government at all levels to further improve market access and tackle NTBs for the benefit of the sector as a whole. On the invitation of the Minister of Trade, the MIA CEO has joined the Ministerial Advisory Group on Trade and separately MIA has spoken at a number of domestic and international events throughout the year on the importance of trade and the need to address NTBs.

### ► TRADE AGREEMENTS

#### TRANS PACIFIC PARTNERSHIP

The Trans Pacific Partnership (TPP) Implementation Act passed in the New Zealand Parliament on 15 November 2016. However, the withdrawal of the United States from the TPP Agreement put the future of the Agreement into question.

The MIA would ideally like to see a TPP Agreement that includes the United States, however there is also considerable value for the industry from the implementation of the Agreement without the United States. Japan, in particular, is a key high value beef market where tariffs remain very high and we need to level the playing field with key competitors, such as Australia, which enjoy a very significant tariff advantage. The industry also has strong interests in markets like Canada and Mexico.

The MIA therefore strongly supports the Government's continued efforts to explore options to realise the benefits of the TPP.

#### EUROPEAN UNION

The European Union remains a very important market for New Zealand red meat products, worth over NZ\$1.8 billion in the year ended December 2016. It is New Zealand's largest market by region for sheepmeat exports and second-largest for chilled beef and wool exports. It also takes our high value cuts. However, New Zealand still faces a range of significant tariff and non-tariff barriers into this market. Our red meat exports attract approximately





NZ\$53 million in tariffs per year. In addition, a number of competitors have already reached free trade agreements with the EU, such as Canada.

The MIA welcomed the completion of the scoping discussions between New Zealand and the European Union in March this year. This is a significant step towards launching FTA negotiations. The MIA would like to see negotiations launched as soon as possible so that both sides can start to generate new opportunities for agricultural and food producers under an FTA framework.

#### BREXIT

Much of the MIA's focus this year has been, and will continue to be, on Brexit and the implications for the industry's existing market access rights and trade interests. Both the UK and the EU27 are of fundamental importance to the economic viability of the industry and we have a keen interest to maintain on-going market stability for the benefit of both New Zealand and UK producers and consumers.

The EU28 currently takes nearly 50 percent of New Zealand's global sheepmeat exports with nearly half of that going into the UK. The EU is also a highly valuable market for beef despite access being significantly constrained by small levels of current access.

All of these exports currently enter the EU under quotas bound in the EU's WTO schedule. The EU sheepmeat quota alone saves the industry approximately \$600 million per year in tariffs. Without this quota access there would be virtually no sheep or beef exports to the EU or UK as the out of quota tariff rates are so high.

Maintaining the quantity and quality of New Zealand's sheep and beef access into both the UK and EU27 will be a specific priority over the next couple of years. To this end, the MIA, together with Beef and Lamb New Zealand, will be placing a dedicated senior resource in the UK to support the government's efforts to

protect New Zealand's red meat access into the UK and EU27.

#### OTHER FREE TRADE AGREEMENTS

The MIA is engaged with and fully supportive of the government's trade negotiation agenda with a particular focus on concluding current negotiations on the Regional Comprehensive Economic Partnership (RCEP), Gulf Cooperation Council (GCC), the Pacific Alliance and India bilateral agreement. Bringing these negotiations to a successful conclusion has the potential to open up or enhance market access for New Zealand red meat exports to a wider range of markets. It would also position New Zealand strategically to further influence the regional, and global, trade environment.

### ► SPECIFIC MARKETS

#### CHINA

China continues to be a major focus for the industry. As a result of the China-New Zealand FTA and China's growing demand for safe, quality food, it has become New Zealand's largest market for sheepmeat and second market for beef exports. It is also our largest market for co-products and total industry exports were worth \$1.4 billion in 2016/17.

It is a major market but one with its own challenges. The MIA has continued to strengthen its relationships with Chinese counterparts to support government market access negotiations. And there have been some significant achievements this year.

In November 2016, the MIA Chairman led the third whole of industry senior delegation to Beijing. The delegation, with the support of New Zealand Trade and Enterprise, participated in the China Chamber of Commerce of Foodstuffs and Native Produce annual event. Both the MIA Chairman and CEO spoke at the China International Meat Conference and industry leaders were able to meet key contacts at the New Zealand Red Meat Sector Stand at the Taste the Globe trade fair.

In March 2017, during the Chinese Premier's visit to New Zealand, the industry welcomed the signing of Memorandum of Cooperation between MPI and its Chinese counterpart AQSIQ to allow the export of chilled meat to China on a trial basis.

Under the trial, 10 processing establishments are allowed to export chilled beef and lamb to China for a period of six months, and if the trial is successful, permission to export chilled meat will be extended to all China-approved plants.

Gaining access for high-value chilled meat into China has been a high priority for MIA members for a number of years and while access is still limited, the trial is a significant step in the right direction.

At the end of June 2017, the first shipments of chilled meat left New Zealand under the trial and the MIA is working hard with companies, MPI and NZTE to support the successful completion of the trial.

Trade in bovine blood products, such as bovine protein and serum, resumed in June 2017 after a two-year suspension. Formal access opens up enormous opportunities for New Zealand bovine blood products which are used in the animal pharmaceutical industry for vaccinations, diagnostic kits, laboratory media, and a range of specialised products. New Zealand has an enviable

disease-free status compared with many countries, which means our bovine blood products are widely sought after by a range of markets across the globe and New Zealand exporters can attract a price-premium for these higher-value products.

Work is progressing on the outstanding technical market access issues. The MIA is in the process of organising a return visit by another industry delegation to continue to shore up our relationships and also to support government negotiations and the chilled meat trial.



*NZ red meat stand at World of Food Beijing*



*MIA delegation meeting with China Islamic Association*

## INDONESIA

Indonesia is a growing economy with significant potential and the meat industry maintains its interest in seeing Indonesia revert to an open and stable trade environment for beef and edible offals. 2016/17 saw some improvements in the trade environment.

On 23 December 2016, the WTO Dispute Settlement Body (DSB) issued its Panel upholding New Zealand's challenge to 18 agricultural non-tariff barriers imposed by Indonesia. These included import prohibitions, use and sale restrictions, restrictive licence terms and a domestic purchase requirement. This decision, together with changes to the Indonesian regulatory requirements in the second half of 2016 saw the relaxation of import restrictions which were conducive for the opening up and stabilisation of the Indonesian market for beef. Indonesia has, however, appealed the DSB decision to the WTO's Appellate Body and a decision is expected before the end of the year.

The MIA travelled to Jakarta in March 2017 to attend a Halal conference and meet with key government and industry contacts. The visit confirmed that New Zealand beef has a good reputation as a safe, consistent and high-quality product, but the influx of cheap buffalo meat imports is having an impact on the domestic beef market. New Zealand frozen beef and offal exports to Indonesia slumped to their lowest level in 18 years in the first quarter of 2017. Despite it being a rollercoaster market, there is demand for beef and this provides an opportunity for New Zealand to differentiate the quality and robust halal processing of its beef exports to meet consumer expectations.

## IRAN

Iran was a major market for New Zealand lamb in the 1980's, at one stage taking 100,000 tonnes of frozen carcasses per annum. Sheepmeat consumption is high and the market offers significant potential for New Zealand.

The MIA CEO was part of a small delegation accompanying the Minister for Primary Industries on his visit to Iran in February 2017. The visit saw the signing of a Veterinary Agreement between New Zealand and Iran that opens the door to trade recommencing. This has been a long awaited achievement and some companies moved quickly to take up the opportunity.

The first shipment of lamb to Iran left New Zealand in May 2017.

## ► HALAL MARKET ACCESS

Nearly all of New Zealand's export slaughter premises undertake halal processing which gives them the flexibility to export cuts from each carcass to both Muslim and non-Muslim customers around the world. The value of the global halal food market is estimated to be around \$600-\$700 billion annually and being able to access this large, and growing market, is vital for the industry.



In the year ended June 2017, New Zealand exported halal-certified red meat and edible co-products worth around \$1 billion. These exports were sent to more than 70 countries, and accounted for around 25% of total sheepmeat and beef exports. Over the last decade there has been significant growth in exports of halal-certified meat to customers in non-Muslim markets, most notably China, which now accounts for one third of New Zealand's halal certified meat exports by volume.

New Zealand has had a regulatory framework in place since 2010 covering the halal slaughter and processing of red meat. During the year MPI consulted on proposals to extend the framework to cover further processing, storage and transport and to cover other products, such as gelatin, that are intended for export as halal-certified.

The majority of the proposed amendments, including the clarification

of a number of halal processing requirements, were aimed at strengthening the regulatory framework and were generally supported by the industry.

There were however a number of proposals that raised concerns because they would ratchet up the requirements to align with those of a small number of specific Muslim markets and would remove the flexibility for companies to make commercial decisions whether to seek halal certification for specific markets. These additional proposed requirements would add significant cost to halal processing which could not be recovered from the market.

The revised Halal Notice was published in December 2016 and came into effect on 1 January 2017. It addresses most of the industry concerns while still providing a robust and expanded framework for halal certification.

As noted above, China has become a major market for New Zealand halal-certified meat due to its large Muslim population and the overall growth in sheepmeat and beef imports from New Zealand.

To ensure the reliability of the halal food supplied to its Muslim population, the Chinese government has tasked the regulatory agency CNCA with developing China's administrative requirements for halal products as a basis for a national standard and certification system, including the requirements for imported food.

During the Prime Minister's visit to China in late April 2016, CNCA and MPI signed a halal arrangement that recognised the New Zealand halal regulatory framework as meeting CNCA's requirements. This was a positive step in further strengthening the relationship between the two countries, and a recognition of the robustness of the New Zealand system.

As part of this arrangement, MIA facilitated the development of a standard

New Zealand halal logo for use on all halal-certified meat that is sent to China. The logo can also be used for other markets, such as Canada, that are putting in place more stringent requirements around halal labelling.



# WORKFORCE

## ► INDUSTRIAL RELATIONS

Following on from MIA successfully intervening in a Court of Appeal matter in mid-2016 on the issue of discontinuous seasonal employment of meat processing workers, in 2017, the MIA was again granted leave to intervene in the matter when it was appealed to the Supreme Court. At the time of writing a decision is awaited.

Across the period, the MIA has strongly advocated for a review of the Holidays Act 2003 and worked with Business NZ to raise issues of industry concern regarding the implementation of the Employment Standards Bill 2015. This work will continue into 2017/18.

## ► TRAINING

Having a skilled workforce is extremely important to the meat industry, which is investing in training systems to upskill workers and promote the sector as a career pathway.

The industry has established a training system to help address the relatively low literacy and numeracy qualifications of many meat processing workers. The system is effective at putting new workers onto career pathways and training them – from NCEA Levels 1 to 5.

**PRIMARY INDUSTRY TRAINING ORGANISATION**  
An Industry Partnership Group (IPG), consisting of the training managers from meat processors, as well as representation from MIA, provides an important conduit for industry to the Primary Industry Training Organisation (PrITO) and for PrITO to report directly to industry. MIA provides a facilitation and support role.

PrITO has undergone significant changes in personnel over the past year. MIA welcomes the appointment of a new sector manager for the meat processing industry. Almost all training towards meat processing qualifications is done “in house” by the company the trainees work for. Nevertheless, PrITO has an important

role in ensuring that the overall framework for the qualifications is kept relevant and appropriate for the needs of industry, and that the courses are moderated. For this reason, strong relationships between meat processing companies and PrITO are essential, and MIA is pleased that PrITO is treating as a priority how relationships with meat processors can be improved.

**FOOD INNOVATIONS TRAINING TRUST**  
The chair and chief executive of the MIA sit on the Food Innovations Training Trust (FITT), a fund administered by PrITO for the purposes of promoting and advancing education and training for meat and dairy processors. MIA propose to run down the meat industry’s half share of the \$4.5m fund over a five to ten year period, using the funds to support specific educational initiatives including tertiary scholarships.

**MEAT INDUSTRY SCHOLARSHIPS**  
One of the most important areas the FITT will support will be MIA scholarships. The industry needs to encourage talented graduates into the industry, not just in the food sciences and engineering, but more widely in subjects such as marketing and industrial design. The MIA has commenced a tertiary scholarship to provide a pathway for undergraduate or graduate students into the New Zealand meat processing industry.

Scholars will receive financial support during their tenure and will have the opportunity of vacation or part-time work with the New Zealand meat processing industry. At the completion of their programme of study scholars will have the possibility of a career in the meat processing industry. Up to eight scholarships for undergraduate study and up to two scholarships for postgraduate study are available each year.

The first scholars will be selected in December 2017, to support their studies for 2018.





## ► HEALTH AND SAFETY

Health and safety is a significant area of policy and regulatory work for the MIA. Meat processing has a very high rate of injuries. Most of the activity to reduce that rate is at the plant and company level. However, there are some things that can be done at the industry-wide level in terms of facilitating communication and direction, setting industry standards, and identifying significant areas of work for industry and government.

### MEAT INDUSTRY HEALTH AND SAFETY FORUM

The Meat Industry Health and Safety Forum (MIHSF) comprises representatives from the MIA, member companies, ACC, Worksafe NZ, AsureQuality, New Zealand Meatworkers' Union and Primary ITO. The MIA provides the administrative support for the Forum. The Forum provides leadership and guidance on health and safety matters affecting the industry and also serves as a critical point of contact between government and industry.

### HEALTH AND SAFETY STANDARDS

MIA is developing health and safety industry standards to address the higher hazard areas in the industry and to help drive down the injury rate in the sector. The standards establish a common baseline for the industry and provide detailed guidance on the key hazard areas. The health and safety standards developed so far cover traffic management and working from heights.

## ► IMMIGRATION

The industry has a clear preference for employing New Zealand residents, but does need to make use of immigration policies to ensure adequate staffing, particularly for halal slaughtermen.

This role is vital to the industry's business model, allowing the majority of plants that process for export to undertake halal processing; providing industry the ability to supply halal products from any part of

the carcass to halal regulated and non-regulated markets.

Prior to each season MIA undertakes a process to find suitable New Zealanders to fill vacancies for halal slaughter positions that companies may have.

However, an ongoing issue for industry is that while it only requires a relatively small number of halal slaughtermen (240), regulatory requirements of the role mean that there are insufficient New Zealand residents able and willing to undertake the role.

Therefore, to address the shortfall of available New Zealanders, each year MIA applies to Immigration New Zealand (INZ) for an Approval in Principle (AIP) for its members to employ around 130 overseas-based halal slaughterers. The AIP process requires the MIA to meet the 'Labour Market Test' to prove that there are no New Zealand residents available to undertake the role and that members are compliant with immigration and employment law. Other less onerous INZ policies are offered, however the halal slaughterer role does not comply with the requirements of the long or short-term skills shortage lists.

Again this year the MIA obtained the support of the New Zealand Meatworkers' Union for the current season's AIP application to INZ. However, despite the support of the Union and the provision of extensive background information about why the application is necessary for industry, the steps taken to identify New Zealanders for halal slaughterer positions and compliance information, the process was again resource intensive and protracted. The AIP process does not provide industry with long-term security of the required halal resource nor halal slaughterers with a pathway to residency. The MIA continues to have dialogue with INZ in respect of creating efficiencies within the AIP application process.

This year INZ announced intended policy changes to the Essential Skills Visa

programme which the AIP falls under. The changes will result in the majority of halal slaughterers being subject to a twelve-month stand-down period post three years of employment and being unable to bring partners or family members to New Zealand under a work visa. The MIA met with INZ and provided substantive submissions in response to the proposal emphasising that it would have a severe detrimental impact on industry, essentially amounting to a non tariff barrier. MIA seeks an exception to the policy for halal slaughterers and regional areas generally. At the same time INZ also announced the details of a one-off South Island visa providing those that have worked in the South Island for five years or more a path to residency, the MIA is hopeful that a number of experienced halal slaughterers will be able to obtain future work visas via this programme.

MIA has continued to have dialogue with INZ, MFAT, NZQA, MPI, PriTO and Indonesian officials about the Indonesian Special Work Program which allows up to 20 Indonesian nationals at any one time to work in New Zealand as halal slaughterers for a period of up to 3 years. To further aid industry in accessing a stable halal slaughterer resource, MIA has also commenced advocating for provisions to be added to various free trade agreements providing a pathway for industry to engage overseas based halal slaughterers from participating nations.

# REGULATION

## ► GENERAL

Processing and exporting red meat in New Zealand is governed by a number of regulations relating to food safety and meat hygiene, animal welfare, biosecurity, halal, worker health and safety, immigration, employment relations and meat export quota, among others. While these regulations create some complexity and increase compliance costs, they form part of New Zealand's regulatory system which is internationally recognised as credible and robust. It also forms a solid foundation for the acceptance of New Zealand meat products by overseas markets and supports the overall reputation of the country to successfully export its goods and to attract a premium in markets.

MPI's regulatory services under the Animal Products Act play a critical part in the industry's ability to export. These regulatory services, however, incur a significant cost to the tune of \$83 million a year making the meat industry one of the most heavily cost recovered industries in New Zealand. MIA accepts that industry should pay for the regulatory services it directly benefits from but has a genuine interest to ensure these services are delivered in an efficient and effective way, without compromising the independence of the regulator. This is important given that the meat industry has to use government verification and inspection due to a lack of contestability for verification services.

MPI's first principles review of its cost recovery models is an important initiative to ensure costs for government services are equitable, efficient, justified and transparent. While the review is a good starting point, more work is needed for MPI to explain what, why and how the services will be delivered in accordance with these high level principles. Over the year, MIA has redeveloped good relationships and systems with MPI on cost recovery including appropriate financial and performance reporting and this must continue.

In addition to managing the cost of cost-recovered services, it is equally important to ensure New Zealand's regulatory framework continues to be based on acceptable principles that are science- and risk-based and focused on outcomes. This is not only consistent with internationally acceptable principles in the WTO, OIE and Codex which supports the negotiation of market access with overseas authorities but also allows companies the flexibility and the ability to innovate to drive business efficiency and meet customer needs.

## ► STRATEGIC DIRECTIONS GROUP

The Strategic Directions Group (SDG) is a joint industry/government governance body that considers issues relating to the regulation of the meat sector, including market access, meat inspection and cost recovery. The objective of SDG is to maximise the contribution of the red meat sector to the New Zealand economy by continuously improving the value created from services delivered by MPI to the sector on a cost recovery basis and by ensuring that the regulatory framework continues to be effective and outcome-focused. It does this by combining the knowledge, skills and experience of senior industry personnel with that of senior MPI officials to guide better targeted efforts to grow the value of the services.

During the year, SDG reviewed and updated the Red Meat Regulatory Strategy for the period 2017-2022 to ensure the Strategy remains fit for purpose and underpins the strong partnership between the red meat industry and MPI to work closely together to achieve the desired goals. While the food regulatory system under the Animal Products Act provides the focus of the Strategy, the Strategy also provides direction for animal welfare, biosecurity and other regulatory areas directly affecting meat processing, as well as non-regulatory areas such as private standards, scientific research, and the wider trade agenda (including FTA negotiations and agricultural cooperation efforts). The SDG also updated its Term

of Reference to align with the revised Strategy.

Other topics considered by the SDG included ongoing market access issues, developing and updating of standards and code of practice; bobby calf animal welfare; improving financial reporting by MPI to processors and the MPI cost recovery review.

The SDG meets every quarter, and is chaired by the CEO of the MIA and a DDG from MPI and comprises an equal number of senior managers from MPI and meat processing companies.

## ► PMI REFORM

Alternative Company Meat Inspection has been successfully operating within the meat industry since September 2012. The current programme, developed jointly between MPI and Industry is operational and has been audited and accepted by authorities in our key markets.

Since its inception there has been more than 500 000 tonnes of finished product produced under company meat inspection standards and exported to markets around the world with zero food safety complaints.

Ten plants are currently operating using the regime. A number of additional plants have also shown interest in adopting the new inspection regime. There are, however a number of concerns holding further adoption back, including;

- The cost of training and the need for spare positions
- Turnover of company inspectors, coupled with above
- Lack of clarity about the role of the 'Rover' position
- Options for slower speed chains

We now believe that there is further opportunity to optimise the existing systems to align with the Codex system and the requirements of our trading partners as well as addressing the industry

concerns. This next stage of work will provide the meat industry an opportunity to implement the programme in plants not currently involved.

## ► TECHNICAL WORKING GROUP

The MIA Technical Group is an open forum for technical consultation and collaborative consideration of key technical issues with MPI and other relevant stakeholders.

The Technical Group meets regularly and over the last year discussed a wide range of topics including:

- Shiga Toxin Escherichia Coliforms (STEC);
- Meat Codes of Practice development;
- Refrigeration validation;
- Accelerated Conditioning and Aging (AC&A);
- New bobby calf animal welfare regulations and procedures;
- HACCP e-learning and other training
- On-Farm verification;
- Risk Organism Response Plans and foot and mouth disease awareness

A major focus of the group was Shiga Toxin Escherichia Coliforms (STEC's). While STEC's are considered unlikely to occur in New Zealand adult beef, the New Zealand industry is working to reduce the risk of STEC contamination in New Zealand beef, in particular in bobby veal. Last year, MIA worked together with MPI to introduce nine initiatives aimed at reducing the risk, including hosting STEC workshops targeted at senior operators, supervisors, technical staff and on-site verification staff. This was repeated prior to the 2017 bobby calf season with excellent attendances at four locations throughout the country.



#### RE-DEVELOPMENT OF MEAT INDUSTRY OPERATIONAL CODE

The red meat industry is the most highly regulated of any of the New Zealand export food sectors, and is still largely regulated according to the traditional “command and control” approach, with the regulator operating an “accept/reject” compliance regime.

This approach provides very little flexibility to allow for the introduction of innovative approaches to meat processing that still meet the required food safety outcomes.

To allow for and encourage this flexibility, MIA is working with MPI to update Industry Standards to an Operational Code (code of practice) to allow companies to be responsible for producing safe and suitable products in accordance with outcome based performance criteria set by the regulator and independently verified. The operational code is being developed with chapters that line up with the historic individual industry standards.

Chapter 5 of the code of practice covers slaughter and dressing. The roll out of chapter 5, continued during the year with full implementation being required by October 2017. This code uses statistical process control and moves requirements from the prescriptive, ‘command and control’ modus operandi to one where operators have more control over their processes. During the year a review of the implementation was undertaken which identified some changes that could be made to allow for the validation of alternative systems and improved processing efficiency.

Chapter 9 (formerly industry standard 6) “Further Processing” has also progressed. The review of this standard has initiated some research to determine if the current industry method of evaluating product cooling is the current international best practice.

Work on chapter 4 “Procurement of animals for food” has commenced with

general discussion and the scope being determined.

#### PATHOGEN CONTROL AND REGULATORY COMPLIANCE IN BEEF PROCESSING CONFERENCE – USA

MIA attended the annual Pathogen Control and Regulatory Compliance in Beef Processing conference organised by the North American Meat Institute (NAMI). This conference brought together over 100 experts from industry, government, and academia to provide an update on a number of beef processing pathogen related issues.

The five major messages from the conference were:

- Whole Genome Sequencing will be used for pathogen testing in the future
- Additional testing requirements for E. coli and Salmonella are pending
- There are a number of new pathogen policies pending from US regulators
- Advice to US processors on pathogen control was almost identical to messaging given to NZ processors from MIA and MPI.

While in the US the opportunity was also taken to visit the Neogen Laboratory in Lincoln, Nebraska where STEC confirmation testing is being trialled. Meetings took place with key personnel to review the procedure and to ensure that appropriate controls are in place with respect to maintaining the confidentiality of the New Zealand results. An extremely high degree of confidence in the quality and confidentiality of the results was obtained.

Visits were also made to two Cargill establishments; meat processing (Friona, Texas) and patty production (Butler, Pennsylvania) to review the implementation of STEC requirements in the USA.





# INNOVATION

## ► GENERAL

Innovation in the red meat sector is critical to growth and development and ensures the sector is resilient to the impact of change and emerging risks. The MIA and its members therefore have an active programme of investment in pan-industry collaborative research and development (R&D) projects to support the growth and sustainability of the sector.

Our investment seeks to increase the value of products produced, improve processing technology, improve food safety and security and ensure sustainability of the industry and the environment we live and work in. These goals are reflected in the investment priorities outlined in the Red Meat Sector Research and Development Strategy.

The MIA utilises several different investment vehicles to fund collaborative R&D for the sector including direct investment by the MIA, MIA Innovation Limited, the New Zealand Food Safety Science and Research Centre and Ovine Automation Limited.

## ► RED MEAT SECTOR RESEARCH AND DEVELOPMENT STRATEGY

The Red Meat Sector Research and Development Strategy was initially developed in 2015 as policy to inform and influence government and Industry investment in collaborative precompetitive R&D. The strategy encourages coordination of investment to ensure that returns from investment are maximised and achieve integrated and continuous improvement across the sector.

A comprehensive review of industry R&D priorities is currently underway to ensure the Strategy remains current and relevant for all stakeholders. While food safety and product quality remain the highest ranked priorities for collaborative R&D investments, issues related to sustainability, particularly around the industry's social license to operate, are increasing in importance and are now identified as a specific priority investment area for the sector.

## ► R&D STRATEGY INVESTMENT PRIORITIES

### INCREASE PRODUCT VALUE

- To ensure that NZ products are the best in the world and the customer always returns for more.
- To understand and use the full potential of the carcass and seek new innovative products to increase the value of each animal processed.

### IMPROVE PROCESSING TECHNOLOGY

- To ensure that the industry is efficient and productive and proactively implements productivity and labour saving initiatives that invigorate the sector.

### FOOD SAFETY AND SECURITY

- To ensure that all aspects of food safety, biosecurity and product integrity are unquestioned in any market.

### SUSTAINABILITY

- To ensure industry is aware of and responsive to obligations for environmental and social sustainability.
- To ensure that the NZ processing industry is sustainable and recognised as a global leader in animal welfare and stewardship of the environment.
- To ensure that the meat industry has an exemplary health and safety record.

### SCIENCE CAPABILITY

- To ensure that the unique skills of the R&D community in NZ in the fields of meat science, food safety, product development and engineering are maintained and new capability developed to support the need for world class innovation for the meat industry.
- To support Vision Mātauranga, unlocking the Innovation Potential of Māori Knowledge, Resources and People

## ► MEAT INDUSTRY INITIATIVE FUND

The Meat Industry Initiative Fund (MIIF) is an industry R&D fund to support whole of industry research in the key areas of food safety and market access. The fund is collected by the Ministry of Primary Industries via the cost recovery levy at slaughter and is jointly administered by MPI and MIA. Funding from the MIIF enables the MIA to provide industry co-funding to support R&D initiatives such as MIA Innovation Limited and the participation in the NZ Food Safety Science and Research Centre

The MIA also uses the MIIF to support investment in short term single milestone projects. In 2016-17 this included investment in updating the Food Quality System Model, fibre containment and bunging technologies.

## ► MEAT INDUSTRY ASSOCIATION INNOVATION LIMITED

MIA Innovation Limited is a wholly owned subsidiary of the Meat Industry Association established in 2015 to oversee a coordinated programme of meat science research and development (R&D). The vision is to increase the productivity and profitability of the sheep and beef processing sector through the development of new science and technologies.

MIA Innovation invests approximately \$1.2 million per annum in R&D that covers a spectrum from fundamental to applied science. The Partnership is funded for 7 years and funded one-to-one by Industry and the Ministry of Business, Innovation and Employment (MBIE). Industry funding for the programme is largely sourced from the MIIF with some funding directly from companies.



While still early in the life of its R&D programme, MIA Innovation is beginning to generate results of value for industry. Results in 2016-17 include:

- Data to provide a better understanding of how a carcass is contaminated and how dressing practices can be modified to reduce the impact of spoilage bacteria on the life of chilled vacuum packed lamb.
- Information on the efficacy of Lactic acid as a treatment to reduce shiga-toxin producing E.coli (STEC) on lamb and veal.
- Further evidence to suggest the level of shiga-toxin producing E.coli (STEC) are low on-farm in New Zealand.

Direction for the MIA Innovation R&D programme is provided by an industry based Technical Advisory Group who meet at least twice a year to review the R&D and provide advice to the research providers on the content of the programme. In 2017 the TAG was instrumental in reviewing new science proposals submitted to MIA Innovation as part of a call for science proposals issued in April.

#### ► NEW ZEALAND FOOD SAFETY SCIENCE AND RESEARCH CENTRE

The New Zealand Food Safety Science & Research Centre (NZFSSRC) was established in 2016 to provide an internationally credible science base for decision-making in public health and the food industry. It aims to protect and enhance New Zealand's reputation for world-leading food safety and works with industry, government and research providers to co-ordinate food safety research and provide a collective resource that will further enhance New Zealand's reputation as a source of safe food.

The Meat Industry Association is one of three Industry Investors, alongside Dairy Companies Association of New Zealand (DCANZ) and Zespri and is investing in both sector specific (such as mitigation of STEC contamination) and cross-sector research (such as capability mapping).

#### ► OVINE AUTOMATION CONSORTIUM

Ovine Automation Limited is a company whose shareholders comprise Alliance Group Limited, ANZCO Foods Limited, Auckland Meat Processors Limited, Blue Sky Meats Limited, Crusader Meats Limited, Ovation New Zealand Limited, Progressive Meats Limited, Silver Fern Farms Limited and Taylor Preston Limited. The company was established in 2009 to develop robotic technology for ovine processing and now has in its portfolio a suite of technologies to assist in the dressing of a carcass post slaughter including evisceration, Y-cutting and depelting.

In 2016-17 OAL evisceration and brisket cutting robots have been installed commercially in two plants in Australia and New Zealand and have demonstrated their effectiveness in a commercial setting. OAL technologies for pelt removal from the leg and brisket and an ultrasonic knife to assist with flaying and y-cut are also part of the technologies ready for commercial application.





# SOCIAL LICENCE

There is an increasing focus on the social responsibilities of businesses in their operations. This focus covers a wide range of issues, including a number of areas of importance to the meat industry, including worker health and safety, animal welfare and the environmental impacts of industry.

- Requirements for loading and unloading facilities
- Shelter requirements before and during transportation and at points of sale or slaughter
- Maximum time off feed before slaughter

The MIA has developed and agreed an industry procedure to ensure that bobby calf processors can meet the requirements of maximum time off feed, including;

- Standardised ASD wording
- Agreed pick up documentation including farmer declaration

Further initiatives were advanced to support the bobby calf programme, including the development of training videos for transport operators and the development of a digital application for the tracing of bobby calves.

## FARM TO PROCESSOR ANIMAL WELFARE FORUM

The purpose of the Farm to Processor Animal Welfare Forum is to share animal welfare information to achieve higher standards of animal welfare across the pastoral livestock production sector.

The Forum met twice during the year to discuss;

- initiatives underway as part of the Safeguarding our Animals, Safeguarding our Reputation programme,
- implementation of new animal welfare regulations and proposed new regulations,
- bobby calf welfare,
- identification of animal welfare risks, and
- findings from the MPI compliance group.

During the year a Fit for Transport Mobile app was launched that helps farmers, transporters, stock agents and veterinarians determine whether an animal is fit for transport.

Developed with industry and vets, the app is an easy and efficient tool to help people make the right decision for the welfare of animals. It consolidates available information in to one place and doesn't require internet access, which makes it suitable for on-farm use.

## ► ENVIRONMENT

MIA keeps a close watch on environmental issues, and how they affect our members. Freshwater has been an ongoing issue, but the major impact of the drive for improving water quality has been an on-farm issue.

For the past year, climate change has been an important priority for the Government and livestock industries. New Zealand is unusual in that the greatest proportion of Greenhouse Gas emissions are from cattle and sheep on farm, and for this reason the farmer organisations such as Beef + Lamb NZ have taken the lead on behalf of the red meat sector.

The Parliamentary Commissioner of the Environment's report in October 2016 on Climate change and agriculture highlighted the problem, and that there are no easy solutions. Irrespective of potential new technologies to reduce Greenhouse Gas emissions, it is apparent that much of New Zealand's climate change response will involve planting more trees.

How this is done is of direct importance to our sector, as planting of forest (or regeneration of pastoral land back to native forest) will have a direct impact on livestock production. Currently, there are no clear policies on how the Government will meet its international climate change obligations, or their impact on livestock production, and the MIA is watching policy developments closely.

## ► ANIMAL WELFARE

Animal welfare is significant component of the industry's social licence to operate, and is arguably the key non-food safety concern raised by customers in mature markets and increasingly in newer markets.

Overall, New Zealand has very high animal welfare standards, and consequently a good reputation for animal welfare

There are, however, some gaps in the overall system. While, meat processors have a high level of government oversight, including inspection of all animals by MPI vets before slaughter, this is not the case with some parts of the primary sector. This inconsistency resulted in the high-profile issue involving bobby calves being mistreated by a pet food manufacturer.

MIA is strongly of the view on the need for effective regulation – and consistent enforcement of regulation across the sector – because it helps protect industry from false or misleading claims that can damage our reputation with the New Zealand public, and with overseas customers.

## BOBBY CALVES

A major focus of MIA's animal welfare work during the year has been in relation to bobby calves.

The MIA leads a cross-sectorial bobby calf working group, which has focused on progressing a number of key initiatives for the 2017 year. Primarily these involved the introduction of the new regulations including;

# BIOSECURITY

## ► GENERAL

A biosecurity incursion is one of the greatest threats to the meat sector. Attention is often drawn to a major disease such as Foot and Mouth Disease, which could cripple the meat industry and inflict massive damage on the wider New Zealand economy, but other pests and diseases can also inflict significant costs on the industry – invasive plants, for example, could result in major costs because of reduced production on farm. For this reason, MIA continues to be heavily involved on biosecurity issues.

## ► GOVERNMENT INDUSTRY AGREEMENTS

The GIA is a partnership between government and industry to improve biosecurity outcomes for New Zealand through a binding commitment. It provides a forum and processes for both government and industry to identify the investment they currently make in the biosecurity system and the outcomes they achieve. Operational Agreements for specific unwanted organisms under the GIA provide for joint decision-making between government and the industry signatories on readiness and response activities, and also sharing of those costs.

Because the GIA entails potentially significant liabilities, our industry has required a business case outlining the costs and benefits of the GIA for the meat sector. Earlier this year, MIA along with other livestock industry organisations put a proposal to MPI, outlining, amongst other things, a framework for cost sharing. We were very pleased that the response by MPI to the proposal was constructive and rapid, thereby allowing MIA to immediately begin a mandating process with its members to join the GIA.

MIA consulted its full membership, and provided the detailed business case which outlined the decision-making process and cost sharing framework in a GIA. As a result, MIA members overwhelmingly voted to join the GIA (with no opposition).

MIA has therefore applied to the Minister for Primary Industries, the Hon. Nathan Guy to join the GIA, and we anticipate signing the agreement in September 2017.

The GIA will mean:

- Meat processors, marketers and exporters, through MIA, will have direct say on biosecurity, including active involvement in the management of biosecurity risks across the biosecurity system. MIA members will be kept informed of biosecurity issues through MIA's existing communication channels.
- Meat processors, marketers and exporters, through MIA, can have joint decision-making with MPI on pests and diseases that directly affect our sector. MIA Council agreement will be required on all major GIA decisions the MIA is party to.
- Meat processors, marketers and exporters, through MIA, will have to pay a share of the costs of the readiness and response activities where it shares joint decision making. Readiness and response costs will be met either through the existing MIA budget, or through the introduction of a biosecurity levy (under the Biosecurity Act). This will be zero in peace time and is likely to be only activated in the event of a major response. Further, the industry liability will be capped. Where there is no joint decision-making through the GIA framework, there will be no cost sharing and therefore contribution from processors.
- MPI and MIA will have to meet agreed minimum readiness commitments. The MIA minimum commitments are what MIA is already doing (i.e. communicating with industry membership on biosecurity; raising awareness of response procedures and policies; maintaining an organisational plan for an incursion; maintaining RORP guidelines; etc). MPI minimum commitments are, essentially, to maintain or improve the current readiness and response system to an agreed level. MPI and MIA will have to show they are meeting those minimum commitments.

The GIA is an important milestone for the MIA. Negotiation of the GIA with MPI and other livestock organisations has been a long process. Signing the GIA means moving the relationship between the Government and the meat processing and export sector onto a new footing, as full partners in biosecurity, with MIA occupying a seat at the biosecurity decision-making table.

## ► RISK ORGANISM RESPONSE PLANS

Under the Animal Products Act (APA), every export meat processing plant must have a Risk Organism Response Plan (RORP), which sets out the planned responses in the event of a biosecurity incursion. In 2016 MIA developed RORP guidelines that provide specific guidance for what to do in the event of a biosecurity investigation or response, and templates.

To increase biosecurity awareness and to ensure that processing plants better understood their RORPs and biosecurity requirements, the MIA, with the assistance of Greenlea Premier Meats, produced a set of biosecurity training videos. These are;

- A brief video aimed at all staff as part of their induction, for raising biosecurity awareness and understanding what to do in the event of a biosecurity response;
- A brief video aimed at livestock yards staff for identifying the clinical signs of disease, and explaining what to do in the event that they see clinical signs; and
- A video explaining the roles and responsibilities in the plant's RORP, aimed at plant management.

The videos are now on the MIA website and are freely available to all MIA members.

## OTHER MIA SERVICES

### ► RENDERERS GROUP

During the year The New Zealand Renderers' Group (NZRG), was integrated into the MIA membership. This integration provides efficiencies as well as giving NZRG members a greater range of membership benefits.

The main focus during the year was market access, with proposed new Indonesian meat and bone meal regulations a major concern. If implemented there is potential for significant disruption to trade, and MIA has continued to work closely with MPI to retain the status quo.

During the year the 6th workshop for experienced rendering operators, supervisors and suppliers to the industry was run.

Workshop participants competed for a place on the Australian Renderers Association Hygienic Rendering Workshop and for the first time this year a bronze figurine of an early renderer sculptured by Samantha Lissette and sponsored by Rendertech-Wallace. The winners for 2016 were Kelvin Davison and Mike Fausett from Wallace Corporation.

The MIA Renderers Group held it's annual meeting and technical seminar in conjunction with the workshop. Topics covered in the seminar included; Z-Energy's development to create a sustainable fuel option manufacturing biodiesel from tallow, and an overview of the US Food Safety Modernisation Act. The Global Alliance of Pet Food Associations provided an overview of the trends in the global petfood market, covering premiumisation and humanisation trends, and growth in



Rendertech-Wallace Trophy

chilled/frozen/raw/freeze-dried petfood products.

### ► MEAT INDUSTRY SUPERANNUATION SCHEME

The Meat Industry Superannuation Scheme (the Scheme) was established by MIA members and the New Zealand Meat Workers and Related Trades Union in 1991.

The Scheme rewards long term engagement with the industry through employer contributions to superannuation. The Scheme operates as a trust with Trustees appointed by MIA members and the Union, it continues to be administered by Mercer (N.Z.) Ltd. During the period the Scheme successfully transitioned to the new Financial Markets Conduct Act 2013 (FMC Act) regime with an effective date of 22 September 2016 well ahead of the statutory required 1 December 2016 deadline. To ensure statutory compliance a number of changes have been made to the Scheme:

- The Scheme's assets are now held by a special-purpose custodian company, MISS Nominees Ltd, rather than directly by the Trustees;
- The Scheme's investment statement and prospectus have been replaced by a product disclosure statement;
- The Scheme's trust deed and statement of investment policy and objectives have been reviewed and updated;
- The Scheme is now required to issue a fund update document;
- Most Scheme documents are now available on the Companies Office Disclose website [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose) (search MISS Scheme);
- Mr Brian Mason, Chair of Trustees, has been appointed as the Scheme's Licensed Independent Trustee.

During the period the level of insurance cover available to members was increased and a new website for members established: [www.miss.org.nz](http://www.miss.org.nz). Also,

Warren McGown was selected as the MIA-appointed Trustee replacing Jan Dunne and Tony Matterson has replaced Gary Davis as the Union-appointed Trustee.

The Scheme's investment return, net of tax and certain expenses for the year ended 31 March 2017, was 5.4% (net of tax and expenses) compared to 3.4% the previous period. The Trustees agreed to use part of the Reserve Account to support a higher interest rate, resulting in members' accounts being updated with interest at 5.8% for the year.

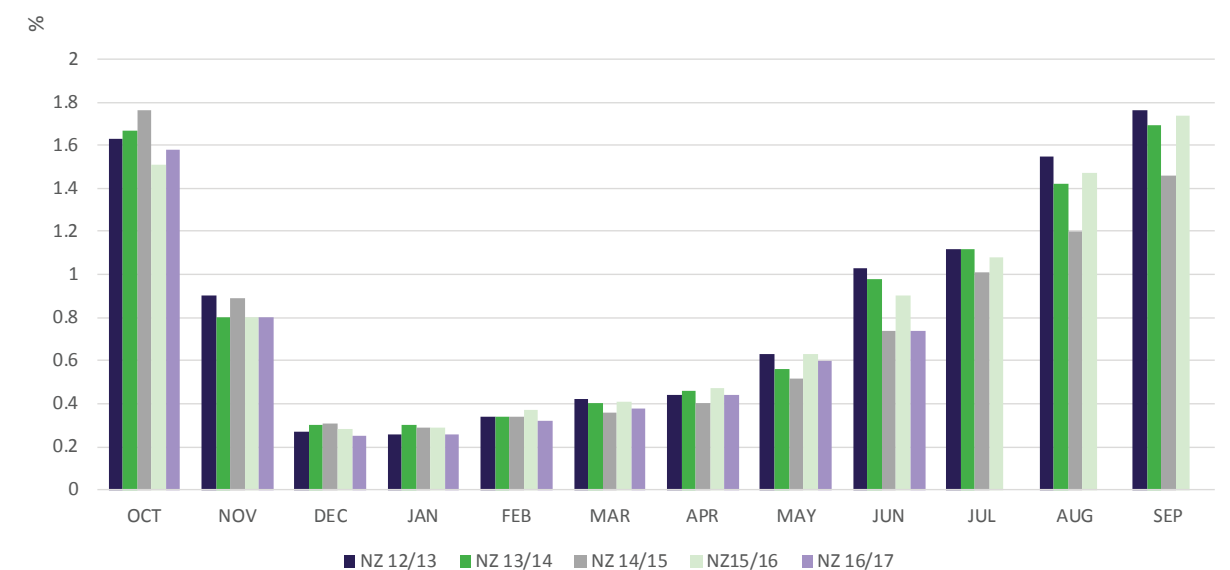
#### SCHEME OVERVIEW FOR 2016/17:

- Members: 2,435 (compared to 2,623 for the 2015/16 period)
- Employer Contributions: \$3.1m (after tax) to members' accounts
- Trustees paid out \$13.7m in benefits
- Fund size: \$119.6m.

### ► OVIS MANAGEMENT LIMITED

Ovis Management Limited (OML) is a wholly owned subsidiary of the MIA whose role is to provide a minimal cost programme promoting the control of *Cysticercus ovis* (Ovis, or sheep measles).

#### ► NEW ZEALAND LAMB OVIS PREVALENCE (2012-2017)



The MIA Council appoints Ovis Management's directors on a three-year term. Current Directors are:

- Roger Barton – Chairman; Sheep farmer representative
- Andy Dennis\* – MIA representative
- Andrew Morrison – Sheep farmer representative
- Tim Ritchie – MIA representative

\* Andy Dennis is retiring and will be replaced by Jim Goodall, at the company's 2017 Annual General Meeting.

The company promotes education and awareness of Ovis primarily targeting sheep farmers and dog owners in rural areas. The programme is managed by Dan Lynch based in Palmerston North.

#### OVIS PREVALENCE

The prevalence of Ovis detected in lambs has again remained at low levels seen in recent seasons. In the past 2015/16 season it was 0.64%, this is slightly above the 0.62% of the previous year but is the second lowest since the 2008 inclusion of viscera Ovis into prevalence data. A factor contributing to the slightly increased prevalence for the season was a small number of farms with extremely



high levels of infection. One farm killing 1,817 lambs had 1,609 detected with Ovis. In this current season, the period October 2016- June 2017, national prevalence was 0.52% which is the lowest since 2008, the same time last year it was 0.55%. This low prevalence reflects continued application of Ovis control on farms across the country.

#### SUPPLIER CONTACT

The key factor in maintaining low prevalence levels is creating and maintaining awareness of Ovis amongst suppliers. To that end, Ovis Management carries out a number of activities including:

- Three times a season contacting suppliers who exceed seasonal thresholds advising them they are “High Prevalence” and recommending they review their on-farm control.
- Visiting larger farms with High Prevalence to discuss Ovis control with the owners and staff.
- Attending Field Days and selected A&P events to talk face-to-face not only with sheep farmers but also with dog owners, hunters, lifestyle dwellers and other rural people who can impact on the prevalence of Ovis in their communities
- Rapid notification to suppliers identified as having High Prevalence lines at processing.
- Ensuring vet practices have up to date resources and material on hand for their clients.

#### FARMER SURVEYS

Early in 2017 OML repeated a 2015 survey of 300 “zero” prevalence suppliers and 300 “high” suppliers who both killed over 1,000 lambs. A number of points critical to reducing Ovis emerged from these surveys.

The 2015 survey identified that as a group those suppliers who buy in all the lambs they process have a much higher Ovis prevalence than do those who breed and finish their lambs. This 2017 survey

repeated the outcome of the 2015 survey. What is of significance is in both surveys the level of Ovis control applied on farm by both the “Own” group and “Purchased” group is similar, this indicates that lamb prevalence is arising from another group, “Breeder/Traders”. These are lamb breeders producing lambs for sale to be finished by others.

This outcome reinforces OML’s position that as part of any drive to reduce Ovis prevalence further, these “Breeder/Traders” must become integrated into industry education and awareness programmes.

Another factor in reducing prevalence nationally is increasing the number of farm dogs on monthly treatment with praziquantel drugs. Farmer surveys indicate that monthly treatment of dogs has increased steadily from around 26% in 1999 to 57% in 2017. While this increase is welcome the extremely high biotic potential of *Taenia ovis* means a higher number of dogs are required to be treated to drive prevalence down further. A number of farms remain dosing three monthly however *Taenia ovis* has a prepatent period of around 35 days, so dosing at three monthly intervals (90 days) leaves a 55-day window each dosing period. In light of this, OML will continue to push strongly for sheep farms to go to monthly dosing.

#### DATA CAPTURE

Cornerstone to the programme’s ability to identify and provide feedback to suppliers on their Ovis prevalence, is having high level recording of Ovis detected at processing. Over the years, continual improvements in data recording along with installation of touch screens at inspection points has raised data capture levels significantly. The data capture figure for 2016 season was 91.04% with the figure for the current October 2016- September 2017 season YTD June being 93.6%.

DeerPRO Ltd / Johnes’s Management Ltd  
The ongoing relationship between

OML and DeerPRO (previously Johnes’s Management Ltd) continues with the deer database as a module of the Ovis database. The change of name to DeerPRO indicates a broadening of scope for that programme. It now provides deer farmers with benchmarked venison productivity information drawn from the database in addition to Johnes’s disease information and monitoring. The Industry has recognised the wider value of this unique resource to farmers and is supporting its uptake.

#### WHERE TO FROM HERE?

OML has identified the steps to further reduce Ovis prevalence to a point where eradication might be considered possible. However, the difficulty of achieving eradication should not be underestimated as noted in a 1994 OML report.

*“When we examine the “Sheep Measles” situation, we see that the combination of very high reproductive rate, ability to spread geographically and the ease with which dog infections occur even when people are trying to do the right thing gives the parasite enormous potential to survive while under attack. When we look at the history of control efforts in NZ over the past 22 years we can see that “Sheep measles” did just that. After the first three years of six weekly dosing many must have thought that extinction of “Sheep Measles” was just around the corner. Not so!! Eradication will depend heavily upon human behaviour and almost universal compliance with critical control procedures”.*

The factors outlined above are as current today as then. However, the prevalence now is much lower than in 1994 and the ability to target education towards at risk farms is much higher than in the past. Eradication will be challenging, and while possible, would require the ability to target and access Breeder / Traders accompanied by a much more robust and complete programme of monthly dog treatments.



# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF MEAT INDUSTRY ASSOCIATION OF NEW ZEALAND (INC) ON THE INCORPORATED SOCIETY AND GROUP SPECIAL PURPOSE FINANCIAL STATEMENTS

### OPINION

In our opinion, the accompanying incorporated society and group special purpose financial statements of Meat Industry Association New Zealand (Inc) (the incorporated society) and its subsidiaries (the group) on pages 50 to 59:

i. present, in all material respects the incorporated society's and group's financial position as at 30 June 2017 and its financial performance for the year ended on that date in accordance with the incorporated society's constitution.

We have audited the accompanying incorporated society and group special purpose financial statements which comprise:

- the incorporated society and group balance sheet as at 30 June 2017;
- the incorporated society and group statement of comprehensive income and changes in equity for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the incorporated society and group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the incorporated society and group special purpose financial statements section of our report.

Our firm has also provided other services to the incorporated society and group in relation to taxation compliance services. This matter has not impaired our independence as auditor of the incorporated society and group. The firm has no other relationship with, or interest in, the incorporated society and group.

### USE OF THIS INDEPENDENT AUDITOR'S REPORT

This report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the members 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 members as a body for our audit work, this report, or any of the opinions we have formed.

Without modifying our opinion, we draw attention to the accounting policies to the incorporated society and group special purpose financial statements, which describes

the basis of accounting. The incorporated society and group special purpose financial statements are prepared to meet the requirements of the incorporated society's Rules. As a result, the incorporated society and group special purpose financial statements may not be suitable for another purpose.

### RESPONSIBILITIES OF THE COUNCILLOR'S FOR THE INCORPORATED SOCIETY AND GROUP SPECIAL PURPOSE FINANCIAL STATEMENTS

The Councillors, on behalf of the incorporated society and group, are responsible for:

- the preparation of the incorporated society and group special purpose financial statements in accordance with the incorporated society's Rules;
- implementing necessary internal control to enable the preparation of an incorporated society and group special purpose set of financial statements that is free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE INCORPORATED SOCIETY AD GROUP SPECIAL PURPOSE FINANCIAL STATEMENTS

Our objective is:

- to obtain reasonable assurance about whether the incorporated society and group special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these incorporated society and group special purpose financial statements.

A further description of our responsibilities for the audit of these incorporated society and group special purpose financial statements is located at the External Reporting Board (XRB) website at: [https://www.xrb.govt.nz/Site/Auditing\\_Assurance\\_Standards/Current\\_Standards/Page8.aspx](https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page8.aspx).

This description forms part of our independent auditor's report.

KPMG  
Wellington  
4 September 2017



# FINANCIAL STATEMENTS

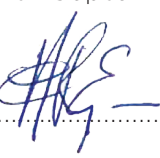

## Councillors' Report

for the year ended 30 June 2017

### Introduction

The Councillors have pleasure in submitting the Annual Report of the Meat Industry Association of New Zealand (Inc) incorporating the special purpose financial statements and auditors report, for the year ended 30 June 2017.

On behalf of the Council these special purpose financial statements were approved for issue on 4th September 2017.

 .....Councillor
  .....Councillor  
 4/9/17 Date 04.09.2017 Date

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

		GROUP		ASSOCIATION	
	Note	2017	2016	2017	2016
		\$	\$	\$	\$
Operating revenue		3,446,497	3,878,746	1,973,519	1,991,103
Operating expenditure	1	3,645,980	3,892,299	2,155,959	2,040,399
<b>Operating surplus/(deficit) before other income</b>		<b>(199,483)</b>	<b>(13,553)</b>	<b>(182,440)</b>	<b>(49,296)</b>
Rebate		-	(100,000)	-	-
Other Income/(expense)		145,638	96,158	145,638	96,158
<b>Operating surplus/(deficit) before financing income</b>		<b>(53,845)</b>	<b>(17,395)</b>	<b>(36,802)</b>	<b>46,862</b>
Financial income		3,319	16,327	1,265	8,831
Financial expenses		-	-	-	-
<b>Net financing income</b>	2	<b>3,319</b>	<b>16,327</b>	<b>1,265</b>	<b>8,831</b>
<b>Operating surplus/(deficit) before tax</b>		<b>(50,526)</b>	<b>(1,068)</b>	<b>(35,537)</b>	<b>55,693</b>
Income tax expense/(benefit)	3	-	-	-	-
<b>Net surplus/(deficit) for the year</b>		<b>(50,526)</b>	<b>(1,068)</b>	<b>(35,537)</b>	<b>55,693</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(50,526)</b>	<b>(1,068)</b>	<b>(35,537)</b>	<b>55,693</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	GROUP		ASSOCIATION	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Opening Balance</b>	<b>657,321</b>	<b>658,389</b>	<b>383,711</b>	<b>328,018</b>
Total comprehensive income for the year	(50,526)	(1,068)	(35,537)	55,693
<b>Closing Balance</b>	<b>606,795</b>	<b>657,321</b>	<b>348,174</b>	<b>383,711</b>

## BALANCE SHEET AS AT 30 JUNE 2017

		GROUP		ASSOCIATION	
	Note	2017	2016	2017	2016
		\$	\$	\$	\$
<b>Equity</b>					
Accumulated funds		606,795	657,321	348,174	383,711
<b>Total Equity</b>		<b>606,795</b>	<b>657,321</b>	<b>348,174</b>	<b>383,711</b>

### Represented by: Current assets

Cash and cash equivalents	4	1,397,761	1,307,145	493,724	437,095
Trade and other receivables	5	1,042,315	621,023	1,029,392	569,628
<b>Total current assets</b>		<b>2,440,076</b>	<b>1,928,168</b>	<b>1,523,116</b>	<b>1,006,723</b>

### Current liabilities

Trade and other payables	6	1,565,835	958,966	1,057,690	488,877
Employee benefits	7	85,149	73,120	85,270	67,157
Income in advance		221,804	281,566	50,451	84,203
<b>Total current liabilities</b>		<b>1,872,788</b>	<b>1,313,652</b>	<b>1,193,411</b>	<b>640,237</b>

<b>Working capital</b>		<b>567,288</b>	<b>614,516</b>	<b>329,705</b>	<b>366,486</b>
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<b>Non current assets</b>					
Property, plant and equipment	8	52,955	65,363	31,917	39,783
Intangibles (software)	9	20,218	-	20,218	-
<b>Total non current assets</b>		<b>73,173</b>	<b>65,363</b>	<b>52,135</b>	<b>39,783</b>

<b>Non current liability</b>					
Lease reinstatement provision	11	33,666	22,558	33,666	22,558
<b>Total non current liability</b>		<b>33,666</b>	<b>22,558</b>	<b>33,666</b>	<b>22,558</b>

<b>Net Assets</b>		<b>606,795</b>	<b>657,321</b>	<b>348,174</b>	<b>383,711</b>
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► **NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

**(i) Basis of reporting**

The special purpose financial statements presented are for the reporting entity of the Meat Industry Association of New Zealand (Inc) and the consolidated financial statements of the group consisting of the following organisations; Meat Industry Association of New Zealand (Inc) (“Association”), MIA Holdings Limited, MIA Innovation Limited and Ovis Management Limited (collectively “the Group”).

The purpose of the Association is to act as a trade association formed for the benefit of New Zealand meat processors, exporters and marketers.

The special purpose financial statements of the Association and Group are for the year ended 30 June 2017. The financial statements were authorised for issue by the directors on the 4th September 2017.

**(ii) Statement of compliance and basis of preparation**

The special purpose financial statements have been prepared in accordance with the accounting policies outlined in (iii) below.

The special purpose financial statements are presented in New Zealand Dollars (NZD). The financial statements are prepared on the historical cost basis except for accounts receivable which are at cost less impairment.

The accounting policies set out below have been applied consistently to all periods presented in these special purpose financial statements.

**(iii) Particular accounting policies**

**Principles of consolidation**

The consolidated special purpose financial statements include the financial performance and position of Meat Industry Association of New Zealand (Inc) and its subsidiaries Ovis Management Limited and MIA Innovation Limited. The subsidiaries are accounted for using the purchase method. All inter-company balances and unrealised profit and losses on transactions between group entities are eliminated.

**Property, plant and equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses.

Depreciation of property, plant and equipment is calculated on a straight-line basis over their useful lives. Gains and losses on disposal of assets are taken into account in determining the operating results for the year. The rates are as follows:

Furniture and fittings	8 - 20%
Leasehold improvements	8.4%
Motor Vehicles	21%
Computer systems	10 - 67%
Office equipment	7 - 40%

**Intangible assets**

Intangible assets are stated at cost less any accumulated amortisation. Amortisation is recognised in the Income statement on a straight line basis over the estimated useful life of the intangible asset.

Computer Software	30 - 60%
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**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

**Trade and other receivables**

Accounts receivable are stated at cost less impairment losses.

**Trade and other payables**

Trade and other payables are stated at cost.

**Subscriptions in advance**

Subscriptions in advance are subscriptions invoiced in June, and included in Accounts Receivable, which relate to the following financial year and hence not included as revenue for the current financial year.

**Goods and Services Tax**

The special purpose financial statements are prepared so that all components are stated exclusive of Goods and Services Tax (GST), with the exception of receivables and payables, which include GST.

**Taxation**

The tax expense recognised in the Statement of Comprehensive Income is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior periods. No account is taken of deferred income tax.

**Revenue**

- a Revenue represents amounts received and receivable from members and non members for services provided during the year. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

Revenue amounts received and receivable from MBIE, Industry Initiative Fund (collected by the MPI) and direct from industry partners is recognised in profit and loss on a systemic basis in the same periods as expenses are recognised. Revenue amounts received and receivable from Industry Initiative Fund (collected by the MPI) for research are offset in profit and loss against relevant expenses.

- b Revenue from services is recognised in the accounting period in which the services are rendered by reference to the stage of completion of the service contract.
- c Net financing income comprises of interest payable and interest received on call deposits is recognised in the Statement of Comprehensive Income.

**Expenses**

Expenses represents amounts paid and payable to supplies for services received during the year.

**Employee Benefits**

LONG SERVICE LEAVE  
The Association’s net obligation in respect of long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods.



**1. OPERATING EXPENDITURE**

	GROUP		ASSOCIATION	
	2017	2016	2017	2016
	\$	\$	\$	\$
Amortisation of Intangibles (software)	697	192	697	192
Audit remuneration	32,200	26,500	19,000	16,500
Other professional services	5,250	17,682	2,250	16,432
Contracts/consultants/projects	1,194,561	1,421,551	235,327	130,400
Depreciation	19,427	20,417	9,708	10,073
Director's fees - Chairman	75,833	67,500	75,833	67,500
Director's fees - Subsidiary's Chairman	16,830	16,830	-	-
Director's fees - Subsidiary	24,000	22,500	-	-
Personnel expenses	1,434,542	1,426,973	1,186,440	1,142,268
Rental & leasing costs	50,360	48,512	50,360	48,512
Other operating expenses	792,280	823,642	576,344	608,522
<b>Total operating expenditure</b>	<b>3,645,980</b>	<b>3,892,299</b>	<b>2,155,959</b>	<b>2,040,399</b>

**2. NET FINANCING INCOME**

	GROUP		ASSOCIATION	
	2017	2016	2017	2016
	\$	\$	\$	\$
Interest income	3,319	16,327	1,265	8,831
Interest expense	-	-	-	-
<b>Net financing income</b>	<b>3,319</b>	<b>16,327</b>	<b>1,265</b>	<b>8,831</b>

**3. TAXATION**

	GROUP		ASSOCIATION	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Reconciliation of effective tax rate</b>				
Operating surplus/(deficit) before tax	(50,526)	(1,068)	(35,537)	55,693
Income tax using Company tax rate	(14,147)	(299)	(9,950)	15,594
Non-assessable income/non-deductible expenses at company tax rate	1,198	(35,709)	4,536	(42,019)
Losses off set against subsidiary	362	9,648	362	9,648
Losses brought forward and utilised at Company tax rate	-	-	-	-
Tax @ 28%	(12,588)	(28,352)	(5,052)	(16,778)
Prior year adjustment	-	-	-	-
Tax benefit of losses not recognised	12,588	28,352	5,052	16,778
<b>Income tax expense/(benefit) per income statement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Group has \$628,934 of tax losses to carry forward (2016: \$582,685). The availability of losses to carry forward is subject to the Association continuing to meet the requirements of the Income Tax Act, and agreement of tax losses by the Inland Revenue Department.

**4. Cash and cash equivalents**

	GROUP		ASSOCIATION	
	2017	2016	2017	2016
	\$	\$	\$	\$
Bank balances	34,360	320,667	18,750	125,785
Call deposits	1,363,401	986,478	474,974	311,310
<b>Balance as at 30 June</b>	<b>1,397,761</b>	<b>1,307,145</b>	<b>493,724</b>	<b>437,095</b>

**5. TRADE AND OTHER RECEIVABLES**

	GROUP		ASSOCIATION	
	2017	2016	2017	2016
	\$	\$	\$	\$
Trade Receivables	954,831	429,604	969,237	416,552
GST Receivable	18,479	54,041	-	2,452
Other Receivables and Prepayments	69,005	137,378	60,155	150,624
<b>Balance as at 30 June</b>	<b>1,042,315</b>	<b>621,023</b>	<b>1,029,392</b>	<b>569,628</b>
Impairment loss deducted/ (recovered)	-	-	-	-

**6. TRADE AND OTHER PAYABLES**

	GROUP		ASSOCIATION	
	2017	2016	2017	2016
	\$	\$	\$	\$
Trade Payables	1,504,434	817,218	1,001,808	350,964
GST Payable	8,991	-	7,345	-
Halal Certification	29,997	120,702	29,997	120,702
PAYE Payable	22,413	21,046	18,540	17,211
<b>Balance as at 30 June</b>	<b>1,565,835</b>	<b>958,966</b>	<b>1,057,690</b>	<b>488,877</b>

**7. EMPLOYEE BENEFITS**

	GROUP		ASSOCIATION	
	2017	2016	2017	2016
	\$	\$	\$	\$
Liability for Annual Leave	81,837	70,587	81,958	64,624
Liability for Long Service Leave	3,312	2,533	3,312	2,533
<b>Balance as at 30 June</b>	<b>85,149</b>	<b>73,120</b>	<b>85,270</b>	<b>67,157</b>

**8. PROPERTY, PLANT AND EQUIPMENT**

	GROUP		ASSOCIATION	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Furniture &amp; fittings</b>				
At cost	19,830	19,830	19,055	19,055
Accumulated depreciation	19,830	19,830	19,055	19,055
	-	-	-	-
Current year depreciation	-	212	-	212

**Leasehold improvements**

At cost	73,499	73,499	73,499	73,499
Accumulated depreciation	44,761	38,587	44,761	38,587
	28,738	34,912	28,738	34,912
Current year depreciation	6,174	6,174	6,174	6,174

**Motor Vehicles**

At cost	40,956	40,956	-	-
Accumulated depreciation	27,953	19,352	-	-
	13,003	21,604	-	-
Current year depreciation	8,601	8,601	-	-

**Computer hardware**

At cost	37,223	36,812	16,975	18,744
Accumulated depreciation	33,131	32,665	14,409	14,618
	4,092	4,147	2,566	4,126
Current year depreciation	4,077	4,490	3,402	3,676

**Office equipment**

At cost	84,270	81,273	11,822	11,822
Accumulated depreciation	77,148	76,573	11,209	11,077
	7,122	4,700	613	745
Current year depreciation	575	940	132	11

**Total property, plant & equipment**

At cost	255,778	252,370	121,351	123,120
Accumulated depreciation	202,823	187,007	89,434	83,337
	52,955	65,363	31,917	39,783
Current year depreciation	19,427	20,417	9,708	10,073

There is no impairment loss recognised during the year (2016: nil)



**9. INTANGIBLE ASSETS - SOFTWARE**

	GROUP		ASSOCIATION	
	2017	2016	2017	2016
	\$	\$	\$	\$
At cost	37,467	31,450	36,167	30,150
Accumulated amortisation	17,249	31,450	15,949	30,150
	20,218	-	20,218	-
Current year amortisation	697	192	697	192

**10. INVESTMENTS IN SUBSIDIARIES**

Name of entity	Principal activity	% Interest held 2017	% Interest held 2017
		2017	2016
MIA Holdings Limited	General Partner of Limited Partnerships undertaking applied industry research	100	100
MIA Innovation Limited	Research & development	100	100
Ovis Management Limited	Control of C. Ovis Cyst.	100	100

The companies are incorporated in New Zealand and have balance dates of 30 June.

**11. LEASE REINSTATEMENT PROVISION**

Under the termination of its sublease, the Association is required to reinstate the premises to the condition prevailing upon the commencement of the sublease.

**12. OPERATING LEASES**

Non-cancellable operating lease rentals are payable as follows:

	GROUP		ASSOCIATION	
	2017	2016	2017	2016
	\$	\$	\$	\$
Operating leases				
Not later than one year	36,297	45,406	36,297	45,406
Later than one year and not later than five years	248,891	222,965	248,891	222,965
Later than five years	46,667	108,890	46,667	108,890
<b>Total</b>	<b>331,855</b>	<b>377,261</b>	<b>331,855</b>	<b>377,261</b>

**13. CAPITAL COMMITMENTS**

There are no capital commitments as at 30 June 2017 (2016: nil).

**14. CONTINGENT LIABILITIES**

There are no contingent liabilities outstanding as at 30 June 2017 (2016: nil).

**15. RELATED PARTY INFORMATION****(i) Identity of related parties**

The immediate parent entity is Meat Industry Association of New Zealand (Inc). All members of the group are considered to be related parties of Meat Industry Association of New Zealand (Inc). This includes the subsidiaries defined in note 10. In presenting the special purpose financial statements of the group, the effect of transactions and balances the subsidiaries and the parent entity have been eliminated. The Association is a voting member of MIRINZ Food Technology and Research Incorporated ("MIRINZ"), over which the Association is deemed to have significant influence. The interest in MIRINZ is not equity accounted as the Association shall not be called upon for contributions nor is it eligible for any distributions.

**(ii) Related party transactions**

Ovis Management Limited pays service fees of \$16,362 (2016: \$16,350) to Meat Industry Association of New Zealand (Inc) for administration services provided. As at year end, the Association has recognised a receivable from Ovis Management Limited for the amount of \$7,707 (2016: \$3,164). This relates to service fees and office expenses paid by Meat Industry Association on Ovis Management Limited's behalf.

MIA Innovation Limited pays service fees of \$56,250 (2016: \$56,250) to Meat Industry Association of New Zealand (Inc) for administration services provided. As at year end, the Association has recognised a receivable from MIA Innovation Limited for the amount of \$29,792 (2016: \$11,357). This relates to service fees and travel expenses paid by Meat Industry Association on MIA Innovation Limited's behalf.

During the year ended 30 June 2017, the Group received \$3,881,849 (2016: \$2,957,515) from companies related to the nine Council members which was included in operating revenue and has recognised a receivable of \$346,698 (2016: \$309,641) from these companies. In addition, included within the Halal Certification payable, there is \$80,980 (2016: \$158,873) payable by the Group to the companies relating to these companies.

**(iii) Remuneration**

Total remuneration is included in personnel expenses (see note 1). The Chairman is paid an annual fee; (see note 1).

**16. SUBSEQUENT EVENTS**

There are no events subsequent to balance date that would materially effect these special purpose financial statements (2016: nil).

PEOPLE

MIA COUNCIL MEMBERS



**John Loughlin**  
John has been the Association's Independent chair since April 2016. He has extensive governance experience as a professional director and company chair, currently including Powerco, agricultural technology company Tru-Test and EastPack. He is a previous chair of Zespri, and was CEO of Hawkes Bay meat processor, Richmond Ltd from 1997-2002.



**Mark Clarkson**  
Mark left the Council in March 2016 following his retirement as Managing Director of ANZCO Foods Group. He had been a Council member since 2004. Mark continues to represent the Association as a director on the Beef + Lamb New Zealand Ltd Board and New Zealand Meat Board.



**Peter Conley.**  
Peter is the Chief Executive of ANZCO Foods, and replaced Mark Clarkson on the Council in April 2017.



**Tony Egan**  
Tony is the Managing Director of Greenlea Premier Meats Ltd, and has been a Council Member since December 2011.



**Simon Gatenby**  
Simon is the Chief Executive of Taylor Preston Ltd and has been a Council Member since September 2009.



**Tim Harrison**  
Tim is the Managing Director of Advance Marketing Ltd and has been a Council Member since September 2011.



**Dean Hamilton**  
Dean is Chief Executive of Silver Fern Farms Ltd and has been a Council member since December 2014.



**Fred Hellaby**  
Fred is Chairman of Auckland Meat Processors Ltd, Managing Director of Wilson Hellaby Ltd and a Director of Mathias International Ltd. Fred has been a Council member since February 2009.



**Craig Hickson**  
Craig is the Managing Director of Progressive Meats Ltd and has been a Council member since 2003.



**Rowan Ogg**  
Rowan is a director of Affco New Zealand Ltd and has been a Council member since December 2014.



**David Surveyor**  
David is the Chief Executive of Alliance Group Ltd and has been a Council member since February 2015.



**Tim Ritchie**  
Tim is the Association's Chief Executive. He is Chairman of Ovine Automation Ltd, a director of MIRINZ Food Technology & Research Inc; Beef + Lamb New Zealand Inc; Ovis Management Ltd; the Shippers' Council; and the American Chamber of Commerce in New Zealand.

MIA COUNCIL MEETINGS  
The Meat Industry Association (MIA) held five ordinary meetings in the year ended 30 June 2017 in addition to the Annual General Meeting in September 2016.

★ = present	20 Sep 2016	13 Dec 2016	14 Feb 2017	18 Apr 2017	6 Jun 2017
J Loughlin	★	★	★	★	★
M Clarkson	★	★	★	Not on Council	Not on Council
P Conley	Not on Council	Not on Council	Not on Council	★	★
T Egan	★	★	★	★	★
S Gatenby	★	★	★	Proxy: Chris Pyke	★
D Hamilton	★	★	No proxy	No proxy	★
T Harrison	★	★	★	★	★
F Hellaby	No proxy	★	★	★	★
C Hickson	No proxy	★	No proxy	★	★
R Ogg	★	★	★	★	★
D Surveyor	No proxy	★	★	★	★
T Ritchie	★	★	★	★	★

THE ANNUAL GENERAL MEETING  
The Association's Annual General Meeting (AGM) was held in Wellington on 20 September 2016. Proceedings saw the unanimous adoption of the 2015 AGM minutes and the 2016 Annual Report. The motion to reappoint KPMG as the Association's auditor for the year ending 30 June 2017, and the election and confirmation of the MIA Council for the 2016/17 year were adopted.

ASSOCIATION DIRECTORSHIP CHANGES  
No changes to the Directorships.



## ► EXTENDED NETWORK

The Association is fortunate to be able to draw on considerable expertise within the membership, and there are a number of formal and informal groups that assist the Association on specific industry issues.

**INDEPENDENT CHAIR**  
John Loughlin

**ASSOCIATION COUNCIL**  
Mark Clarkson, Tony Egan, Simon Gatenby, Dean Hamilton, Tim Harrison, Fred Hellaby, Craig Hickson, Rowan Ogg, David Surveyor

**ASSOCIATION DIRECTORSHIPS**  
**American Chamber of Commerce in New Zealand**  
Tim Ritchie

**Beef + Lamb New Zealand Ltd/NZ Meat Board**  
Mark Clarkson, Sam Lewis

**Beef + Lamb New Zealand Inc**  
Tim Ritchie

**New Zealand Shippers' Council**  
Tim Ritchie

**Ovine Automation Ltd**  
Tim Ritchie (Chair)

**MIRINZ Inc**  
Tony Egan, Tim Ritchie

**WHOLLY OWNED SUBSIDIARY OVIS MANAGEMENT LIMITED**

**Board:** Roger Barton (Chair), Andy Dennis, Andrew Morrison, Tim Ritchie  
**Staff:** Dan Lynch

**WHOLLY OWNED SUBSIDIARY MEAT INDUSTRY ASSOCIATION INNOVATION LIMITED**

**Chair:** John Loughlin  
**Board:** Margot Buick, Owen Young, John Brader  
**Staff:** Kaylene Larking

**STRATEGIC DIRECTIONS GROUP**

**Industry:** Tim Ritchie (Co-Chair), Kerry Stevens, Simon Gatenby, Gary Lindsay, Rowan Ogg, Neil Smith, Andrew McKenzie

**MPI:** Bryan Wilson (Co-Chair), Paul Danstead, Chris Kebbell, Allan Kinsella

**ASSOCIATION STAFF**  
Tim Ritchie, Matt Conway, Kevin Cresswell, Beverley Dixon, Paul Goldstone, Sirma Karapeeva, Sarah Mann, Richard McColl, Michael Pran, Kaylene Larking

**SUB-GROUPS AND COMMITTEES**

**Meat Industry Health and Safety Forum**  
Kerry Stevens (Chair); Nathan Campbell; Shane Fletcher; Keith Flockhart; Scott Fry; Allan Jack; Jenny Sauer; Peter Sugrue; Laura Trethewey; Darren Vercoe; Paul Goldstone  
ACC: Gareth Smith  
WorkSafe NZ: Marcus Nalter  
Primary ITO: Blair Morgans  
New Zealand Meatworkers' Union: Graham Cooke

**Renderers' Group**  
Bruce Rountree (Chair), Alan von Tunzelman, Matthew Spence, Stuart Taylor, Geoff Young, Gordon Henderson, Marcus Adam, Selwyn Love, Kevin Cresswell

## ► MIA STAFF MEMBERS



**Tim Ritchie**  
Chief Executive



**Sirma Karapeeva**  
Trade and Economic Manager



**Richard McColl**  
Innovation Programme Manager



**Kevin Cresswell**  
Technical Manager



**Matt Conway**  
Policy Analyst



**Dan Lynch**  
Project Manager  
Ovis Management Ltd



**Michael Pran**  
Accountant



**Sonja Dreyer**  
Executive Assistant to the Chief Executive and Chairman (until April 2017)



**Paul Goldstone**  
Policy Manager



**Sarah Mann**  
Legal Counsel



**Beverley Dixon**  
Executive Assistant to the Chief Executive and Chairman (from March 2017)



**Kaylene Larking**  
Meat Industry Research and Innovation Partnership Manager

## MEMBERS OF THE ASSOCIATION

<b>Advance Marketing</b> P: 09 307 3115 E: advance@advancemarketing.co.nz PO Box 37 160 Parnell Auckland 1151	<b>AFFCO NZ Ltd</b> P: 07 829 2888 E: sales@affco.co.nz Private Bag 3301 Waikato Mail Centre Hamilton 3240	<b>Alliance Group Ltd</b> P: 03 214 2700 E: exec@alliance.co.nz PO Box 845 Invercargill 9840	<b>Ample Group</b> PO Box 193 3396 Mountain Road Pembroke Stratford 4394 P: 06 765 6617 E: info@amplegroup.nz
<b>ANZCO Foods Ltd</b> P: 03 358 2200 E: Peter.conley@anzcofoods.com PO Box 39 145 Harewood Christchurch 8545	<b>Asia New Zealand Pacific Foods Ltd (ANZPAC)</b> P: 09 271 6022 E: richard.frater@anzpac.co.nz 345 East Tamaki Road Manukau Auckland 2013	<b>Auckland Meat Processors Ltd</b> P: 09 276 0900 E: info@hellaby.co.nz PO Box 22 188 Otahuhu Auckland 1640	<b>Bakels Edible Oils NZ Ltd</b> T: 07 575 9285 bakels@beobakels.co.nz 5 Hutton Place Mt Maunganui 3116
<b>Ballande New Zealand Ltd</b> P: 09 638 9921 office@ballande.co.nz PO Box 8986 Symonds Street Auckland 1150	<b>Blue Sky Meats (NZ) Ltd</b> P: 03 231 3421 info@bluesky.co.nz Morton Mains RD 1 Invercargill 9893	<b>BX Foods</b> P: 03 433 0078 E: sales@bxfoods.co.nz PO Box 421 Oamaru 9444	<b>Columbia Exports Ltd</b> P: 09 379 7161 E: office@columbiaexports.co.nz PO Box 2519 Shortland Street Auckland 1140
<b>Crusader Meats New Zealand Ltd</b> P: 07 878 7077 E: mike@crusadermeats.co.nz State Highway 30 Benneydale RD7 Te Kuiti 3987	<b>Davmet New Zealand Ltd</b> P: 06 835 8288 E: davmet@davmet.co.nz PO Box 1149 Napier 4140	<b>Fern Ridge Ltd</b> P: 06 834 3888 E: single@fernridge.nz PO Box 8948 Havelock North 4157	<b>Graincorp Commodity Management NZ Ltd</b> T: 09 273 7745 E: lwright@graincorp.co.nz PO Box 259 East Tamaki 92-98 Harris Road Auckland 2013
<b>Greenlea Premier Meats Ltd</b> P: 07 957 8125 E: lesley@greenlea.co.nz PO Box 87 Waikato Mail Centre Hamilton 3240	<b>Harrier Exports Ltd</b> P: 09 369 5475 E: richard@harrier.co.nz PO Box 37921 Parnell Auckland 1151	<b>Kintyre Meats Ltd</b> P: 06 372 7882 E: office@cabernet.co.nz 530 Gladstone Rd Carterton 5792	<b>Lanexco Ltd</b> P: 07 578 1400 E: graemelane@lanexco.co.nz 71 Fraser Street Tauranga 3141

<b>Lowe Corporation Ltd</b> P: 06 872 7700 E: acb@lowecorp.co.nz PO Box 444 Hastings 4156	<b>Mathias International (Mathias Meats NZ Ltd)</b> P: 09 356 8000 E: johnu@matintl.com PO Box 2109 Shortland Street Auckland 1140	<b>Ovation New Zealand Ltd</b> P: 06 858 6390 E: accounts@ovation.co.nz PO Box 504 Waipukurau 4242	<b>Prime Range Meats</b> P: 03 215 9079 E: info@primerange.co.nz 1 Sussex St Gladstone Invercargill 9810
<b>Progressive Meats Limited</b> P: 06 873 9090 E: info@progressivemeats.co.nz PO Box 36 Hastings 4156	<b>PVL Proteins Ltd</b> T: 09 270 1624 E: alan@auckmeat.co.nz 851 Great South Road Otahuhu Auckland 1640	<b>SBT Group/ SBT Marketing (2009) Ltd</b> T: 06 278 2070 E: suehacket@sbt.group.co.nz PO Box 172 47 Glover Road Hawera 4640	<b>Silver Fern Farms Ltd</b> P: 03 477 3980 W: www.silverfernfarms.com PO Box 941 Dunedin 9054
<b>Standard Commodities NZ Ltd</b> P: 03 326 7905 E: craig@stancom.co.nz PO Box 17 681 42 Mariner Street Sumner Christchurch 8840	<b>Taylor Preston Limited</b> P: 04 472 7987 E: info@taylorpreston.co.nz Private Bag 13 908 Johnsonville Wellington 6440	<b>Te Kuiti Meat Processors Limited</b> P: 07 878 6045 E: info@tkmeats.co.nz PO Box 169 Te Kuiti 3940	<b>Universal Beef Packers Ltd</b> P: 07 878 8926 W: www.ubp.co.nz PO Box 408 Te Kuiti 3941
<b>Value Proteins</b> T: 03 738 0257 E: selwyn@gloriavale.co.nz Private Bag 611 Greymouth 7840 189 Heaphy Road Lake Haupiri West Coast	<b>Wallace Group</b> P: 07 889 7095 W: www.wallace.co.nz PO Box 12 Waitoa 3341	<b>Wilbur Ellis NZ Ltd</b> T: 03 218 1844 E: rtait@wilburellis.com PO Box 977 49 Kelvin Street Invercargill 9840	<b>Wilmar Gavilon</b> T: 06 836 7589 E: Marcus.adam@wilmargavilon.com 10 Rogers Road Bay View Napier 4104



## ► AFFILIATE MEMBERS OF THE ASSOCIATION

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