

mia

Meat Industry Association



ANNUAL REPORT 2015

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DIRECTORY

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ANNUAL REPORT & CONFERENCE PUBLICATIONS

Beef + Lamb New Zealand Incorporated

PHOTOGRAPHS

Provided courtesy of Beef + Lamb New Zealand Incorporated

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FOREWORD

During the year ended 30 June 2015 total exports from the sheep and beef industry were \$7.3 billion, some \$600 million more than the previous year. This was achieved despite continuing uncertainty in our major markets for lamb, and because of strong global demand and prices for beef.

Over the period companies were cautious in procurement and inventory management, and overall we witnessed relative stability for the sector. Nevertheless, we have not escaped the effect of a number of unpredictable events, including the ongoing impact of New Zealand's drought, a downwards correction in Chinese economic growth, continuing uncertainties regarding beef exports to Indonesia, and fluctuating demand in Europe.

We are fortunate that the New Zealand meat production model, with a foundation of highly efficient pastoral farming and competitive processors and exporters selling a diversified mix of products to many markets, makes the sector flexible and resilient enough to weather these challenges and to grow.

The emergence of China as a principal market for lamb and a growing market for beef led to a recognition that it would require particular attention, both to build on relationships with importers and those in the China value chain, and to promote markets for higher value products. Experience during the year past also demonstrated that, such is their size, small changes in China's commodity markets can have significant impacts on demand and price. Companies have accordingly taken steps to lift their marketing investment in China, and indeed other Asian markets, to introduce brand and product promotion.

It is now five years since the Red Meat Sector Strategy was introduced and it is pleasing to see that many of its themes have been adopted, particularly in the PGP programmes progressively initiated by some of the major processors, and by the Red Meat Profit Partnership spearheaded by Beef + Lamb New Zealand. Collaboration, it is happening where it should – in greater vertical integration of the value chain, in which through selective contract procurement arrangements, farmers are linked to customer demand.

It is pleasing that a FTA has been signed with Korea which will result in the eventual removal of more than \$50 million in tariffs, and eliminate the

disadvantage New Zealand would otherwise have faced relative to that of its competitors. While the WTO remains moribund, a network of free trade agreements is important to New Zealand's and our market development.

But once an agreement is concluded there remains a lengthy process of securing agreement on the food safety provisions under which New Zealand product will be accepted in the market concerned, including provisions for regular inspection and audit. A FTA is just the start – the hard work is in building and deepening ongoing relationships with markets.

China is a good example of this. The China FTA has provided significant benefits for our industry, and we are generally in a good position compared to other exporters. There have, however, been hiccups along the way, and there remain a number of outstanding market access issues.

In June 2014, MIA sent a senior delegation to China to demonstrate the importance our industry places on the Chinese market, and to initiate an enduring whole-of-industry relationship with the principal Ministries and industry bodies who regulate and influence the conditions under which we trade in China. During Chinese President Xi's visit to New Zealand in November 2014 we signed a Memorandum of Understanding with CCCFNA (the Chinese Chamber of Commerce responsible for agriculture). Earlier in July 2015, we hosted a business delegation from China, signing an MoU with the China Meat Association and further strengthening 'industry to industry' collaboration through that body. This is an ongoing process, and later in 2015 MIA will be sending a follow-up industry delegation to China.

However, as at August 2015, the Trans Pacific Partnership (TPP) is still not over the line. Such an agreement would likely see significant market access improvements in traditionally protectionist markets such as Japan and the United States. This is especially important where some countries have gained preferential access to TPP countries such as Japan, while New Zealand exporters are placed at a major tariff disadvantage. However, the TPP is not only just a matter of lowering tariffs and removing quotas, but it is also about providing a vehicle for the promotion and acceptance of New Zealand regulatory guarantees for food safety and biosecurity.

At the beginning of 2015 the Indonesian government put in place restrictions on the importation of beef. These have no evident scientific or food safety justification, but have had the effect of significantly reducing New Zealand's meat exports to Indonesia. MIA is pleased that the New Zealand government has joined the United States in pursuing a case against these restrictions at the WTO.

The MIA has been involved in some major domestic policy matters this year. A biosecurity incursion is potentially the single biggest threat to the meat processing industry. We are pleased that last year MPI committed resource to fixing a number of gaps in the biosecurity response system through a partnership with MIA and other primary-industry organisations. However, while there were improvements to biosecurity readiness in 2015, there is still a lot more work to go, including reaching agreement on funding as between the government and industry.

The Government has recently passed sweeping changes to health and safety legislation, and MIA has taken an increasingly active role in the development of the proposed regulatory changes. The MIA is leading work on meat industry health and safety standards, and is engaged with the Government on the development of regulations.

Early in 2015, MIA became engaged in negotiations with MPI regarding intended changes to charges recovered from industry for regulatory services provided by MPI. The proposed increase in charges on the meat industry of several million dollars was to meet a historical MPI deficit, not attributable to meat processing. We are very pleased that MIA's engagement resulted in only a very minor eventual increase in charges for processors. MPI have also proposed a review of the 'first principles' underpinning its cost recovery processes, which will keep MIA fully engaged in the coming year.

Innovation continues to be another area of focus for the industry and for MIA. Innovation initiatives are often undertaken out of the spotlight, but are important for the industry as they add value, ensure ongoing improvements to food safety and integrity, and increase processing efficiency. This year MIA established the Meat Industry Research and Innovation Fund (MIRIF), a 50:50 partnership between the MIA on behalf of meat processors, and MBIE on behalf of the government. Through

processors collaborating, the MIA has been able to leverage greater funding and support for a broader range of innovation projects than would have been possible if companies had pursued them individually.

Finally, as debate about industry structure has continued during the year, it is worth reiterating the point made in last year's annual report that MIA does not have the mandate to involve itself in what are essentially ownership matters. MIA's focus is on areas, including those outlined above, where the industry seeks to work collectively – and while there is much work to do it is pleasing to note and record the good progress on all fronts during the year – and that while challenges will inevitably continue, the future is nevertheless very positive.



Bill Falconer
Chairman



Tim Ritchie
Chief Executive



ADVOCACY

The MIA is a trade association whose core role is to advocate on behalf of its members where there is a common interest, principally regarding government policy and regulatory matters within New Zealand and in the markets with which our members trade.

Part of this is raising general awareness of the meat industry and its importance for the New Zealand economy and employment. It has to be said that in general, today's policy makers and the public do not have a deep understanding of the issues faced by or the contribution of the meat industry. Wellington policy makers do not always appreciate the continued significance of the sector to the New Zealand economy and as one of the largest employers in New Zealand's rural regions. Often meat processing is mistakenly seen as a subset of farming issues. MIA seeks to work through direct political advocacy and input into the media to advance the general position of the industry as relevant and important to New Zealand, and that a positive perception of the industry is held by the public and policy makers.

As New Zealand's largest manufacturing industry with some 25,000 employees and second largest merchandise exporter, the industry is deeply interested and affected by government policies and regulation in areas such as food safety, trade, biosecurity, health and safety, and industry training. MIA engages with a variety of Government agencies on diverse issues, through appearances at select committees, submissions to government on policies, to direct dialogue with government officials. The MIA team has only a handful of staff, but we work with the subject matter experts from within our member companies to ensure the industry's positions on policy are effectively delivered in Wellington.

The meat industry is arguably the most heavily regulated industry in New Zealand. For the meat industry, regulation underpins international trade by demonstrating that New Zealand exporters meet the market access requirements of the 120 countries we trade with, and, more broadly that the reputation that New Zealand has as a supplier of safe, ethically produced, quality food is upheld. As such, the regulatory system protects public safety and contributes to an environment conducive for better commercial outcomes and economic growth. However, regulation also incurs significant costs on the sector, both direct (through cost recovery) and indirect (such as through loss of on-plant

operational flexibility and innovation), which can undermine the overall purpose of the regulation. Finding the right balance between cost and value is critical, and can only be done through an effective partnership between the regulator and the industry being regulated.

This partnership approach underpins how MIA tries to work with Government. The partnership approach is best seen with how we engage with the Ministry for Primary Industries (MPI) and in particular through the Strategic Directions Group, a joint MPI and industry initiative charged with overseeing the jointly developed Red Meat Regulatory Strategy. Our industry is heavily regulated by MPI, for which MPI cost recovers from the sector more than \$35 million annually to provide the independent verification that industry is meeting the regulated standards, with another \$45 million to AsureQuality for meat inspection services. No other New Zealand industry is as heavily cost recovered. With what amounts to a form of special taxation for an uncontested Government mandated service, it is critical that industry have some say in the efficiency in how that service is provided and this in turn requires that the service is provided for industry transparently. However, critical to the value of the regulatory service is that the regulator's independence and credibility is not compromised. In general, MIA has a close and productive relationship with MPI. To ensure that the regulatory model remains up to date, fit for purpose and is delivered efficiently it is essential that openness and the partnership approach is retained.

In the area of biosecurity, MIA has been working with government to improve New Zealand's ability to respond to biosecurity emergencies. While MPI leads the biosecurity system and brings with it particular technical and scientific skills, industry involvement has brought with it commercial expertise and an industry 'real world' perspective, to the benefit of all partners. This MPI-industry partnership approach meant that significant gaps in the biosecurity system were filled in 2014. There remains more to be done.

MIA is seeking to build close relationships with other regulators such as Worksafe NZ. We are pleased that Worksafe NZ recognises that close engagement with industry is critical for reducing the number and severity of injuries in our industry, and is moving away from the distant command and control approach regulators had previously taken to health and safety.

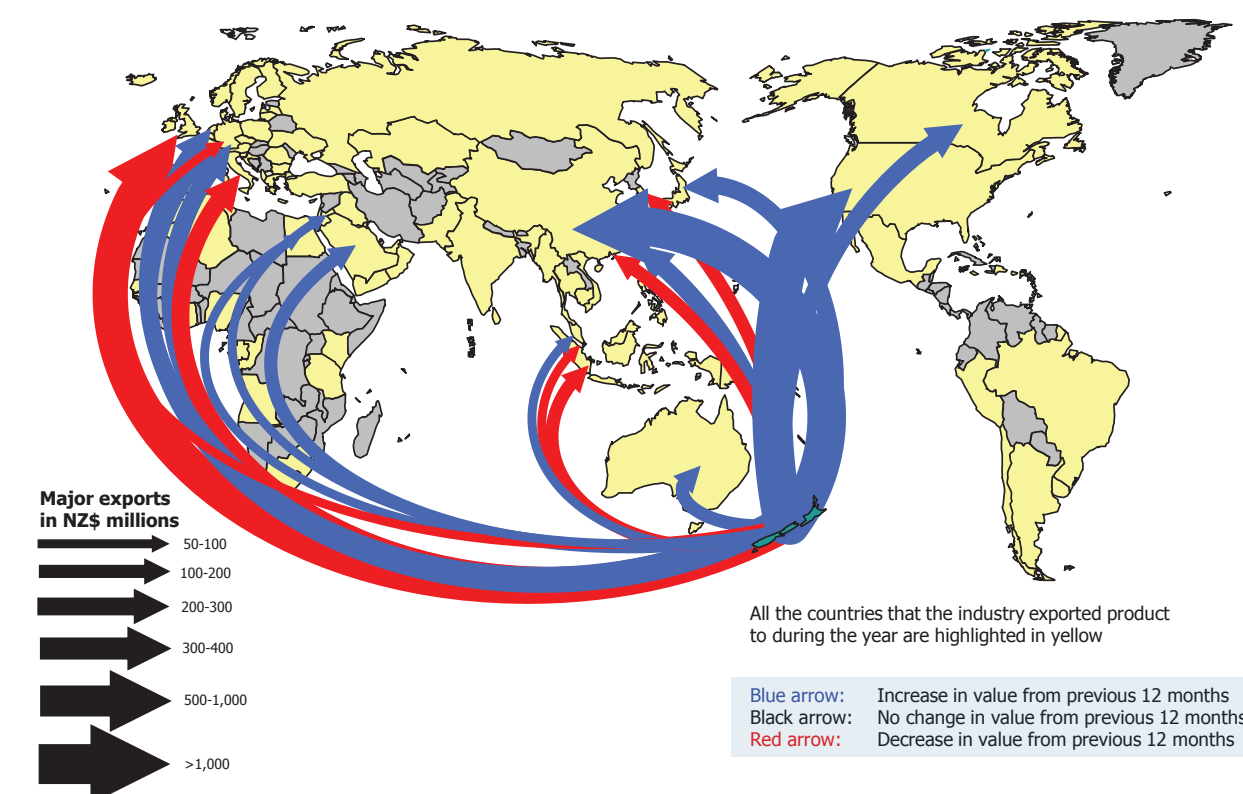
In the area of international trade, MIA works closely with MFAT and MPI to address barriers to our exports. Most barriers are disguised as non-tariff or technical restrictions on trade and a significant part of the MIA's work is in providing the necessary technical input and commercial perspective to Government. We use our linkages with overseas counterpart organisations and other stakeholders to build strong whole of industry relationships and to advocate trade liberalisation, including removal of non tariff barriers.

The MPI commitment to a strategy of "enabling and partnering" with industry is absolutely essential if the Government is to achieve its goal of export-led economic growth. Government support is crucial for growing the export economy, but ultimately it is the export industries themselves who are producing, processing and then selling in international markets that have the best understanding of how to grow their industries.

TRADE

OVERALL EXPORTS

MAJOR EXPORT DESTINATIONS FOR ALL NZ RED MEAT AND CO-PRODUCTS, 2014-15
(ARROWS SHOWING MARKETS WITH EXPORT VALUE OF \$50M+)



GENERAL

Exports of red meat and co-products generated export revenues of \$7.3 billion in the year ended 30 June 2015.

This was \$600 million more than the previous year, with much of this the result of growth in the value of exports, particularly of beef, to the United States and China. Like other exporting sectors the meat industry also benefited from a lower exchange rate against the US dollar, particularly in the first half of 2015.

Red meat and co-products exports to the United States increased by \$640 million compared to the previous year, and total exports to China increased by \$96 million. Other major markets where there was an increase in exports included Canada (up by \$42 million), and Taiwan (up by \$26 million).

There was however, a decrease in exports to some important markets including Singapore (down by \$57 million), Indonesia (down by \$21 million), and France (down by \$19 million).

While the industry exported products to more than 123 countries in 2014/15, certain key markets accounted for the majority of exports: the United States (\$1.9 billion), China (\$1.4 billion), and the United Kingdom (\$598 million).

The chart above summarises New Zealand's red meat and co-products exports in 2014/15.

BEEF

OVERALL EXPORTS

The standout feature for the industry's trade in 2014/15 was the increase in beef exports, with exports of 420,118 tonnes worth \$2.98 billion, an increase of 11% by volume, and 36% by value compared to the previous year.

The major reason for this was the significant growth in both the volume and value of exports to the United States, as well as growth in exports to China.

Factors contributing to this growth included a combination of increased global demand combined with decreased supply in the United States, while on the supply side there was increased number of cattle slaughtered in New Zealand 2014/15.

NORTH AMERICA

North America is New Zealand's largest market for beef. In 2014/15 it took 58% of New Zealand's total beef exports by volume and 56% by value, with exports of 241,730 tonnes worth \$1.68 billion.

The major market in the North American region, and New Zealand's largest individual market for beef is the United States. In 2014/15 New Zealand exported 225,435 tonnes of beef to the United States worth \$1.57 billion, an increase of 23% and 63% in volume and value on the previous year.

Increased United States demand has been driven by lower domestic supply, particularly of beef cows, as improved weather in major cattle rearing regions has led to herd rebuilding and fewer cows being sent to slaughter.

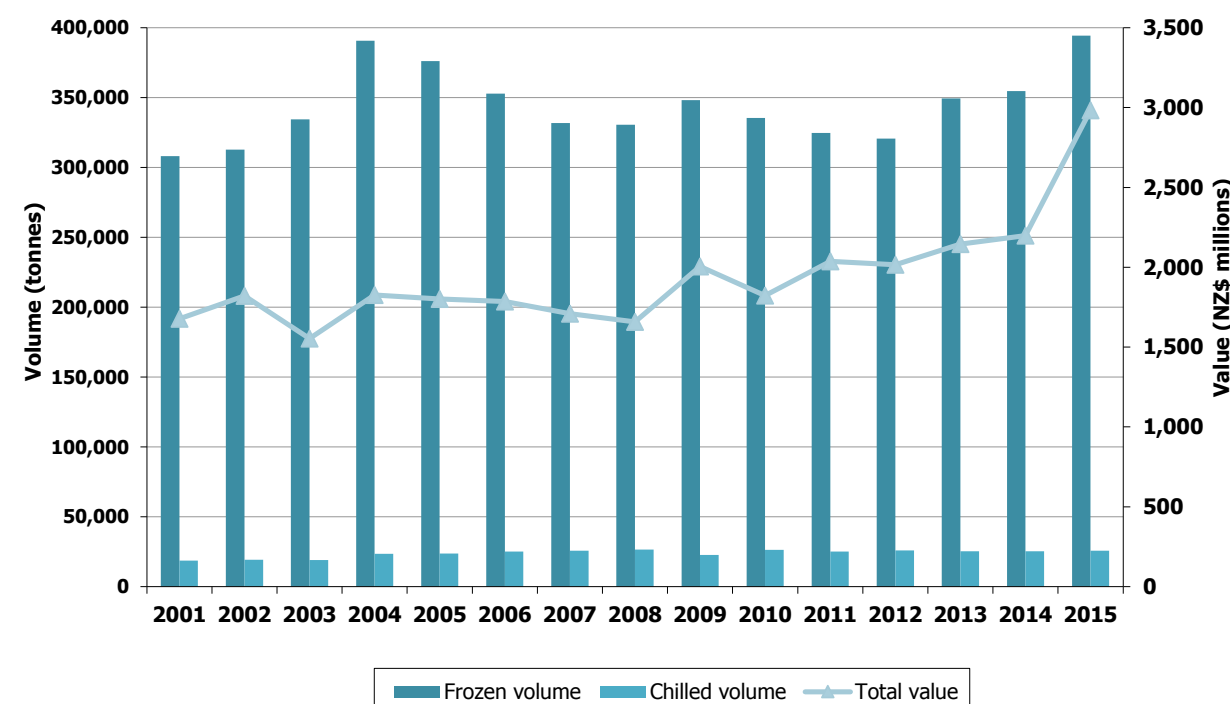
Exports to Canada, of 16,295 tonnes worth \$106 million in 2014/15 were also up by 19% and 51% respectively.

NORTH ASIA

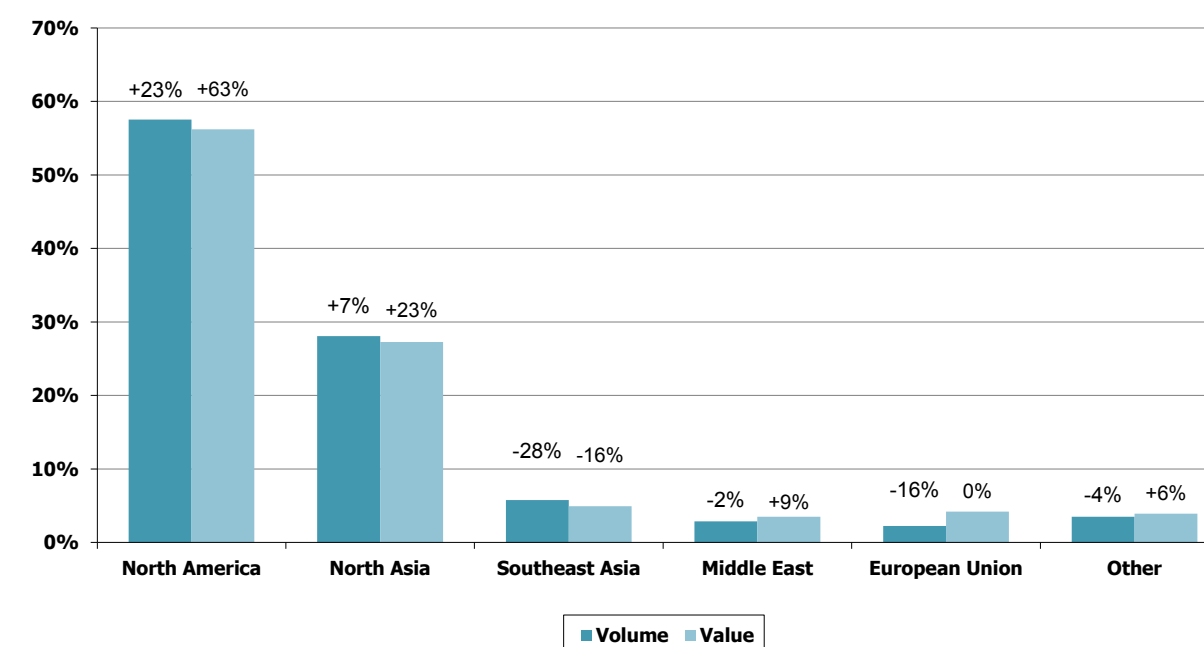
Overall beef exports to North Asia increased 7% to 117,960 tonnes, and 23% by value to \$813 million in 2014/15.

The growth in the volume of exports to the region was entirely driven by China, where exports increased by 44% to 53,417 tonnes in 2014/15, making it New Zealand's second largest individual market for beef.

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 2015)



Beef exports to all the other markets in the region declined, with exports to Korea down 8% to 20,752 tonnes, Japan down 18% to 20,424 tonnes and Taiwan down 5% to 19,661 tonnes.

China also accounted for the majority of the increase in the value of beef exports to the region, which grew by 68% to \$348 million in 2014/15. Growth in the value of beef exports to other market in the region also occurred, with exports to Japan up 4% to \$163 million, and Taiwan up 9% to \$154 million. Exports to Korea declined in value, by a relatively modest 3% to \$118 million.

SOUTH EAST ASIA

Both the volume and value of beef exports to Southeast Asia declined in 2014/15, with the volume down by 9,282 tonnes to 24,280 tonnes, and the value down by \$27 million to \$147 million.

This decline was mainly as a result of the import restrictions in Indonesia, where the volume of beef exports declined by 55% to a total of 6,974 tonnes in 2014/15, and the value by \$35 million to \$41 million.

There was also a decline in the volume and value

of beef exports to the other major market in the region, Malaysia, down 708 tonnes to 7,087 tonnes and the value down by \$2 million to \$32 million.

Exports to other significant markets in the region were mixed. While exports to the Philippines increased 8% by volume and 43% by value to 4,580 tonnes worth \$24 million, exports to Singapore fell 25% by volume and 13% by value to 2,907 tonnes worth \$29 million.

EUROPEAN UNION

With the higher volumes of beef going to the United States and China, the European Union (EU) was another region where the volume of beef exports declined in 2014/15, down by 16% compared to the previous year to 9,389 tonnes. However, the value of beef exports to the EU was unchanged at \$124 million. This meant that the average value of beef exports to the EU increased from \$11.11/kg in 2013/14 to \$13.29/kg in 2014/15.

The major beef markets in region were the Netherlands (\$41 million, up 18% over 2013/14), the United Kingdom (\$21 million, down by 33%) and Germany (\$22 million, up by 75%).

OTHER MARKETS

While the Middle East is a relatively small market for New Zealand beef, it is an important high value destination for chilled product which accounted for 61% of beef exports to the region by value. While the volume of exports was steady at just over 12,000 tonnes, the value of these exports increased by 10% to \$104 million. In 2014/15, the two largest markets within the region continued to be the United Arab Emirates (\$30 million) and Saudi Arabia (\$30 million).

Like the Middle East, the Pacific is a relatively small market for New Zealand beef, with exports of 9,160 tonnes to the region in 2014/15. It includes countries that are important destinations for chilled beef, with more than half of the exports to both French Polynesia and New Caledonia in chilled form. Total beef exports to French Polynesia were worth \$34 million in 2014/15 and exports to New Caledonia were worth \$15 million.

OTHER EXPORTERS

While New Zealand exports more than 80% of it's beef production, it still exports a much smaller volume than the world's 'big four' beef exporters, Australia, India, Brazil, and to a lesser extent, the United States.

It has been reported that Australian cattle slaughter in 2014/15 was the highest level since the late 1970s, reflecting ongoing dry conditions in Queensland and parts of NSW and Victoria, combined with the high beef prices. This high level of slaughter, combined with the global demand for beef and a lower Australian dollar resulted in Australian beef exports increasing by 14% to reach a new record total of 1.35 million tonnes in 2014/15.

The largest increase was in exports to the United States which grew by nearly 80% to 470,000 tonnes for the period. Exports to Australia's second largest market Japan also increased, by 9% to 303,518 tonnes in 2014/15. However, Australian exports to China actually decreased, down 22% to 124,820 tonnes for the period.

Indian buffalo beef exports have also continued to grow. While figures for the 2014/15 financial year were not available at the time of writing, export data shows that India exported 1.47 million tonnes of beef in the 2014 calendar year, up 11% from 2013. In 2014, India exported 662,000 tonnes of beef to Vietnam, most of which was likely to have been distributed via grey market channels into neighbouring countries. Other major markets were Egypt (146,000 tonnes) and Malaysia (123,000 tonnes).

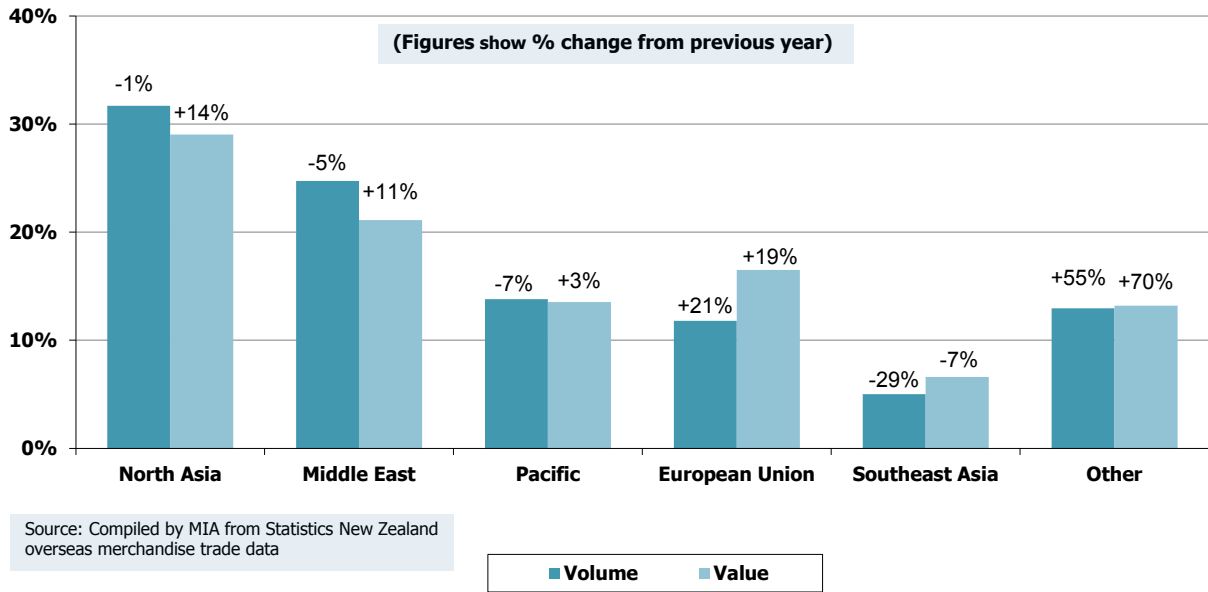
Brazil is the other country that regularly exports more than one million tonnes of beef annually. It exported 1.12 million tonnes in 2014/15, which was down 10% on exports in 2013/14, largely the result of lower supplies of slaughter cattle.

The major markets for Brazil in 2014/15 were Russia (257,000 tonnes), Hong Kong (226,000 tonnes), Egypt (171,500 tonnes) and Venezuela (131,000 tonnes).

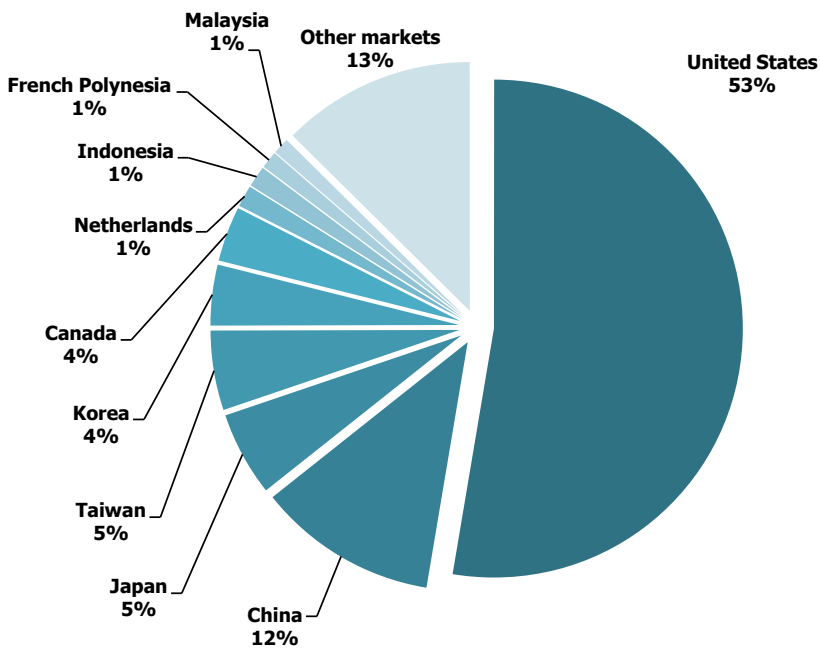
Brazil is beginning to regain access to China after a ban was imposed in December 2012 when BSE was discovered in Brazil. Brazil may also gain access to the United States soon, as the US Department of Agriculture is in the process of amending its import regulations to allow imports of beef from Brazil provided certain conditions are met to mitigate the risk of FMD.

As well as being a major beef importer, the United States is also a significant beef exporter, with export volumes of 780,853 tonnes in 2014/15. This volume was down 7% from the previous year, mostly because of the lower domestic supply. The major markets for the United States in 2014/15 were Japan (203,000 tonnes), Hong Kong (123,000 tonnes), Mexico (122,000 tonnes), and Korea (115,000 tonnes).

NZ CHILLED BEEF EXPORTS BY REGION (BY VOLUME AND VALUE FOR THE YEAR ENDING JUNE 2015)



TOP 10 BEEF MARKETS BY VALUE (YEAR ENDED 30 JUNE 2015)



SHEEPMEAT

OVERALL EXPORTS

Unlike beef, total sheepmeat exports from New Zealand declined by 24,453 tonnes, or 6%, to 378,208 tonnes in 2014/15.

While the volume of sheepmeat exports declined by 6%, there was a much smaller decline in the value of these exports, which were down by 2%, or \$51 million, to \$2.91 billion.

While there was a decline in the value of exports to China, this was offset by an increase in the value of exports to other major markets including the United Kingdom and the United States.

NORTH ASIA

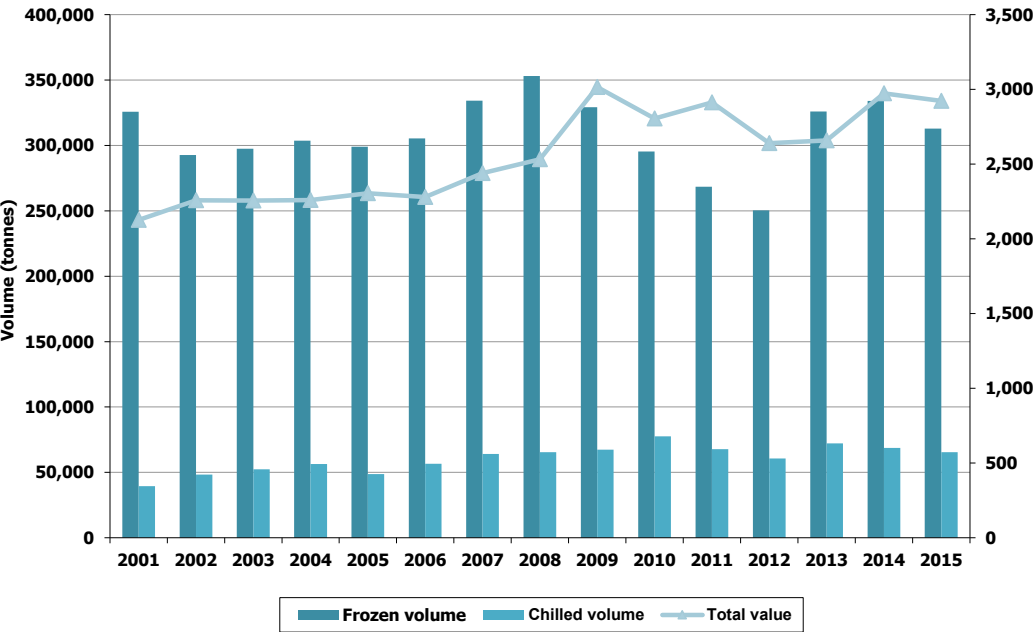
New Zealand exported 149,865 tonnes of sheepmeat worth \$811 million to North Asia, declining 16% by volume and 13% by value compared to the previous year.

This was largely the result of a drop in both the volume and value of sheepmeat exports to China in 2014/15, which were down by 27,569 tonnes to 132,898 tonnes and by \$137 million to \$672 million.

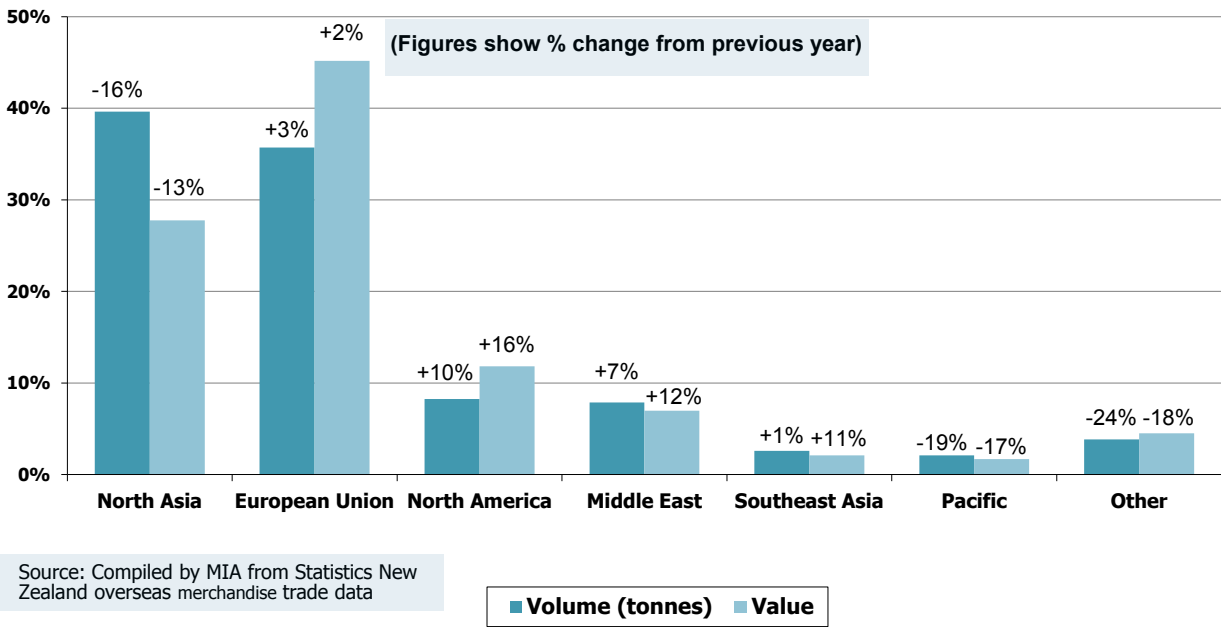
However, China was still New Zealand's largest individual sheepmeat market during the year, ahead of the United Kingdom (64,736 tonnes worth \$552 million).

While exports to Japan also declined by 924 tonnes to 5,587 tonnes, the value of these exports increased by \$4 million to \$57 million. Exports to other important markets in the region, Taiwan and Hong Kong were relatively steady in volume terms, at 6,680 tonnes and 4,262 tonnes respectively, but both increased in value compared to the previous year, with exports to Taiwan up 27% to \$41 million and to Hong Kong up 20% to \$36 million.

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



NZ SHEEPMEAT EXPORTS BY REGION (BY VOLUME AND VALUE FOR THE YEAR ENDING JUNE 2015)



EUROPEAN UNION

The European Union (EU) was New Zealand's second largest regional market for sheepmeat by volume, with exports increasing by 3,760 tonnes in 2014/15 to 135,092 tonnes.

It remained the largest regional market by value with exports increasing by \$30 million to \$1.32 billion. The EU continues to be the major destination for high-value chilled lamb, with exports worth \$524 million, 68% of total chilled exports by value.

The largest market in the region continued to be the United Kingdom (UK). The volume of exports to the UK was steady at 65,482 tonnes, while the value of exports increased marginally to \$552 million for the year.

There were larger increases to other markets in the region. Exports to the Netherlands increased by 1,828 tonnes and \$18 million to 14,577 tonnes worth \$179 million, while exports to Germany grew by 1,268 tonnes and \$11 million to 19,753 tonnes worth \$244 million. However, exports to the other major market in the EU, France, declined 11% by

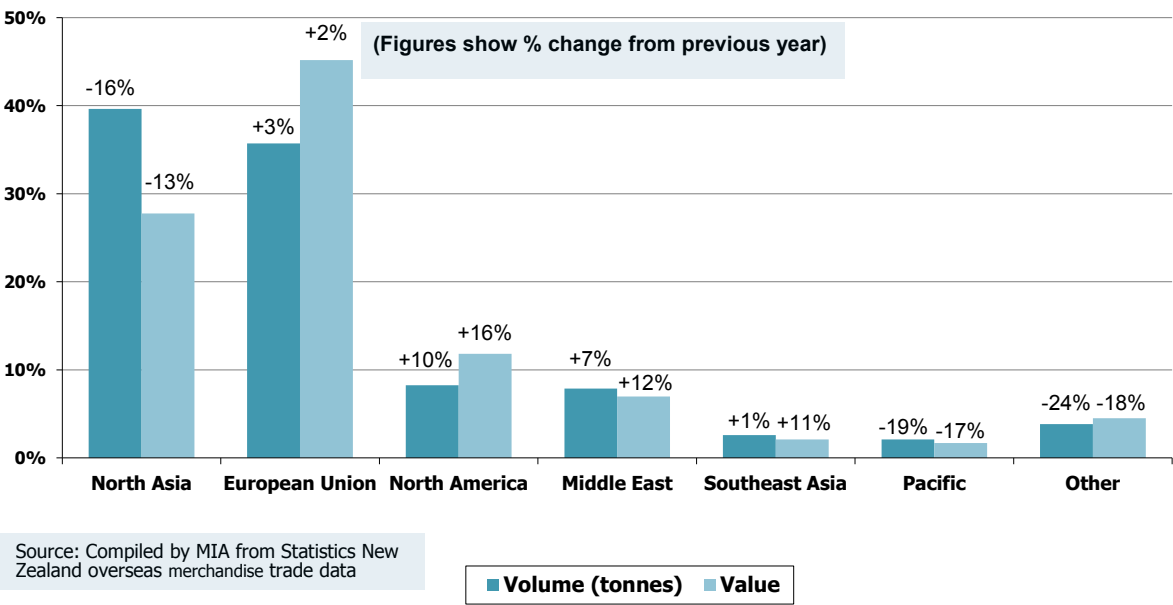
volume and 12% by value to 12,827 tonnes worth \$125 million in 2014/15.

NORTH AMERICA

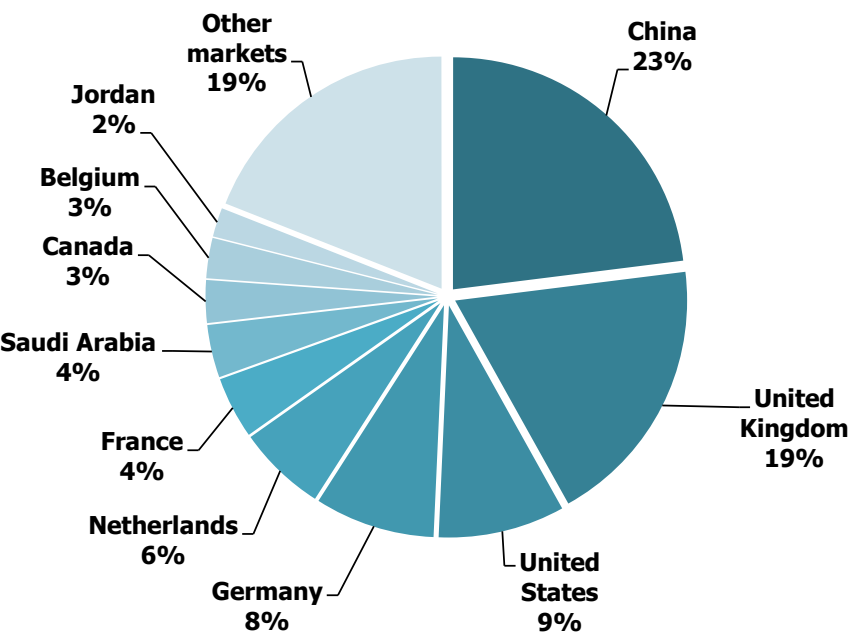
While sheepmeat exports to North America, of 31,234 tonnes worth \$345 million in 2014/15, were significantly less than exports to North Asia and the EU, it is an important high value market. 30% of exports are in chilled form with an average export value of \$11.04/kg which is higher than \$9.77/kg for the EU and \$5.41/kg for North Asia.

Furthermore, exports to the region increased 10% in volume and 16% by value with exports of \$258 million to the United States, which remains New Zealand's third largest individual market for sheepmeat.

► **NZ CHILLED SHEEPMEAT EXPORTS BY REGION**
(BY VOLUME AND VALUE FOR THE YEAR ENDING JUNE 2015)



► **TOP 10 SHEEPMEAT MARKETS BY VALUE**
(YEAR ENDED 30 JUNE 2015)



MIDDLE EAST

The Middle East was another region where the volume and value of sheepmeat exports increased, up by 7% to 29,716 tonnes and by 12% to \$204 million.

More than 80% of exports to the region are destined for Saudi Arabia and Jordan. While there was a relatively modest growth in exports to Saudi Arabia, up by 3% to 16,285 tonnes and by 5% to \$107 million, the growth in exports to Jordan was more significant, up by 31% to 8,635 tonnes and 38% to \$59 million.

OTHER MARKETS

European countries outside the EU continued to be important markets for high value sheepmeat products. The most important of these countries was Switzerland, which took exports of 2,340 tonnes worth \$50 million in 2014/15, returning a very high FOB value of \$21.21 per kg. Russia also took exports worth \$18 million during the year.

Other destinations outside of the major regional markets included Mexico (\$16 million of exports in 2014/15), Papa New Guinea (\$15 million) and Fiji (\$14 million).

OTHER EXPORTERS

Australia is the other major global sheepmeat exporter, and according to Australian Department of Agriculture data, Australian sheepmeat exports increased slightly in 2014/15, up by 1,500 tonnes to a total of 411,100 tonnes. While Australian sheepmeat exports to China also declined, down 24% to 76,960 tonnes, this was offset by growth in exports to other major markets including the United States, the UAE, Saudi Arabia and Malaysia.

The ongoing high volume of exports was the result of high lamb and sheep slaughter during the year, which was once again largely driven by unfavourable seasonal conditions in parts of New South Wales, Victoria and South Australia.

CO-PRODUCTS

OVERALL EXPORTS

Total co-products exports were worth \$1.37 billion in 2014/15, slightly down on the previous year. There was a decline in the value of exports of hides and pelts and of casings and runners, which was only partially offset by an increase in the value of edible offal exports.

HIDES AND SKINS

Cattle hides and sheep pelts accounted for 37% of total co-products exports during 2014/15.

Exports were worth \$504 million for the year, down by 10% or \$51 million. While exports to the largest market, Italy, declined by \$23 million to \$194 million, exports to the other major market, China, increased slightly by \$3 million to \$157 million.

There was also a change in the composition of exports to China, with a decrease in exports of sheep pelts and an increase in cattle hides.

While these two markets accounted for 70% of total exports, there were also exports worth \$32 million to Australia, and \$20 million to Korea.

EDIBLE OFFAL

This was the category of co-products that showed the most significant increase in exports in 2014/15, with the volume of exports up by 4% to 66,401 tonnes and the value of these exports up by 13% to \$211 million compared to the previous year.

While exports to the two of the markets, Japan (\$35 million) and the UK (\$21 million), were steady, exports to Korea were up 31% to \$30 million, and to Russia up 35% to \$15 million.

MEAT AND BONE MEAL

Exports of meat and bone meal (MBM) also increased, up 15% by volume to 173,082 tonnes and 3% by value to \$151 million. This was mainly a result of growth in exports to the major market for MBM, Indonesia.

Exports to Indonesia increased 22% by volume to 90,558 tonnes and 23% by value to \$71 million. In contrast, exports to what has traditionally been the other major MBM market, the United States, declined 47% by volume to 11,216 tonnes and 55% by value to \$15 million.

In 2014/15, the United States was overtaken by China, which took MBM exports of 24,316 tonnes worth \$21 million.

PREPARED AND PRESERVED MEAT

Exports of prepared and preserved meats (such as corned beef) were relatively unchanged in 2014/15, with the volume of exports growing by 1% to 15,483 tonnes and the value of these exports growing 4% to \$145 million.

There were some changes to the major destinations for these exports, with the United States (\$52 million), Australia (\$35 million) remaining the top two, but Korea (\$12 million) overtaking Japan (\$10 million).

CASINGS AND RUNNERS

There was some recovery in the value of exports of processed casing and semi-processed 'runners' from sheep intestines in 2014/15, which were up 26% to \$173 million.

This was mainly the result of a number of companies re-commissioning casings processing facilities. While exports of casings and runners to China more than doubled to reach \$44 million in 2014/2015, this was still a long way short of the \$197 million exported in 2011/2012.

There was also some growth in the value of casings and runners exports to Egypt (up \$8 million to \$59 million) and Australia (up \$4 million to \$31 million).

TALLOW

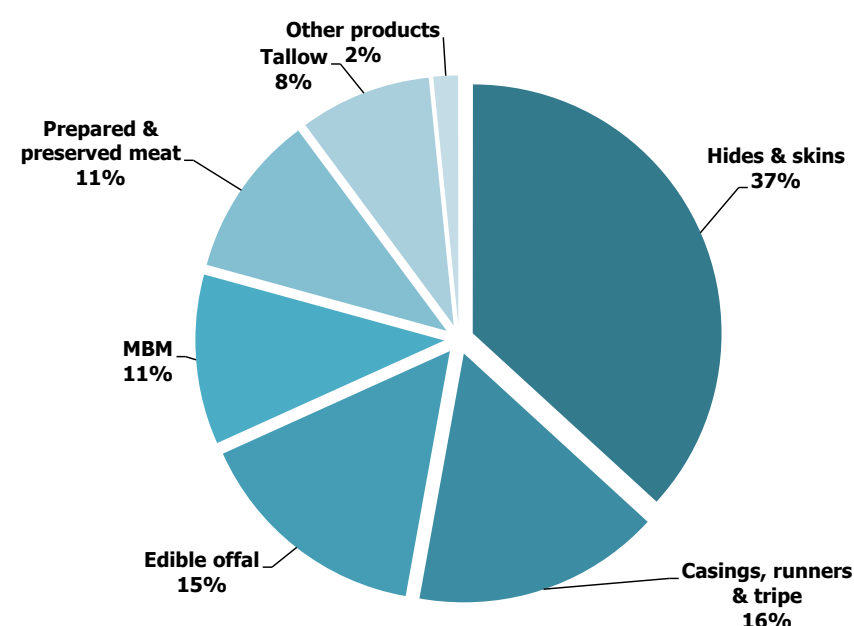
While the volume of tallow exports increased by 21% to 145,084 tonnes in 2014/15, the value of these exports dropped by 9% to \$117 million.

There was a significant change in the major destinations for tallow exports. While exports to Singapore dropped from 64,211 tonnes (worth \$71 million) in 2013/14 to 27,245 tonnes (worth \$19 million) in 2014/15, exports to China increased from 42,013 tonnes (worth \$43 million) to 107,402 tonnes (worth \$83 million). MIA understands that this was the result of biodiesel manufacturing ceasing in Singapore.

TRIPE

Exports of sheep and beef tripe increased 18% by volume to 23,612 tonnes and 31% by value to \$109 million in 2014/15. While exports to the largest market, Hong Kong, were relatively unchanged at 10,850 tonnes, worth \$45 million, there was a significant increase in tripe exports to China following the expansion of the number of plants permitted to export tripe to China in mid-2014. As a result of this expansion, tripe exports to China grew from virtually nothing in 2013/14 to 5,207 tonnes worth \$27 million in 2014/15.

NZ EXPORTS OF CO-PRODUCTS (BY VALUE FOR YEAR ENDED JUNE 2015)



MARKET ACCESS

► GENERAL

New Zealand exports a greater proportion of its production than all the other major sheepmeat and beef exporting countries, as we eat less than 10% of the sheepmeat and only around 20% of beef that we produce. This means that the New Zealand meat industry is highly export-focused and overall exports approximately 86% of what is produced.

Furthermore, as the industry business model is to breakdown the carcass and find the best returning market for each part, maintaining and improving access into as many markets as possible is a major industry focus. This forms a significant part of the work that MIA undertakes.

Much of this work involves dealing with the high levels of regulation that apply to the meat industry globally, particularly in the form of non-tariff barriers (NTBs).

These barriers can range from inspection and licensing requirements that can prevent a plant from having access to a particular market, through to processing requirements that cannot be justified on scientific grounds but which add significant cost to operations.

While the costs of the tariff barriers facing the industry in a number of markets are relatively easy to measure, and have been falling through successful trade negotiations, it is much more difficult to quantify the costs of NTBs. Therefore, MIA and a number of other primary sector organisations are working to progress a study to identify and measure the cost of NTBs to New Zealand agricultural exports in order to help determine where New Zealand's limited trade policy resources should be deployed.

► SPECIFIC MARKETS

CHINA

Given the importance of China as a market for the New Zealand red meat industry, it continued to be a significant focus of MIA activity in 2014/15.

New Zealand is, relatively speaking, in a good position in terms of its trade relationship with China, but there are still a number of outstanding access issues, particularly relating to plant listing processes and access for particular products such as semi-processed casings and chilled product.

Work on these areas continued during the year, but progress has been slow. The MIA is determined to see these areas tidied-up as soon as possible, particularly as these are significant commercial consequences for companies who are affected.

2014/15 saw a concerted effort to strengthen the "whole of industry" relationship between New Zealand and China, as a means of enhancing understandings and opening pathways to resolve market access issues.

While individual companies have developed strong commercial relationships with partners in China, until recently there has not been the same focus on developing the relationship at the industry-to-industry level.

As a first step in developing "whole of industry" relationships, a high level delegation comprising Chairmen and CEOs of New Zealand meat companies traveled to China in mid-2014.

This was followed up by a return visit to New Zealand by a Chinese delegation in mid-2015. This delegation was led by the Executive President and the Vice President of the China Meat Association, the nation-wide organisation representing members from the meat production and distribution industry. The delegation also included representatives from meat importing and processing companies in China including one of the largest sheep husbandry and processing companies.

The visit was an opportunity for the MIA to provide its Chinese counterparts with a deeper understanding of the New Zealand red meat sector, including the regulatory framework, R&D and innovation, on-plant systems and processes, and also to develop and strengthen commercial relationships and networks.

At the conclusion of the visit the MIA and CMA signed a Memorandum of Understanding (MoU) to strengthen cooperation between the two organisations.

This was the second MoU that MIA signed with a Chinese industry organisation during the year. In November 2014, MIA signed an MoU with the China Chamber of Commerce for Native Products (CCCFNA) in the margins of the Chinese President's visit to New Zealand. CCCFNA is a state-sanctioned organisation that has roles as a "gatekeeper" for issuing import licenses, and also works in the areas of food safety, food security and in overseeing the foreign accreditation of Chinese laboratories.

The MIA CEO also presented on the New Zealand sheep and beef industry at the China International Meat Conference in Beijing in November.

MIA is in the process of organising a return visit by another senior New Zealand meat industry delegation to China later in 2015.

INDONESIA

Following the Indonesian government's relaxation of the import quota system in September 2013 there was a recovery in trade through until late 2014. However, market access conditions once again deteriorated at the beginning of 2015 following the introduction of new import policies by the Indonesian government.

These were in the form of restrictions on the types of cuts and products that are allowed to be imported into Indonesia, which effectively blocked the majority of New Zealand's exports to Indonesia. This is highlighted in the export statistics for the first half of 2015, which show that exports to Indonesia are less than a third of what they were during the first half of 2014 (3,700 tonnes compared to 13,900 tonnes).

The driver behind this policy appears to again be strong political pressure to implement self-sufficiency in a number of key agricultural products including beef, despite the recent lack of success in achieving this goal through the import quota restrictions of the 2011 to 2013 period.

These ongoing, and unjustified, import restrictions have led New Zealand and the United States to take a case against Indonesia to the World Trade Organisation (WTO).

Following a series of unsuccessful consultations aimed at resolving the issues in March 2015, New Zealand and the United States jointly filed a request to establish a WTO Dispute Settlement Body Panel to hear the case against Indonesia's import regime for horticultural products, animals and animal products. In May, the Disputes Settlement Body established a panel to hear the case. The New Zealand meat industry fully supports this case.

The continuation of Indonesia's import restrictions is likely to see exporters shift products to other more stable and accessible markets. This will increase the pressure on Indonesia to source the meat it needs to help satisfy the nation's growing demand for protein.

► TRADE AGREEMENTS

While much of the industry's focus is on non-tariff barriers, the elimination of tariffs through Free Trade Agreements (FTAs) is important for the meat industry, given that tariffs cost the industry approximately \$350 million annually.

A significant milestone for the meat industry during the year was the signing of the NZ-Korea FTA. This agreement was a particular priority for the industry as our competitors in the market, the United States and Australia, already have FTAs in place with Korea, and have been enjoying a competitive advantage through reduced tariffs.

The meat industry is hopeful that the agreement will be ratified and enter into force before the end of 2015, to ensure that competitive disadvantage with these competitors remains relatively small.

Korea is currently New Zealand's third largest beef export market by volume (20,752 tonnes) and fifth largest by value (\$118 million). As recently as 2011 Korea was New Zealand's second-largest beef export market, but volumes have been dropping in recent years.

This significant beef trade has been operating despite Korea maintaining a high tariff on beef, of 40%. We calculate that New Zealand's beef exports to Korea incurred a total tariff cost of around \$50 million in the 2014 calendar year.

Negotiations on the Trans-Pacific Partnership (TPP) continued slowly during the year. The meat industry is keen to see progress on tariff elimination in the TPP, as it would open up significant markets and

would also level the playing field with Australia under the bilateral Australia-Japan trade deal which reduced Japanese tariffs on Australian beef.

During the year MIA was also involved in work being undertaken to highlight the benefits of an FTA between New Zealand and the European Union (EU) for both parties.

Europe is a significant and long-standing market for the meat industry, but New Zealand is one of only a handful of countries that does not have a trade agreement in place with the EU.

While New Zealand has very good access for sheepmeat, the access for other products could be considerably improved. For example, Europe is a relatively small, but high value, market for New Zealand beef, but access is restricted by high tariff costs of around \$50 million annually.

The meat industry is very supportive of negotiating an agreement that would reduce these tariffs and improve access into the EU.

In November 2014, during President Xi Jinping's visit to New Zealand, he and Prime Minister Key agreed to explore an upgrade to the New Zealand-China Free Trade Agreement. This recognises the strong growth and increasing sophistication of bilateral trade and investment and that both China and New Zealand have concluded a number of FTAs with third countries since the NZ-China FTA entered into force in 2008.

MIA is supportive of the opportunity to modernise the agreement to help ensure it remains up to date and relevant to the current circumstances of trade, investment and business between China and New Zealand. In its submission to MFAT, the MIA urged officials to use the FTA Upgrade process to fine tune existing processes to help deliver timely market access outcomes for the meat industry.

The MIA continues to support and be closely involved with the Regional Comprehensive Economic Partnership negotiations. The RCEP is seeking to address Non Tariff Barriers (NTBs) in the region and the MIA has been active in providing advice on the NTBs affecting meat exports. RCEP represents a significant trade block estimated at around 27% of global trade. It also accounts for about 60% of New Zealand exports.

► HALAL MARKET ACCESS

Undertaking halal processing is an important part of the industry's business model as it provides companies with the flexibility to export cuts from every carcass to customers throughout the world, therefore maintaining revenue.

More than 20% of New Zealand's red meat exports are halal-certified. About half of these go to Muslim markets (some \$493 million) where halal certification is an entry requirement, with the remaining halal certified exports going to Muslim customers in other markets, such as China and South Africa. In total, New Zealand exports halal certified meat to around 75 countries.

For the last five years there has been government oversight of halal processing through the Halal Notice administered by MPI. This oversight provides overseas regulators and customers with additional assurances about the integrity of New Zealand's halal processing systems.

During the year MPI undertook consultation on proposed changes to the Halal Notice to ensure that it remains fit for purpose.

MIA is supportive of a collaborative and consultative approach to resolving halal-related issues and would particularly like to see the Notice provide a robust mechanism to provide all those involved in halal processing with independent, timely advice when questions on specific halal requirements are raised.

► OTHER TRADE ISSUES

TRANSPORT

As the meat industry exports the vast majority of what it produces and has to send this product significant distances to its major markets, reliable transport services are vital for the industry.

While transport arrangements are generally commercial matters between individual companies and shipping lines, MIA does have some involvement in issues that impact on the industry as a whole.

One area that MIA has been involved in during the year is that of container weighing, which has become an issue in recent years as a result of a number of incidents on ships that have been attributed to overweight containers.

In late 2014, the International Maritime Organisation therefore adopted amendments to the International Convention for the Safety of Life at Sea, which will require that from 1 July 2016 all containers must have a verified weight as a condition for vessel loading.

The weight can be verified by either weighing the full container, or by providing the calculated weight of product and packaging plus the tare weight of the container to get the gross weight.

As many exporters, including the meat industry, already calculate container weights, the New Zealand Shippers Council (which MIA is an active member of) worked with Maritime New Zealand to advocate for the inclusion of the calculation method in the amendments.

The Shippers Council is continuing to engage with Maritime New Zealand on how the amendments will be implemented and to ensure the equivalency of current New Zealand systems in meeting the new requirements.

WORKFORCE

► GENERAL

The Zealand meat industry operates more than 60 processing sites around the country, and employs some 25,000 people. As most processing sites are located away from the major urban centres, the industry is a major contributor to New Zealand's rural communities and economy.

Attracting and retaining a competitive and appropriately skilled workforce and ensuring their safety is vital to the industry, which has recognised that it is an area where the industry should operate collectively, and therefore it is an area that MIA is actively involved in.

► TRAINING

PRIMARY INDUSTRY TRAINING ORGANISATION

The MIA is pleased that Primary ITO continues to take steps to ensure that the close relationship the meat processing industry enjoyed with Primary ITO's predecessor organisation, NZITO, is retained.

This year an Industry Partnership Group (IPG), consisting of the training managers from major meat processing companies (as well as representation from MIA) was established. The IPG will provide an important conduit for industry concerns on industry training directly to the Primary ITO and for Primary ITO to report directly to industry.

PRIMARY ITO MEAT BONING APPRENTICESHIP

The first Primary ITO Apprentice in Meat Boning graduated in 2014, an important step in increasing the number of skilled young people able to move into more senior positions in our industry. The results of the apprenticeship have been extremely pleasing – 11 have graduated so far, and there are 70 apprentices currently being trained. Particularly pleasing is the high retention rate of people enrolled as apprentices.

Given the success of the apprenticeship scheme, it was somewhat frustrating that the Tertiary Education Commission changed the rules concerning the apprenticeship without consultation with industry. However, MIA supported Primary ITO in its efforts to ensure the continuation of the qualification, and changes have been made which will ensure that apprenticeships for Meat Boning can continue.

TARGETED REVIEW OF QUALIFICATIONS (TRoQ)

The TRoQ for meat industry qualifications led by Primary ITO is almost completed. The purpose is to create a streamlined qualification framework that can progress workers through various stages appropriate to their career and that works for industry. Industry and Primary ITO worked together to develop a high level qualification structure that identifies and integrates qualifications aimed at school leavers through to management, providing a clear progression of certificates so workers in the industry have a training 'pathway'.

DIPLOMA OF MEAT TECHNOLOGY AND MEAT PROCESSING

Massey University has run the Diploma of Meat Technology for many years, but numbers of enrollments had declined to the point where the qualification was no longer commercially viable for Massey University to run. We are pleased that Massey University has made significant changes to the course content and way the diploma is delivered which should make the qualification more attractive to people in the industry.

The processing industry has also considered establishing with Primary ITO a Diploma in Meat Processing. This would be a practical and skills-based qualification with the intention of up skilling supervisors who already have the level 3 Certificate in Meat Processing. Course content would include environmental, financial, HR, product quality, and health and safety. An application for NZQA is currently being developed.

HEALTH AND SAFETY QUALIFICATIONS

MIA took the initiative in reviving work initially undertaken by NZITO on a qualifications framework for health and safety. Skills Organisation is currently developing a qualifications framework, and there are meat processing representatives on both the Expert Working Group and the overall Governance Group. This should ensure that the eventual New Zealand health and safety qualifications meet the needs of meat processors.

► HEALTH AND SAFETY

GENERAL

From being a relatively minor area for MIA, health and safety has emerged in the past year as a major area of policy and regulatory work. The meat processing industry is unfortunately a relatively risky industry. Much of this is the inherent nature of the work – it is manufacturing with heavy and slippery materials, requiring complex and sharp tools and machinery. Nevertheless, more needs to be done to reduce the current injury rate.

Driving much of the increased focus of MIA on health and safety has been the new health and safety regime, which has been introduced now that the Health and Safety Reform Bill has been passed. The MIA submitted to Parliament on the Bill – the MIA supported the overall intention of the Bill, though with some concerns. The Ministry of Business, Innovation & Employment has proposed a very significant body of regulation that will underpin the new Act. MIA has worked with processing companies to submit on the proposed regulations.

WORKSAFE NEW ZEALAND – A NEW REGULATOR

The establishment of Worksafe NZ has brought a much greater focus on industry health and safety. The MIA will liaise with Worksafe NZ to ensure meat processor concerns are articulated and to assist in ensuring effective, appropriate regulatory decisions. We are pleased how in 2015 Worksafe NZ has sought to increase its engagement with the meat processing sector and MIA, and is taking a very positive attitude towards this. The chief executive of Worksafe NZ, Gordon MacDonald spoke to the MIA Council, and at a lower level Worksafe NZ is showing a willingness to engage better.

MIA also notes that ACC too is increasing its engagement with industry, and is more willing than it has been in the recent past to discuss how it can work in partnership with industry to reduce injuries.

ACC FINANCIAL TRANSPARENCY BILL

In March 2014 the Government introduced the Health and Safety Reform Bill to parliament. This will allow for greater transparency in the setting of the annual ACC levy, and potentially reduce the extreme volatility in the annual work levy set by ACC. More importantly for the meat processing industry, it allows for Government to cease the collection of the ACC residual levy which had been brought in to pay off pre-1999 residual claims but

which have since been paid off. The continuation of the residual levy has led to considerable over-charging of the meat processing sector, and could undermine the advantages to MIA members of belonging to the Accredited Employer Programme. MIA submitted in favour of the Bill.

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.

In December 2013 the MIA produced and released the Meat Industry Health and Safety Guidelines as a health and safety resource for people working in the New Zealand meat industry. The guidelines have been well received and form the basis of health and safety induction training for many processing companies.

On the basis of the guidelines, MIA is now developing a more detailed set of standards to address some of the higher hazard areas in the industry and to help drive down the injury rate in the sector. These standards will be incorporated into the guidelines, and include some baseline 'checklists' for processing plants to ensure they are meeting some baseline levels of health and safety. The list of key hazards has been identified and work is progressing with the development of the standards.

► IMMIGRATION

The industry has a clear preference for employing New Zealand residents, but does need to make use of immigration provisions for halal slaughtermen.

This role is vital to the industry's business model, as it allows the majority of plants that process for export to undertake halal processing, which gives them the ability to supply products from any carcass to Muslim countries and Muslim customers in other markets.

Before each season MIA undertakes a process to find suitable New Zealanders to fill any vacancies for halal slaughtermen that companies may have.

However, an issue that industry has faced for a number of years is that while there are only a very small number of halal slaughtermen employed in the industry, the specialised nature of the work means that there are not sufficient New Zealanders able and willing to undertake the role.

Each season therefore, on behalf of the industry MIA needs to make use of immigration provisions to engage around 120 overseas-based slaughtermen to ensure that there are sufficient slaughtermen available for the processing companies for the season.

Given the importance of the halal slaughterman role for the industry, the MIA obtained the support of the New Zealand Meatworkers' Union for the current season's Approval In Principle (AIP) application to Immigration New Zealand to allow for overseas recruitment.

Despite the support of the Union, once again the process was protracted and created uncertainty for companies and the slaughtermen involved.

MIA continues to advocate for a long term solution, particularly for the number of the overseas-based slaughtermen who have been returning to work in the industry for multiple seasons.

Despite being valuable contributors to the industry and the wider economy, because the halal slaughterman role continues to not be on the long-term skills shortage list they remain ineligible to apply to become residents. MIA believes that should be a pathway for them to do so.



REGULATION

► GENERAL

The red meat industry is one of the most heavily regulated industries in New Zealand. It is subject to regulations relating to worker health and safety, animal welfare, biosecurity, immigration, employment relations, meat export quota, and meat hygiene among others.

In general, the meat industry accepts regulation as a necessary activity. The New Zealand food safety regulatory system, recognised by overseas authorities, is the foundation of acceptance of New Zealand meat products by overseas markets. The New Zealand meat industry relies heavily on the overall reputation of the country to successfully export its goods and to attract a premium in markets.

Nevertheless, regulation incurs very significant costs for the industry. Meeting cost-recovered regulatory activities under the Animal Products Act result in direct costs to the industry of approximately \$80 million a year. This excludes the considerable indirect costs of regulation, such as loss of flexibility and ability to innovate at a plant operational level.

Therefore, there is a balance between regulation that provides value for industry – in particular that enhances and protects the excellent reputation of New Zealand export products for food safety and animal welfare – and the very significant costs in both cost-recovery and in loss of flexibility and ability to innovate.

This year, the Ministry for Primary Industries consulted on a proposed increase in the Verification Services establishment charge to recover a historical deficit (of several million dollars) in the memorandum account. MIA lobbied hard pointing out that the claimed historical deficit was a result of MPI retrospectively changing their methodology for determining cost recovery, and that the claimed historical deficit was not due to undercharging meat processing establishments, but arose from other areas. Government accepted this, and therefore the proposed programme charge for meat industry establishment premises will not occur and “historical deficits” will not be recovered from establishments.

In other regulatory areas, MPI consulted on the Food Safety Law Reform Bill which will see changes to the Animal Products Act, the Food Act and the Wine Act to give effect to the raft of recommendations from the independent

Government Inquiry into the Whey Protein Concentrate (WPC) Contamination Incident. While the WPC Inquiry found that New Zealand has a world class regulatory system, it identified some areas for improvements (particularly in respect of the dairy sector) to ensure New Zealand maintains its international reputation as a producer of safe food.

The MIA submitted supporting in principle legislative changes, where these are necessary and appropriate, to ensure the integrity and robustness of the system is maintained. However, because export markets demand continuous presence of Government verifiers on meat processing premises, the relationship MPI has with the meat sector is notably different from that with other sectors. This continuous oversight already addresses many of the issues identified by the WPC Inquiry and as such, MIA argued, that the regulatory framework applied to the meat sector could in fact provide the model to implement many of the WPC Inquiry recommendations.

► STRATEGIC DIRECTIONS GROUP

The Strategic Directions Group (SDG) is a joint industry/government governance body that considers issues relating to regulation of the meat sector, including meat inspection and cost recovery. The SDG meets approximately every quarter, and consists of two co-chairs (CEO of the MIA and a DDG from MPI) and an equal number of senior managers from MPI and meat processing companies.

The purpose of the 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. 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, topics considered by the SDG included China market access, priorities for wider market access work, the new code of practice for slaughter and dressing and MPI's cost recovery review.

► PMI REFORM

Another focus for the SDG during the year was the Post Mortem Inspection (PMI) reform process, which has the aim of shifting responsibility for inspection for quality aspects to company staff with official government inspectors continuing to have responsibility for inspection of food safety related aspects.

Last year it was noted that the reforms have led to efficiency and productivity gains as company employees are able to combine non-food safety inspections with the other roles they already undertake, and during the year there was further work undertaken to embed the system. This included ongoing discussions with regulatory authorities in the EU and the United States to demonstrate the effectiveness of the reforms, and discussions with authorities in other markets to secure their acceptance of the new system.

There has been further engagement between MPI and MIA looking at further refining the current standards and the next stage of the PMI reforms.

► NATIONAL ANIMAL IDENTIFICATION AND TRACING

The National Animal Identification and Traceability (NAIT) system links people, property and livestock (specifically cattle and deer) in New Zealand, and provides traceability for individual animals. NAIT is a programme of OSPRI New Zealand, alongside TBfree New Zealand. MIA is a member of the Stakeholders NAIT Advisory Group and is represented on the OSPRI Stakeholders' Council by Tim Ritchie.

During the year MIA continued to provide input to NAIT on a number of areas, including, impractical to tag animals, the NAIT Strategy and Operational plan, and the urgency to ensure farm-to-farm movements are captured on the NAIT system. For biosecurity purposes, ensuring all movements, especially those from farm to farm, are captured is an absolute imperative.

► MIA TECHNICAL WORKING GROUP

The MIA Technical Group is open to all Member companies as a forum to consider key technical issues face-to-face with key MPI staff, and as a technical consultation group. Members of the Technical Group receive a fortnightly communication “Meat Matters” which informs members of

the Group on; technical matters impacting on members, relevant technical news snippets from the international food news media and also reminds members of upcoming events and when feedback is due on information / submission requests sought by MIA.

The Technical Group met in October 2014 and April 2015. Topics covered included:

- Meat code of practice development;
- E. coli 0157:H7 and non-O157 Shiga Toxin E. coli (n-STEC);
- The National Microbiological Database (NMD) Programme;
- HACCP unit standard review;
- Residues and contamination monitoring;
- Laboratory Accreditation Systems (LAS) review;
- Industry initiatives projects;
- Quota Compliance Verification Review;
- Animal welfare;
- Sheep meat measles data capture in meat premises; and
- Other customer and market access issues.

In addition MIA has continued to communicate and consult with this group on a number of key practical and technical matters.

A key focus of the Technical Group this year was, together with MPI Animals & Animal Products, Regulation & Assurance Standards Group to progress the development of a code of practice for slaughter and dressing that uses statistical process control and moves requirements from a very prescriptive, ‘command and control’ modus operandi to providing standards that are clearer and more describe expected levels of performance i.e. ‘what’ operators have to achieve rather than ‘how’ they should achieve something.

As this is a major step change in thinking the concept was introduced to industry through a series of workshops throughout the country. Once companies have embraced the concept they will be able to opt to do things differently, as long as they have validated their own procedures as achieving the performance criteria. In addition companies will need to ensure that their processes are under control by standard statistical process control techniques. The working group also commenced a review of IS 6: Further Processing, using the same principles.



► E-CERT

Electronic Certification (E-Cert) is MPI's internet application for providing government to government assurances for meat, seafood, dairy and plant products exported from New Zealand. Its purpose is to track market eligibility and product status from the time of production until export and the approval of an export certificate.

MIA, represented by Tim Clark (Silver Fern Farms) and Kevin Cresswell, is part of the E-Cert Steering Group, a grouping of key stakeholders who represent and communicate the interests of their industries and provide advice to the MPI E-Cert management team. The group met twice during the year.

E-Cert commenced the hosting of dairy certification during 2014 which will assist in bringing cost efficiencies to the E-Cert system.

MPI continues to work with counterpart regulators in Australia, Canada, China, European Union, Mexico, Philippines and the United States to allow the use of electronic data exchange. However getting these countries to uptake electronic transmission of certificates (paperless certification) continues to be challenging.

ENVIRONMENT

The environment remains a major policy issue for the primary sectors in New Zealand. The actual environmental impact of the processing itself is relatively limited. However, the environmental credentials of the products we sell in overseas markets are increasingly important, so processors have a direct incentive to ensure that farmers produce livestock in an environmentally sustainable way.

► GENERAL

At the same time, environmental policies from government, introduced without proper consideration of their impact, could undermine the commercial sustainability of farming and therefore processing and export. MIA's role is therefore to ensure the meat industry's voice is heard in policy discussions on environmental matters in Wellington, and that environmental policies are balanced between environmental sustainability and commercial reality.

► CLIMATE CHANGE ISSUES

In July 2015 the Government announced New Zealand's Intended Nationally Determined Contributions (INDCs) to reduce global greenhouse gas emissions. The target, 30 per cent below the 2005 level to be achieved by 2030, has been tabled internationally with the United Nations in advance of the Paris meeting in December 2015 which will aim to establish a new international climate change agreement under the United Nations Framework Convention on Climate Change. New Zealand's target will remain provisional until the new international agreement is ratified.

The MIA worked with other primary industry organisations to influence the Government's approach to setting the New Zealand INDC. The MIA is supportive of New Zealand transitioning to a low emissions global economy. We recognise our responsibility to contribute to global emissions reductions efforts. In its submission, the MIA argued that any international commitment New Zealand makes must reflect New Zealand's unique national circumstances.

New Zealand agriculture has an important role in the production of emission-efficient food and is a provider of safe and high quality food globally. The New Zealand red meat sector specifically, is among the most carbon efficient producer of sheepmeat and beef, even when the distance taken to transport product is taken into account. The MIA believes

that placing agriculture into emissions reduction liabilities must be done on an international level-playing field. Placing a cost on agricultural emissions in New Zealand when similar costs are not faced by our competitors will risk impoverishing ourselves and potentially shifting production off shore. The net effect will be increased emissions globally. While good progress is being made in developing mitigation technologies, it will be some time before these technologies are proven viable and effective in mitigation emissions from pastoral agriculture. Until then, incremental gains are being made, including at the processor level where individual meat processing companies are investing in new energy efficiency systems and technologies to further reduce carbon dioxide emissions associated with electricity and fuel use.

► FRESHWATER MANAGEMENT

Water quality has remained an important issue during 2014-15. The media focus has been on run-off from intensive dairy farming, but policy decisions made on water quality have the potential to affect the meat processing industry. MIA awaits anticipated changes to the Resource Management Act with great interest and continues to participate in the Land and Water Partnership of major primary sector groups.



INNOVATION

► GENERAL

The Meat Industry recognises the importance of innovation for ensuring growth and the continued success of the Red Meat sector. Companies are therefore actively involved in investing in research and development (R&D), both directly via their own research programmes and collectively by involvement in pan-industry collaborative projects, such as Food Safety initiatives, Research Consortiums (e.g. Ovine Automation Limited and a series of Limited Partnerships) and the Primary Growth Partnerships (e.g. Red Meat Profit Partnership, FoodPlus and Farm IQ).

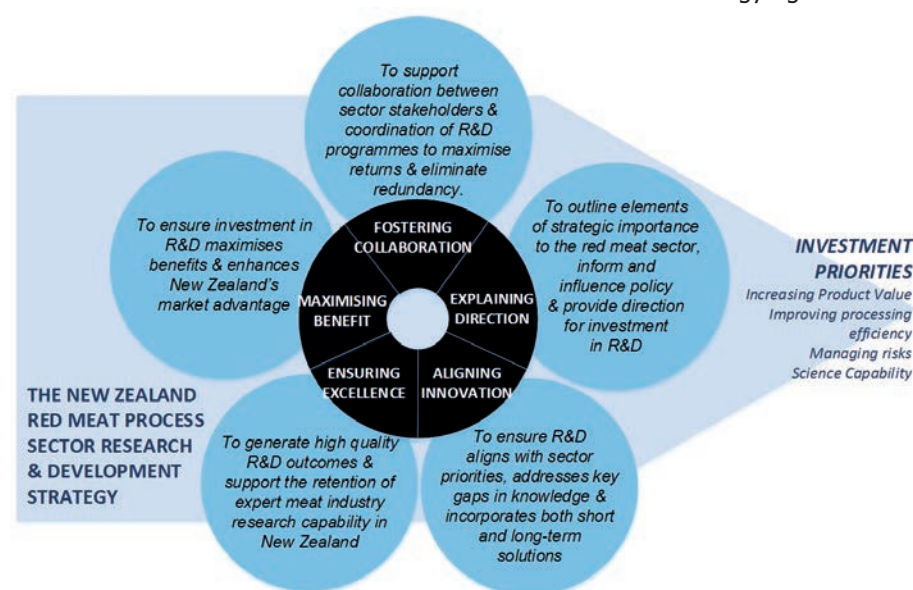
These initiatives seek to add value to the industry by improving product safety and integrity, developing new products, increasing processing efficiency and improving compliance and animal welfare.

► RED MEAT SECTOR RESEARCH AND DEVELOPMENT STRATEGY

The Meat Industry Research and Development Coordination Forum is a collaboration between the MIA, meat industry processors, leading research organisations including AgResearch, ESR and Callaghan Innovation and Government, which has been established for the purpose of achieving greater co-ordination of meat industry R&D investment in New Zealand.

In 2014-15 the Forum, in collaboration with industry, has developed and agreed the Red Meat Sector Research and Development Strategy, a policy to guide the sector and inform and influence Government and Industry investment in R&D. The vision of the Strategy is to "create a responsive, collaborative environment that will foster smart investment in innovative, world leading R&D to advance the capability, sustainability, integrity and productivity of the New Zealand Red Meat Processing Sector".

By encouraging greater coordination of R&D the forum seeks to achieve a strong culture of innovation in the processing sector to increase and protect available margins and provide integrated and continuous improvement across the supply/value chain, a key principle of the Red Meat Sector Strategy agreed in 2011.



► MEAT INDUSTRY INITIATIVE FUND

The Meat Industry Initiative Fund (MIIF) is an industry wide fund, jointly administered by MPI and MIA, which supports whole of industry research in the key areas of food safety and market access.

One of the projects funded by the MIIF during the year was the publication of a brochure for international audiences, setting out how New Zealand produces safe, high quality chilled lamb.



As part of the cost recovery consultation exercise undertaken by MPI early in 2015 (covered in the regulatory section) was consideration of a proposal to increase by 1.5 cents per lamb equivalent the levy for slaughtered animals for export. This increase was requested by MIA, and the additional funding will go to the Industry Initiative Fund, which will in turn fund industry's contribution to the Animal Products Act related research co-funded by Government in the Meat Industry Research and Innovation Fund Partnership.

► MEAT INDUSTRY RESEARCH AND INNOVATION FUND PARTNERSHIP

The Meat Industry Research and Innovation Fund Partnership is a seven year programme of research and development (R&D) commencing in mid-2015 following approval of the MIA's application for Partnership funding by the Ministry of Business Innovation and Employment (MBIE). The vision of the MIRIF Partnership is to increase the productivity and profitability of the sheep and beef processing sector through the development of new science and technologies.

The Partnership R&D programme is valued at \$8.7 million and will be funded on a one-to-one basis by Industry and MBIE. Industry funding for the programme will be sourced either directly from companies or from the Meat Industry Initiative Fund (IIF).

The work of the Partnership has the potential to increase the value of red meat exports and mitigate significant risks for the industry by investment in:

- Increasing the quality and shelf-life of chilled lamb
- Food safety
- Improved processing and productivity
- Development of new higher value products from low value products and by-products

The R&D programme includes continued investment in existing R&D projects in areas such as lamb quality and food safety, but also targets new opportunities for the sector such as the development of novel packing technologies or work to mitigate risk from E.coli H7:O157 and its six relatives and Salmonella. Research expertise will be sourced from AgResearch Limited, Institute of Environmental Science and Research, Carne Technologies and the National Institute for Water and Atmospheric Research. The programme also supports several PhD studentships in meat science and engineering which is essential for ensuring the longevity of New Zealand's expertise in Red Meat Sector R&D.



▶ **JOHNES DISEASE RESEARCH CONSORTIUM (JDRC)**

The Johnes Disease Research Consortium is a collaboration between the livestock industry and research providers for the purpose of investing in research and development to reduce the impact of Johnes disease (JD) on farm in New Zealand. The MIA is an observer on the Consortium board.

The Consortium has achieved a number of its key goals in 2014-2015 as the research programme enters its final year of activity, including:

- The publication of a toolbox to provide farmers with best practice guidelines for the management of JD in dairy cattle. This resource completes the set of guidelines available for New Zealand sheep, deer and cattle. The implementation of good management practice on farm is the most reliable method farmers have to reduce transmission of the Johnes bacteria and minimise the effect of clinical disease in herds and flocks.
- The commercialisation of a genomic model for predicting breeding values for dairy cows (JDS) that reflect an animal's susceptibility to JD. Breeding values can be used to assist in the ranking and selection of sires for breeding to aid in management of the disease.

While a significant development for New Zealand, genetics is only one component of a management plan for JD and farmers are being urged use the tool as part of an integrated herd health plan which includes good management practices.

▶ **OVINE AUTOMATION CONSORTIUM**

Ovine Automation Limited is a consortium that brings together nine meat companies, MIRINZ Inc (MIA/BLNZ Ltd) and government to develop sensing and robotic technology to improve sheep processing efficiency.

2014/15 was the final year of the six year programme, and during the year a one year extension was granted to OAL by MBIE to pursue commercial outcomes. OAL has reached an agreement with Alliance Group to install both auto evisceration and brisket cutting systems (Alice and Rita) at their Smithfield site. It is expected that these will be commissioned by early November 2015. The table below provides a briefing on OAL's work.

OAL is now looking at options for second tranche funding and is developing a business case for both MBIE and OAL partners to consider. To be eligible for second tranche funding the research needs to be sufficiently differentiated from the first tranche.

Ovine Automation Programme

TECHNOLOGY	LABOUR SAVING	COMPLIANCE	HEALTH & SAFETY	ADDITIONAL BENEFITS	NEXT STEPS
Stearine bung	✓	✓		Cheaper than current Technologies Process friendly as tallow is recycled via rendering	Automation and commercial development
Gas De-pelting		✓	✓	Improves carcass and pelt quality	Commercial installation
Y cut	✓	✓	✓		Commercially available
Pelt rolling – Leg roll – Brisket roll – Combined	✓	✓	✓		Commercially available
Forequarter clearing	✓		✓		Development of kinetic rig
Ultrasonic knife		✓	✓	Improved pelt quality	Build commercial unit
Belly rip down	✓	✓	✓		Development of additional functionality and automation
Sock split	✓	✓		Potentially improves shelf life by reducing carcass contamination	Further development of cutting effector
Brisket cut	✓		✓		Commercially available
Evisceration	✓		✓	Potential to integrate with new post mortem inspection procedure	Commercially available

* If automated

ETHICAL MATTERS

► GENERAL

The meat industry is increasingly the subject of more and more attention on the ethics of its activities whether they relate to the environment, to workers' rights and to animal welfare (to name a few). While one would argue many of these concerns are subjective in nature, they will continue to be a prominent feature of the business landscape for the foreseeable future.

In 2014/15 animal welfare issues continued to be a focus. While animal welfare is one of the main non-food safety consumer-driven concerns in mature markets, we are starting to see similar trends in emerging markets largely driven by global connections through social media and the likes. While New Zealand has a good reputation in this area we must ensure we continue to earn that reputation.

In Europe, concerns continue about halal meat, particularly about meat from animals that are not "rendered insensible" (i.e. stunned) before slaughter. Unlike in New Zealand, where stunning is compulsory for commercial slaughter regardless of whether it is halal or not, in Britain and much of Europe there are exemptions from stunning for halal slaughter.

In March 2015, Members of the European Parliament called on the European Commission to release a delayed report on method-of-slaughter labeling in order to have a "proper debate" on labeling and animal welfare issues. This is a sensitive cultural area and the development of stun and non-stun labels that satisfy both animal welfare and religious group interest could prove contentious.

While it remains to be seen whether this issue will be resolved commercially or through regulatory means, it highlights, once again, animal welfare concerns as a key driver of action. As such, the industry needs to maintain the highest animal welfare standards possible and to be as transparent as possible about its operations.

► ANIMAL WELFARE ACT

The New Zealand meat processing sector has a good reputation for animal welfare and we uphold that reputation. The Government amended the Animal Welfare Act in 2015. The basic feature of the new regime is that animal welfare inspectors now

have the power to issue fines for offences against regulations. The process of drafting regulations has not yet begun. However, MIA expects it will be closely engaged by Ministry for Primary Industries in the development of the regulations, as some of the regulations could potentially have a major impact on the sector.

ANIMAL WELFARE INFORMATION SHARING

MIA is disappointed that the chance to amend the Animal Welfare Act did not include the ability to share information on animal welfare suspect cases (as is the case with food safety issues under the Animal Products Act), and so allowing processors and farmer-organisations to act promptly to prevent worse animal welfare cases emerging. However, MIA chaired a pan-industry/MPI group which investigated ways of improving higher-level information sharing which does not identify individuals. The group and MPI have agreed that there is a benefit to share information on both animal welfare complaints received by MPI and analysis by industry groups of factors that could affect animal welfare. The aim of this information exchange is to identify emerging issues so that they may be mitigated before the issue becomes widespread and potentially damaging to New Zealand's reputation. The information provided will meet the requirement for protection of individual and company private information.

BOBBY CALVES

A very small number of bobby calves are sometimes put-down for humane reasons on arrival at processing plants. However, while these cases are usually the result of poor care on-farm, MPI includes these cases in its assessment of animal welfare at processing plants. This could result in MPI issuing processors with Trigger Breach Responses for problems which have actually occurred before the calves arrive at the processor gate, such as lack of feeding prior to transport.

In the MIA view, MPI should be placing its attention where the problem is occurring (i.e. with the care of bobby calves on farm) rather than at the processing plant. MIA takes this issue very seriously – while the actual number of bobby calves being condemned is extremely small, even a low number is still unacceptable for the industry.

► PRIMARY CHIEF EXECUTIVES' ANIMAL WELFARE FORUM AND FARM TO PROCESSOR ANIMAL WELFARE FORUM

These are cross industry groups, including MIA, that address animal welfare issues.

The purpose of the Farm to Processor Animal Welfare Forum is to share animal welfare information and initiatives across the pastoral livestock production sector; and to improve the relationship between pastoral livestock production industry groups and MPI. It is also committed to the achievement of higher standards of animal welfare in 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, the implementation of programmes for bobby calf welfare and the International Standards Organisation (ISO) proposed "Technical Specification" intended to support the implementation of OIE animal welfare principles and guidelines and the codes of welfare.

Through the forum MIA has been encouraging MPI to be more active in ensuring that animals going to slaughter (especially bobby calves) are properly fed and prepared on-farm prior to transport. MPI have acknowledged the need for this and have agreed to be more pro-active at the farm level and carrying out autopsies on animals condemned or dead on arrival at meat processors.

On the recommendation of the forum, MPI in conjunction with a number of forum members held a series of 'Fitness for Transport' workshops across the country. These workshops promoted the "Fitness for Transport" brochure and poster and were very well attended by for transport operators, livestock agents and meat company representatives.

BIOSECURITY

► GENERAL

Biosecurity remains a significant area of resource commitment for MIA. A biosecurity incursion such as Foot and Mouth Disease (FMD) would cripple the New Zealand dairy and meat industries. An economic impact report by MPI shows a large scale FMD outbreak would reduce New Zealand's GDP by almost 8% and result in widespread unemployment. FMD is an issue not only affecting the primary sectors, but all of New Zealand.

MIA has been heavily engaged on biosecurity issues over the past year and in particular on Foot and Mouth Disease preparedness and Government Industry Agreements (GIA).

► FOOT AND MOUTH DISEASE PREPAREDNESS

In 2014 MPI has sought to address significant gaps identified by the Auditor-General and industry through a series of projects in a FMD Preparedness Programme. These projects included operational policies and plans for the rapid eradication of infected livestock, movement controls to prevent the spread of the disease, disinfection of infected properties, and disposal of carcasses, as well as a new response system. The livestock industries committed considerable resource to the projects. Each of the projects had a representative from one of the livestock sector industry-good bodies working on that project acting on behalf of all the livestock industries. All the livestock industries work closely to ensure they have input into all the projects.

This approach used in 2014 was a new way of working for both MPI and industry. It required new levels of openness from MPI, and for industry to work with MPI in a more collaborative way. For a small organisation like MIA this was a demanding commitment. Nevertheless, this reflected a genuine partnership, and the result was that considerable progress was made.

The projects often proved to be more demanding than initially expected. Nevertheless, most of the projects were completed. Some projects however remain outstanding. One particular issue is dealing with livestock already on trucks at the time a biosecurity response is declared. MPI's powers under the Biosecurity Act are more limited than previously believed, and that a way for dealing with the livestock in transit is to have them continue to destination (i.e. in many cases, the processing

plant). However, processing companies cannot accept the cost of this (and the potential liability if the plant accepts potentially diseased livestock). MIA have been working with MPI to reach a possible commercial arrangement, whereby plants could remain open, but MPI must meet the costs and underwrite the liabilities faced by processing companies.

An issue for MIA is ensuring that comprehensive plans are in place for all players, before there is an FMD incursion. MIA is therefore developing new Risk Organisation Response Plan templates for FMD response for industry.

Important projects remain outstanding, and MIA is disappointed that the momentum achieved by MPI in 2014 was lost in early-2015 due to MPI internal organisational issues and the Auckland fruit fly response. In particular, the project to begin negotiations of pre-agreements with overseas regulators to ensure that market access is resumed as quickly as possible after a FMD outbreak is a high priority for the meat industry.

► GOVERNMENT INDUSTRY AGREEMENTS

Discussions on a GIA between industry and government are in their tenth year since the government first proposed the predecessor to GIA, the Surveillance and Incursion Response Working Group.

MIA is a voluntary trade association (unlike many other industry parties that are levy paid industry-good organisations established through legislation). It is therefore for MIA's members to determine whether or not to sign up to a GIA on an individual basis. As private companies, they are bound by the Companies Act and other legal obligations to their shareholders – they cannot sign up to a GIA with potentially significant loss without being able to show that there is significant value for their enterprise from signing up to a GIA. For this to happen, there has to be a business case to consider.

That business case has still not been made. MIA continues to be willing to work with government to develop this business case. Some progress has been made in that MPI has dropped its previous position that parties must sign up to a GIA Deed first before negotiating the Operational Agreement (and so determining things such as the minimum

commitments of the parties, cost shares and fiscal caps), and that MPI now accepts that there must be a business case (in effect, a draft Operational Agreement) before members could contemplate signing a GIA.

MPI has taken the position that non-signatories for a GIA could be cost-recovered for the costs of biosecurity readiness and response (using powers under the Biosecurity Act). MPI needs to spell out what this means then, if companies are to make an informed decision between signing up to a GIA and being a non-signatory.

GENERAL INDUSTRY

► GENERAL INDUSTRY REPRESENTATION AND ADVOCACY

As well working to ensure that the industry's views are incorporated into decision making in the specific areas outlined above, the MIA also plays a role in promoting a better understanding of the industry, both within government and to the wider public.

As part of this advocacy work, MIA and B+LNZ jointly organised another 'Speakmeat' programme for MPI and MFAT officials in November. This programme is designed to provide officials involved in trade and market access work with a deeper understanding of how the industry operates, and includes visits to a farm and a processing plant to give them practical insights into operations across the whole sector

Over the year, MIA also met with a number of overseas delegations, including from Egypt and China and presentations were made at a number of external events.

► RED MEAT SECTOR CONFERENCE

In July 2015, the fifth annual Red Meat Sector Conference was held in Nelson. It is jointly run by the MIA and B+LNZ Ltd, with the goal of promoting and developing the red meat sector by providing a framework for engagement between farmers, industry and service providers, as well as showcasing expertise and best practice.

More than 250 delegates heard from a range of high quality speakers including Professor David Hughes, Emeritus Professor of Food Marketing, Imperial College of London; Dr Michele Allan, Chair of Meat & Livestock Australia; Richard Brown, GIRA; Andrew Burt, B+LNZ; Steve Carden, Landcorp CEO; Mark Elliot, UMR Research; Colin James, the Hugo Group; Dr Mary Quin, Callaghan Innovation; Matt Costello, Rabobank and Arron Hoyle from Black Dragon Advisors, who was formerly a senior manager with McDonalds in China.

Copies of the conference presentations are available on the Red Meat Sector Conference website redmeatsector.co.nz



OTHER MIA SERVICES

In addition to its primary role of advocacy on behalf of its members, MIA also provides a number of collaboratively procured services to members.

► MIA RENDERERS GROUP

The New Zealand Renderers' Group (NZRG) is a semi-autonomous MIA committee that represents producers and exporters of tallow and protein meals.

In addition to the AGM in August, the NZRG held two other meetings during the year to discuss a range of issues including:

- Validation of sterilisation factors;
- Review of the NZRG structure;
- Species verification testing;
- Salmonella testing methodologies;
- Market access issues relating to Russia, Mexico, Vietnam, EU and Thailand;

During the year the NZRG undertook an industry wide survey of insoluble impurities in tallow. The purpose of the survey was to give MPI confidence that New Zealand tallow meets the OIE and New Zealand requirement of <0.15% impurities for animal feed. The survey was successful in reminding members of this requirement and providing data to MPI on the New Zealand industry's performance. As a result of the survey an on-going surveillance programme has been put in place to assist the verification of the industry's performance.

A number of market access issues from various countries rose during the year. To ensure that MPI are aware of these issues and that Industry is aware of the actions that MPI are taking, a market access sub-group has been set up and this sub-group met with MPI three times during the year.

The NZRG ran their 4th workshop for experienced rendering operators, supervisors and suppliers to the industry. This workshop provides participants with in-depth knowledge of rendering and associated processes. This year the workshop allowed for participants to commence two of the unit standards for the level 4 National Certificate in Rendering. This was successful in encouraging a number of candidates to obtain the Certificate.

A focus of the NZRG is to increase the returns to New Zealand by selling rendered products into higher value applications and markets. The NZRG continues to co-fund research on this through the Meat Industry Research and Innovation fund.

The current focus is on understanding how New Zealand rendered products can be adapted to meet the needs of the aquaculture feed industry. This research is being carried out by AgResearch and the National Institute of Water and Atmospheric Research (NIWA).

► MEAT INDUSTRY SUPERANNUATION SCHEME

The Meat Industry Superannuation Scheme (the Scheme) was established by MIA members and the NZMWRTU 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 no changes were made to the Trust Deed and Nigel Stevens was appointed by the MIA as a Trustee to replace Graeme Cox who resigned.

During the period the changes brought about by the Financial Markets Conduct Act 2013 ("Act") prompted the Trustees to review the various options for the Schemes future. It was decided that the Scheme should continue to operate under its existing structure however the Trustees noted that falling membership numbers and ongoing operational costs may mean that a further review will be required in the future. To ensure compliance with the Act the Scheme will be making some changes to the way it operates including the introduction of a Product Disclosure Statement to replace the Investment Statement provided to new members.

The Scheme's investment returned 9.4% for the year and the Trustees have agreed to use \$0.4million from the Reserve Account to support a higher interest rate. The Chairman of Trustees has noted that over the year, the Scheme was the ninth best performing fund compared to 17 conservative KiwiSaver funds (based on the Mercer KiwiSaver Survey) and over three years the Scheme was the best performing fund. Noting that the Scheme's returns have been subject to some volatility over the years reflective of the markets it invests in, on a 10 year analysis the Scheme has paid members on average a return of 7.09% (after tax and expenses) over the past 10 years.

Scheme Overview for 2014/15:

- Members: 2,744 (compared to 3,056 for the 2013 period)
- Employer Contributions: \$3.4m (after tax) to members' accounts
- Trustees paid out \$12m in benefits
- Fund size: \$121.6m.

▶ OVIS MANAGEMENT LIMITED

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

The MIA Council appoints OML directors on a three-year term. The current directors are;

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

OML promotes education and awareness of C. Ovis primarily targeting sheep farmers and dog owners in rural areas under the leadership of Project Manager Dan Lynch.

Sheep Measles is the common name given to lesions in sheep and goats caused by an "intermediate stage" of a tapeworm parasite. The parasite relies on two hosts to complete its life cycle. Eggs produced by the tapeworm in dogs are passed to pasture from where they are ingested by sheep or goats. Sheep Measles poses no risk to human health however it does cause blemishes in sheep meat which can result in downgrading or in extreme cases condemning of sheep or lamb carcasses.

The meat industry sheep measles programme has been operating for a number of years in response to the need to maintain awareness of C. Ovis. The low prevalence levels currently existing in New Zealand flock reflect the strength of that producer commitment.

OVIS PREVALENCE

The prevalence of C. Ovis detected in lambs remain at the low levels experienced in recent years. For the current season October 2014 - June 2015 lamb prevalence is 0.53% compared to 0.56% last year. In particular South Island prevalence has reduced last year in most areas with the exception of

Marlborough and Tasman.

SUPPLIER CONTACT

High prevalence notifications are sent to suppliers processing in excess of 50 lambs with a minimum of three infected. They are a keystone of the OML awareness programme and are designed to target farms that have, or have had, a dog infected with *Taenia Ovis* present.

The first of the 2015 High Prevalence notifications was sent to suppliers for the period one December 2014 – 31st March 2015 (as in previous years OML uses a December – November year for monitoring to reduce the number of older lambs being included with new season lambs).

The number of suppliers/farms notified in this timeframe has decreased compared to the same time last year with 436 suppliers down from 602. Most significant is that data capture rates for the period of 87.2% in the North Island and 95.7% in the South Island increased respectively from last year.

Further notifications will be sent in August and in December and at that point a clearer picture of the impact of on farm control and climatic conditions will be available.

OML also utilises farm visits to high prevalence properties across the country to review on-farm controls. In addition, OML attends the major field days along with some larger A&P shows in order to promote control, not just to farmers but also to other rural dog owners.

OML also utilises media leading up to Christmas and the duck shooting season when large numbers of foreign dogs move around the country are brought onto sheep farms. OML uses both print and radio advertising at these times to encourage farmers to check the status of dogs being bought onto their farms all times.

FARMER SURVEY

OML recently completed a survey comparing high prevalence farms with farms recording no C. Ovis. One of the factors to emerge that lamb suppliers who buy in all lambs sent for processing have a substantially higher Ovis prevalence (2.16%) than those who kill a mix of their own and purchased lambs (1.7%) and those whose lambs are all "home bred" (0.73%). The data reinforces the desirability of targeting education to that group of sheep

producers who finish few, if any lambs and instead sell lambs to finishers either via saleyards through private sale or using agents. In the absence of meat company kill sheet / health status reports no mechanism is available to give these producers information on their sheep measles status indicating the effectiveness or otherwise of their on-farm control.

Developing pathways to encourage this group to have monthly dosing in place along with the full suite of control options is important to reducing overall C. Ovis prevalence. OML is meeting with lamb finisher farmers and traders to identify ways of providing useful feedback.

SALEYARD SIGNS

During the past year with the support of PGG Wrightsons and other sale yard operators OML placed awareness signs in the major sale yards across the country. The signs are designed to promote awareness among sale yard purchasers of the need to have effective programmes in place to protect introduced lambs.

While the issue of lambs coming onto farms with pre-existing infection exists, so too does the issue of clean lambs coming onto C. Ovis contaminated pasture with resulting "Ovis Storms" that can result in extreme infection levels and large numbers of lambs being condemned. The signs are across major saleyards from Tuakau in the North Island through to Lorneville in the South.

VETERINARY CONTACT

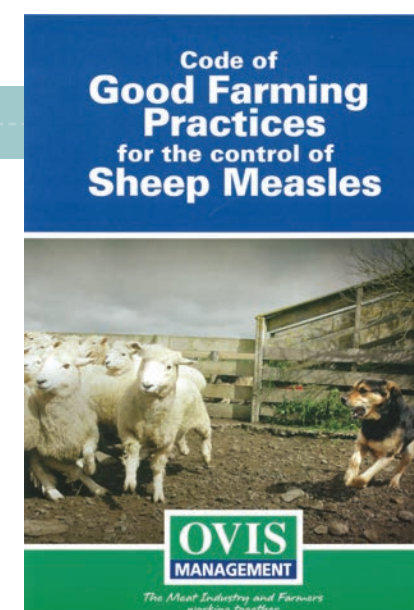
OML provides resources to 159 vet clinics across the country. Surveys show that vets are the main source for farmers looking for information around dog treatments and control of sheep measles. OML also attends events in conjunction with practises or provides resources when required for use in store displays.

DATA CAPTURE

In addition to commitment from suppliers one of the catalysts for the success of the programme is support and contribution of meat inspectors in processing plants across the country. Meat inspection remains the best tool currently available to detect C. Ovis. In addition to recording carcass C. Ovis the capture of viscera data now accounts for 72% of all Ovis recorded and in the absence of this information the effectiveness of the programme would be greatly reduced.

JOHNE'S MANAGEMENT LTD

The Johnes Management data base is managed by OML as a module to the Sheep Measles database. The deer module receives data from deer processors nationwide, capturing information on individual animals which is then loaded against farms. This unique database containing individual data on every deer killed in a processing plant is invaluable in the deer industry's programme of containing Johnes's Disease.



AUDITOR'S REPORT



Independent auditor's report

To the Members of Meat Industry Association of New Zealand (Inc)

We have audited the accompanying financial statements of Meat Industry Association of New Zealand (Inc) ("the incorporated society") and the group, comprising the incorporated society and its subsidiaries, on pages 50 to 58. The financial statements comprise the balance sheet as at 30 June 2015, the statements of comprehensive income and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information, for both the incorporated society and the group.

Councillors' responsibility for the incorporated society and group financial statements

The Councillors are responsible for the preparation and fair presentation of the incorporated society and group financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards for Public Benefit Entities Differential Reporting) and for such internal control as the Councillors determine are necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these incorporated society and group financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the incorporated society and group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the incorporated society and group financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the incorporated society and group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the incorporated society and group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm has also provided other services to the incorporated society and group in relation to taxation. 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.

Opinion

In our opinion, the financial statements on pages 50 to 58 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the financial position of Meat Industry Association of New Zealand (Inc) and the group as at 30 June 2015 and their financial performance for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards for Public Benefit Entities Differential Reporting.

21 August 2015
Wellington

FINANCIAL STATEMENTS

Councillors' Report

for the year ended 30 June 2015

Introduction

The Councillors have pleasure in submitting the Annual Report of the Meat Industry Association of New Zealand (Inc) incorporating the financial statements and auditors report, for the year ended 30 June 2015.

On behalf of the Council these financial statements were approved for issue on 21 August 2015.

.....Councillor

.....Councillor

..... Date

..... Date

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

		GROUP		ASSOCIATION	
	NOTE	2015	2014	2015	2014
		\$	\$	\$	\$
Operating revenue		2,299,578	2,343,381	1,928,002	1,976,255
Operating expenditure	1	2,197,441	2,290,585	1,858,050	1,982,728
Operating surplus/(deficit) before other income		102,137	52,796	69,952	(6,473)
Other Income/(expense)		866	31,680	866	22,042
Operating surplus/(deficit) before financing income		103,003	84,476	70,818	15,569
Financial income		20,392	17,086	13,568	12,172
Financial expenses		-	-	-	-
Net financing income	2	20,392	17,086	13,568	12,172
Operating surplus/(deficit) before tax		123,395	101,562	84,386	27,741
Income tax expense/(benefit)	3	-	-	-	-
Net surplus/(deficit) for the year		123,395	101,562	84,386	27,741
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		123,395	101,562	84,386	27,741

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	GROUP		ASSOCIATION	
	2015	2014	2015	2014
	\$	\$	\$	\$
Opening Balance	534,994	433,432	243,632	215,891
Total comprehensive income for the year	123,395	101,562	84,386	27,741
Closing Balance	658,389	534,994	328,018	243,632

BALANCE SHEET AS AT 30 JUNE 2015

		GROUP		ASSOCIATION	
	NOTE	2015	2014	2015	2014
		\$	\$	\$	\$
Equity					
Accumulated funds		658,389	534,994	328,018	243,632
Total Equity		658,389	534,994	328,018	243,632

Represented by:					
Current assets					
Cash and cash equivalents	4	984,876	823,905	668,077	553,192
Trade and other receivables	5	411,922	314,823	375,623	293,248
Total current assets		1,396,798	1,138,728	1,043,700	846,440

Current liabilities					
Trade and other payables	6	653,181	505,302	605,455	465,807
Employee benefits	7	57,476	72,461	48,189	61,615
Income in advance		70,836	101,816	70,836	101,816
Total current liabilities		781,493	679,579	724,480	629,238

Working capital		615,305	459,149	319,220	217,202
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Non current assets					
Property, plant and equipment	8	78,969	102,229	44,683	52,814
Intangibles (software)	9	191	2,493	191	2,493
Total non current assets		79,160	104,722	44,874	55,307

Non current liability					
Lease reinstatement provision	11	36,076	28,877	36,076	28,877
Total non current liability		36,076	28,877	36,076	28,877

Net Assets		658,389	534,994	328,018	243,632
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NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of reporting

The 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 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 financial statements of the Association and Group are for the year ended 30 June 2015. The financial statements were authorised for issue by the directors on the 21st August 2015.

(ii) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), applying the Framework for Differential Reporting for entities adopting the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and its interpretations as appropriate to not for profit-orientated entities that qualify for and apply differential reporting concessions. The Group is a not for profit-orientated entity. The Group is a reporting entity for the purposes of the Financial Reporting Act 2013 and its financial statements comply with that Act.

The Group qualifies for Differential Reporting exemptions as it has no public accountability and is not large. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted.

The 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 financial statements.

(iii) Particular accounting policies

Principles of consolidation

The consolidated financial statements include the financial statements of Meat Industry Association of New Zealand (Inc) and its subsidiaries Ovis Management Limited and MIA Holdings 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.

(iv) New Financial Reporting Framework

From 1 April 2014, the new Financial Reporting Act 2013 ("FRA 2013") has come into force replacing the Financial Reporting Act 1993, this is effective for entities with reporting periods beginning on or after 1 April 2014. Additionally, a new Financial Reporting Framework will be effective for Meat Industry Association of New Zealand (Inc)'s 30 June 2016 year-end. Meat Industry Association of New Zealand (Inc) have no obligation to prepare general purpose financial statements as a result of the change in legislation and are yet to determine if it will produce General Purpose Financial Statements in the 30 June 2016 financial year.

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 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.

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 suppliers 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.

Comparatives

Certain amounts in the comparative information have been reclassified to ensure consistency with the current year's presentation.

1. OPERATING EXPENDITURE

	GROUP		ASSOCIATION	
	2015	2014	2015	2014
	\$	\$	\$	\$
Amortisation of Intangibles (software)	2,302	2,302	2,302	2,302
Audit remuneration	20,900	18,550	15,900	15,900
Other professional services	3,690	4,264	2,440	3,014
Contracts/consultants/projects	84,304	129,016	78,826	125,973
Depreciation	24,736	16,661	10,319	11,353
Director's fees - Chairman	60,000	60,000	60,000	60,000
Director's fees - Subsidiary's Chairman	16,830	16,830	-	-
Director's fees - Subsidiary's	1,000	1,500	-	-
Personnel expenses	1,226,231	1,244,009	1,095,627	1,122,082
Rental & leasing costs	47,881	47,671	47,881	47,671
Other operating expenses	709,567	747,782	544,755	594,433
Total operating expenditure	2,197,441	2,290,585	1,858,050	1,982,728

PERSONNEL EXPENSES

2. NET FINANCING INCOME

	GROUP		ASSOCIATION	
	2015	2014	2015	2014
	\$	\$	\$	\$
Interest income	20,392	17,086	13,568	12,172
Interest expense	-	-	-	-
Net financing income	20,392	17,086	13,568	12,172

3. TAXATION

	GROUP		ASSOCIATION	
	2015	2014	2015	2014
	\$	\$	\$	\$
Reconciliation of effective tax rate				
Operating surplus/(deficit) before tax	123,395	101,562	84,386	27,741
Income tax using Company tax rate	34,551	28,437	23,628	7,767
Non-assessable income/non-deductible expenses at company tax rate	(63,996)	(45,544)	(66,258)	(44,632)
Losses off set against subsidiary	-	-	13,184	19,758
Losses brought forward and utilised at Company tax rate	-	-	-	-
Tax @ 28% (2011: 30%)	(29,445)	(17,106)	(29,446)	(17,106)
Prior year adjustment	-	-	-	-
Tax benefit of losses not recognised	29,446	17,106	29,446	17,106
Income tax expense/(benefit) per income statement	-	-	-	-

The Group has \$482,232 of tax losses to carry forward (2014: \$377,069). 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	
	2015	2014	2015	2014
	\$	\$	\$	\$
Bank balances	271,073	87,556	247,549	26,592
Call deposits	713,803	736,349	420,528	526,600
Balance as at 30 June	984,876	823,905	668,077	553,192

5. TRADE AND OTHER RECEIVABLES

	GROUP		ASSOCIATION	
	2015	2014	2015	2014
	\$	\$	\$	\$
Trade receivables	263,185	273,324	234,342	254,205
Other Receivables and Prepayments	148,737	41,499	141,281	39,043
Balance as at 30 June	411,922	314,823	375,623	293,248
Impairment loss deducted/(recovered)	-	-	-	-

6. TRADE AND OTHER PAYABLES

	GROUP		ASSOCIATION	
	2015	2014	2015	2014
	\$	\$	\$	\$
Trade Payables	383,009	392,220	341,753	359,039
GST Payable	8,130	7,805	6,880	5,189
Halal Certification	230,462	82,732	230,462	82,732
PAYE Payable	31,580	22,545	26,360	18,847
Balance as at 30 June	653,181	505,302	605,455	465,807

7. EMPLOYEE BENEFITS

	GROUP		ASSOCIATION	
	2015	2014	2015	2014
	\$	\$	\$	\$
Liability for Annual Leave	51,066	64,228	41,779	53,382
Liability for Long Service Leave	6,410	8,233	6,410	8,233
Balance as at 30 June	57,476	72,461	48,189	61,615

8. PROPERTY, PLANT AND EQUIPMENT

	GROUP		ASSOCIATION	
	2015	2014	2015	2014
	\$	\$	\$	\$
Furniture and fittings				
At cost	19,830	19,830	19,055	19,055
Accumulated depreciation	19,618	18,696	18,843	17,921
	212	1,134	212	1,134
Current year depreciation	922	941	922	941
Leasehold improvements				
At cost	73,499	73,499	73,499	73,499
Accumulated depreciation	32,413	26,239	32,413	26,239
	41,086	47,260	41,086	47,260
Current year depreciation	6,174	6,174	6,174	6,174
Motor Vehicles				
At cost	40,956	40,956	-	-
Accumulated depreciation	10,751	2,150	-	-
	30,205	38,806	-	-
Current year depreciation	8,601	2,150	-	-
Computer hardware				
At cost	36,789	35,936	18,721	16,533
Accumulated depreciation	32,569	27,882	15,336	12,113
	4,220	8,054	3,385	4,420
Current year depreciation	5,310	6,807	3,223	4,238
Office equipment				
At cost	78,879	78,879	11,066	11,066
Accumulated depreciation	75,633	71,904	11,066	11,066
	3,246	6,975	-	-
Current year depreciation	3,729	2,589	-	-
Total property, plant and equipment				
At cost	249,953	249,100	122,341	120,153
Accumulated depreciation	170,984	146,871	77,658	67,339
	78,969	102,229	44,683	52,814
Current year depreciation	24,736	18,661	10,319	11,353

There is no impairment loss recognised during the year (2014: nil)

9. INTANGIBLE ASSETS - SOFTWARE

	GROUP		ASSOCIATION	
	2015	2014	2015	2014
	\$	\$	\$	\$
At cost	31,450	31,450	30,150	30,150
Accumulated amortisation	31,258	28,957	29,958	27,657
	192	2,493	192	2,493
Current year amortisation	2,302	2,302	2,302	2,302

10. INVESTMENTS IN SUBSIDIARIES

NAME OF ENTITY	PRINCIPAL ACTIVITY	% INTEREST HELD 2015	% INTEREST HELD 2014
MIA Holdings Limited	General Partner of Limited Partnerships undertaking applied industry research	100	100
Ovis Management Limited	Control of C. Ovis Cyst.	100	100

Both 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	
	2015	2014	2015	2014
	\$	\$	\$	\$
Operating leases				
Not later than one year	60,541	57,188	60,541	57,188
Later than one year and not later than five years	45,406	42,891	45,406	42,891
Later than five years				
Total	105,947	100,079	105,947	100,079

13. CAPITAL COMMITMENTS

There are no capital commitments as at 30 June 2015 (2014: nil).

14. CONTINGENT LIABILITIES

There are no contingent liabilities outstanding as at 30 June 2015 (2014: 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 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 \$16,194 (2014: \$15,936) 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 \$3,585 (2014: \$3,125). This relates to service fees and office expenses paid by Meat Industry Association on Ovis Management Limited's behalf.

Meat Industry Association of New Zealand (Inc) provides management services to the four Limited Partnerships of which the Association's subsidiary, MIA Holdings Limited is the general partner. The Limited Partnership's have paid the Association service fees of \$9,333 (2014: \$6,367). As at year end, the Association had no receivable from the Limited Partnership's (2014: \$1,294), this relates to management service fee.

During the year ended 30 June 2015, the Association received \$1,685,218 (2014: \$1,674,262) from companies related to the nine Council members which was included in operating revenue and has recognised a receivable of \$283,320 (2014: \$242,448) from companies relating to these nine Council members. In addition, included within the Halal Certification payable, there is \$218,341 (2014: \$62,871) payable by the Association to the companies relating to these nine Council members

In 2014, MIRINZ paid management fees of \$30,000 (2015: nil) to Meat Industry Association of New Zealand (Inc) for administration services provided. There was no receivable from MIRINZ in 2015 (2014: \$8,625).

(iii) Remuneration

Total remuneration is included in personnel expenses (see note 1).

Chairman is paid an annual fee; (see note 1).

16 SUBSEQUENT EVENTS

The Association has recorded an amount of \$90,106 in the financial statements, receivable from Meat Industry Association Innovation Limited (MIAIL), which was incorporated on 29th July 2015. The Association has a 100% shareholding in MIAIL. There are no other events subsequent to balance date that would materially effect these financial statements (2014: nil).

PEOPLE

MIA COUNCIL MEMBERS



WJ (Bill) Falconer
Bill has been the Association’s independent Chairman since 2000. Bill also represents the Association as a Director of Meat Biologics Consortium and Meat Biologics Research Ltd.



Mark Clarkson
Mark is the Managing Director of ANZCO Foods Group and has been a Council member since 2004. Mark also represents the Association as a director on the Beef + Lamb New Zealand Ltd Board and New Zealand Meat Board.



Keith Cooper
Keith was a Council member from 2007 until October 2014, when he stood down as Silver Fern Farms Chief Executive.



Grant Cuff
Grant was a Council member from 2004 until December 2014, when he stood down as Alliance Group Ltd Chief Executive.



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 was appointed as Chief Executive of Silver Fern Farms Ltd in November 2014 after holding the position of Chief Strategy Officer.



Fred Hellaby
Fred is Chairman of Auckland Meat Processors Ltd, Managing Director or 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 was appointed as acting chief executive of Affco New Zealand Ltd following the resignation of Hamish Simson.



Hamish Simson
Hamish was a Council member from February 2010 until December 2014 when he stood down as Chief Executive of AFFCO New Zealand Ltd.



David Surveyor
David joined the Alliance Group as Chief Executive in January 2015, from a role as Executive General Manager of Laminex, a subsidiary of Fletcher Building.



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 2015, in addition to the Annual General Meeting in September 2014. Attendance at the Council meetings held during the year is shown below:

★ = present	23 Sep 2014	9 Dec 2014	10 Feb 2015	14 Apr 2015	9 Jun 2015
WJ Falconer	★	★	★	★	★
M Clarkson	★	★	★	★	★
K Cooper	★	Not on Council			
G Cuff	★	★	Not on Council		
T Egan	★	★	★	★	★
S Gatenby	★	★	★	★	★
D Hamilton	Not on Council	★	No proxy	★	★
T Harrison	★	★	★	★	★
F Hellaby	★	★	★	★	★
C Hickson	No proxy	★	Proxy: W Sandberg	★	Proxy: W Sandberg
R Ogg	Not on Council		★	★	No proxy
H Simson	★	★	Not on Council		
D Surveyor	Not on Council		★	Proxy: K Stevens	★
T Ritchie	★	★	★	★	★

ANNUAL GENERAL MEETINGS

The Association’s Annual General Meeting (AGM) was held in Wellington on 23 September 2014. Proceedings saw the unanimous adoption of the 2013 AGM minutes and the 2014 Annual Report. The motion to reappoint KPMG as the Association’s auditor for the year ending 30 June 2015, and the election and confirmation of the MIA Council for the 2014/15 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 CHAIRMAN
Bill Falconer

ASSOCIATION COUNCIL
Mark Clarkson, Keith Cooper (to October 2014), Tony Egan, Simon Gatenby, Tim Harrison, Craig Hickson, Fred Hellaby, Hamish Simson (to December 2014), Grant Cuff (to December 2014), Dean Hamilton (from November 2014), David Surveyor (from January 2015).

ASSOCIATION DIRECTORSHIPS
American Chamber of Commerce in New Zealand
Tim Ritchie

Meat Biologics Consortium/Meat Biologics Research Ltd
Bill Falconer

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 (Chairman)

MIRINZ Inc
Tony Egan, Tim Ritchie

WHOLLY OWNED SUBSIDIARY OVIS MANAGEMENT LIMITED BOARD
Board: Roger Barton (Chair), Andy Dennis, Andrew Morrison, Tim Ritchie
Staff: Dan Lynch

STRATEGIC DIRECTIONS GROUP

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

MPI: Scott Gallacher (Co-Chair), Tim Knox, Chris Kebbell, Allan Kinsella, Matthew Stone

ASSOCIATION STAFF
Tim Ritchie, Matt Conway, Kevin Cresswell, Melissa Devine (until December 2014), Phil Houlding (until January 2015), Paul Goldstone, Sirma Karapeeva (from March 2015) Sarah Mann, Richard McColl, Michael Pran, Bridget Wilson (until July 2015)

SUB-GROUPS AND COMMITTEES:

Red Meat Strategy Coordination Group
Bill Falconer (MIA Chairman), James Parsons (B+LNZ Chairman), Tim Ritchie (MIA Chief Executive), Scott Champion (B+LNZ Chief Executive), Deborah Roche (MPI), Katherine Rich (Independent Member)

Meat Industry Health and Safety Forum
Industry: Kerry Stevens (Chair), Laura Trethewey, Jenny Sauer, Scott Fry, Nathan Campbell, Peter Sugrue, Shane Fletcher, Darren Vercoe, Keith Flockhart, Allan Jack, Mike Vicary, Paul Goldstone
Primary ITO: Blair Morgans
ACC: Gareth Smith
Ministry for Business, Innovation and Employment: Marcus Nalter, Bryan Williams
New Zealand Meatworkers Union: Eric Mischevski

Renderers’ Group Executive
Bruce Rountree (Chairman), Alan von Tunzelman, Matthew Spence, Stuart Taylor, Geoff Young, Gordon Henderson, Marcus Adam, Selwyn Love, Kevin Cresswell (MIA Representative)

▶ **MIA STAFF MEMBERS**

	Tim Ritchie Chief Executive		Michael Pran Accounting and Management Support
	Phil Houlding Trade and Economic Manager (until January 2015)		Melissa Devine Executive Assistant to the Chief Executive and Chairman (until December 2014)
	Richard McColl Innovation Programme Manager		Paul Goldstone Senior Advisor Strategy and Policy
	Kevin Cresswell Technical Executive		Sarah Mann Legal Counsel
	Matt Conway Policy Analyst		Sirma Karapeeva Trade and Economic Manager (from March 2015)
	Dan Lynch Project Manager Ovis Management Ltd		Kaylene Larking Meat Industry Research and Innovation Partnership Manager

MEMBERS OF THE ASSOCIATION

Advance Marketing Ltd P: (09) 307 3115 F: (09) 377 3141 PO Box 37 160 Parnell, Auckland 1151	Blue Sky Meats (NZ) Ltd P: (03) 231 3421 F: (03) 231 3457 RD 1, Invercargill	Harrier Exports Ltd P: (09) 369 5475 F: (09) 369 5480 PO Box 37921 Parnell, Auckland 1151	Prime Range Meats Ltd P: (03) 214 4135 1 Sussex St Gladstone Invercargill 9810
AFFCO NZ Ltd P: (07) 829 2888 F: (07) 829 2889 Private Bag 3301 Waikato Mail Centre Hamilton 3240	Clover Export Ltd P: (03) 208 7513 F: (03) 208 0496 PO Box 62 Gore 9740	Kintyre Meats Ltd P: (06) 372 7882 530 Gladstone Rd Carterton 5792	Progressive Meats Ltd P: (06) 873 9090 F: (06) 879 9176 PO Box 36, Hastings 4156
Alliance Group Ltd P: (03) 214 2700 F: (03) 214 2708 PO Box 845, Invercargill 9840	Columbia Exports Ltd P: (09) 379 7161 F: (09) 307 0633 PO Box 2519 Shortland Street Auckland 1140	Lanexco Ltd P: (07) 578 1400 F: (07) 578 1500 PO Box 13096 Tauranga Central Tauranga 3141	Silver Fern Farms Ltd P: (03) 477 3980 F: (03) 474 1087 PO Box 941 Dunedin 9054
ANZCO Foods Ltd P: (03) 358 2200 F: (03) 357 1770 PO Box 39 145 Harewood, Christchurch 8545	Crusader Meats New Zealand Ltd P: (07) 878 7077 F: (07) 878 7080 State Highway 30 Benneydale, RD 7 Te Kuiti 3987	Lean Meats Oamaru Ltd P: (03) 433 0078 F: (03) 437 0742 7 Redcastle Road Oamaru 7400	Tara Exports Ltd P: (09) 625 4389 F: (09) 625 6047 PO Box 24 130 Royal Oak, Auckland 1345
ANZPAC Foods Ltd P: (09) 271 6022 F: (09) 271 6024 345 East Tamaki Road Manukau, Auckland 2013	Davmet New Zealand Ltd P: (06) 835 8288 F: (06) 835 0300 PO Box 1149, Napier 4140	Lowe Corporation Ltd P: (06) 872 7700 F: (06) 872 7781 PO Box 444, Hastings 4156	Taylor Preston Ltd P: (04) 472 7987 F: (04) 471 1319 Private Bag 13 908 Johnsonville, Wellington 6440
Auckland Meat Processors Ltd P: (09) 276 0900 F: (09) 276 0986 PO Box 22 188 Otahuhu, Auckland 1640	Fern Ridge Ltd P: (06) 834 3888 F: (06) 834 3886 PO Box 8948 Havelock North 4157	Mathias International (Mathias Meats NZ Ltd) P: (09) 356 8000 F: (09) 356 8001 PO Box 210w9 Shortland Street Auckland 1140	Te Kuiti Meat Processors Ltd P: (07) 878 6045 F: (07) 878 7787 PO Box 169, Te Kuiti 3940
Ballande New Zealand Ltd P: (09) 638 9921 F: (09) 638 9941 PO Box 8986 Symonds Street, Auckland 1150	Greenlea Premier Meats Ltd P: (07) 957 8125 F: (07) 957 8126 PO Box 87 Waikato Mail Centre Hamilton 3240	Ovation New Zealand Ltd P: (06) 858 6390 F: (06) 858 8311 PO Box 504 Waipukurau 4242	Universal Beef Packers Ltd P: (07) 878 8926 F: (07) 878 8936 PO Box 408, Te Kuiti 3941

AFFILIATE MEMBERS OF THE ASSOCIATION

AgResearch P: (07) 838 5576 F: (07) 838 5626 Private Bag 3123 Waikato Mail Centre Hamilton 3240	Hamburg-Sud New Zealand Ltd P: (09) 377 3460 F: (09) 309 3003 PO Box 3551 Shortland Street Auckland 1140	Oceanic Navigation Ltd P: (09) 377 1165 F: (09) 377 1167 PO Box 9454 Newmarket, Auckland 1149	SCL Ltd P: (09) 828 7080 F: (06) 828 7081 PO Box 45202 Te Atatu Auckland
AON New Zealand Ltd P: (04) 819 4000 F: (04) 819 4100 PO Box 2845 Wellington 6140	Hapag Lloyd (New Zealand) Ltd P: (09) 488 3311 F: (09) 488 3322 PO Box 91536 Victoria Street West Auckland 1142	Port of Napier Ltd P: (06) 974 4400 F: (06) 974 4408 PO Box 947 Napier 4140	Vero Marine Insurance Ltd P: (09) 363 2600 F: (06) 363 2601 PO Box 1759 Shortland Street Auckland 1140
Bemis Flexible Packaging Australasia Ltd P: (04) 232 0880 F: (04) 232 9726 PO Box 56 089 Tawa, Wellington 5249	Intralox Ltd P: 0800 449 173 PO Box 50699 New Orleans, LA 70150-0699 United States of America	Port Otago Ltd P: (06) 472 7890 F : (06) 472 7891 PO Box 8 Port Chalmers 9050	Wallace Corporation Ltd P: (07) 889 7095 F: (07) 889 5522 PO Box 12 Waitoa 3341
CentrePort Wellington P: (04) 495 3800 F: (04) 495 3820 PO Box 794 Wellington 6140	Jasol New Zealand P: (09) 580 2105 F: (09) 571 4388 PO Box 11821 Ellerslie, Auckland 1542	Pyramid Trucking Ltd P: (09) 277 7885 F: (09) 277 7886 PO Box 76445 Auckland 2241	
Ecolab PTY Ltd P: (07) 958 2333 F: (07) 958 2361 PO Box 10061 Te Rapa, Hamilton 3241	Maersk Line P: 0800 Maersk (623775) F: (09) 359 3488 PO Box 90 616 Victoria Street West Auckland 1142	Sealed Air (New Zealand) P: (04) 237 6069 F: (04) 237 9905 Cryovac Division Private Bag 50901 Porirua 5240	
FoodCap International Ltd P: (09) 302 0126 F: (09) 358 0298 PO Box 90429 Auckland 1142	Milmeq Ltd P: (03) 477 7485 F: (03) 474 0466 PO Box 5070 Moray Place, Dunedin 9058	Scott Technology Ltd P: (03) 478 8110 F: (03) 488 0657 Private Bag 1960 Dunedin 9054	

mia



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