

# mia

2016 ANNUAL REPORT

Meat Industry Association





# CONTENTS

<b>Contents</b> .....	<b>3</b>
<b>Directory</b> .....	<b>6</b>
<b>Foreword</b> .....	<b>7</b>
<b>Advocacy</b> .....	<b>10</b>
Red Meat Sector Conference .....	11
<b>Trade</b> .....	<b>13</b>
Overall Exports .....	14
Beef .....	14
Sheepmeat .....	18
Co-products .....	22
<b>Market Access</b> .....	<b>24</b>
General .....	24
Trade Agreements .....	24
Specific Markets .....	26
Halal Market Access .....	27
Other Trade Issues .....	28
<b>Workforce</b> .....	<b>29</b>
Training .....	29
Health and Safety .....	29
Immigration .....	30
<b>Regulation</b> .....	<b>32</b>
General .....	32
Strategic Directions Group .....	32
PMI Reform .....	32
MIA Technical Working Group .....	33
E-Cert .....	35
<b>Environment</b> .....	<b>36</b>
General .....	36

<b>Innovation .....</b>	<b>38</b>
General.....	38
Red Meat Sector Research and Development Strategy .....	38
Meat Industry Initiative Fund .....	38
Meat Industry Innovation Limited.....	38
Ovine Automation Consortium.....	39
Food Safety Science and Research Centre.....	39
Johnes Disease Research Consortium (JDRC) .....	40
<b>Ethical Matters .....</b>	<b>42</b>
Animal Welfare .....	42
Farm to Processor Animal Welfare Forum .....	43
<b>Biosecurity .....</b>	<b>44</b>
General.....	44
Foot and Mouth Disease Preparedness.....	44
Risk Organism Response Plans.....	44
Government Industry Agreements .....	44
OSPRI: TB and NAIT Review.....	45
<b>Other MIA Services.....</b>	<b>46</b>
MIA Renderers Group .....	46
Meat Industry Superannuation Scheme .....	46
Ovis Management Limited .....	47
<b>Auditor's Report.....</b>	<b>50</b>
<b>Financial Statements .....</b>	<b>52</b>
<b>People .....</b>	<b>62</b>
<b>Members of the Association.....</b>	<b>66</b>
<b>Affiliate Members of the Association.....</b>	<b>67</b>



# DIRECTORY

## PRINCIPAL BUSINESS

Trade Association representing New Zealand meat processors, exporters and marketers

## REGISTERED OFFICE

Wellington Chambers  
Level 5, 154 Featherston St, WELLINGTON

## SOLICITORS

Burrowes & Company  
Level 5, 82 Willis Street, WELLINGTON

## BANKERS

Bank of New Zealand  
222 Lambton Quay, WELLINGTON

## COMMUNICATIONS

Food New Zealand  
Ali Spencer, Spencer PR

## ANNUAL REPORT

Beef + Lamb New Zealand Incorporated

## PHOTOGRAPHS

Provided courtesy of Beef + Lamb New Zealand Incorporated

## MIA CONTACT DETAILS

Level 5, 154 Featherston St  
PO Box 345, WELLINGTON  
Tel: 64-4-473 6465  
Fax: 64-4-473 1731

email: [info@mia.co.nz](mailto:info@mia.co.nz)  
website: [www.mia.co.nz](http://www.mia.co.nz)

# FOREWORD

It has been a busy year for the MIA.

The much anticipated Trans Pacific Partnership (TPP) was signed in February, a long-held goal of the New Zealand meat industry. If ratified, the long-term benefits of this trade deal are very significant. Not only will our Pacific trading partners reduce their tariffs, restoring a level playing field for New Zealand, but they will accept a trading rules system which is very much to the benefit of the New Zealand industry. MIA has been an active proponent of the TPP, but there is more work to be done.

We now focus on supporting parliamentary ratification of the TPP in the various signatory countries. This is a process that we cannot take for granted. It would be tragic if the wisdom and compromise that has brought us to this point were to be lost in expedient partisan politics. Economic history has confirmed the global wealth accretion that has occurred through freer trade and focus on comparative advantage.

Less anticipated has been the decision of the British people to exit the European Union. Inevitably, there will be some uncertainty as Britain and the EU negotiate new arrangements. But we are confident that the existing very good trade relationship we have with both the EU and the UK will continue. An important focus for MIA going forward will be supporting the government's negotiation of an FTA with the EU and, once the UK is ready, to further our very important and longstanding trading relationship with the UK.

Much of the international work this year has concerned China. China continues to develop as a market and our industry has invested in deepening and maturing its relationships there. The commercial relationships between New Zealand meat processors and exporters and their Chinese partners continue to develop. At the whole-of-industry level, there has been an on-going push by MIA to deepen relationships with our Chinese

counterparts, and MIA led a major delegation of industry leaders to China in late-2015. The MIA has made four visits to China in the past year, meeting industry counterparts, Chinese officials and making presentations to Chinese organisations and conferences. We anticipate this level of commitment to China will continue next year.

The meat industry exports a significant amount of product to Muslim customers, for which halal certification is needed. Issues related to halal processing, certification and accreditation are significant work areas for MIA. During the year MIA has worked closely with the Ministry for Primary Industries on changes to widen the scope of the Halal Notice. MIA believes that having a robust regulatory framework is vital for the industry. However, it is important that this framework is not unnecessarily prescriptive or onerous, so that companies can be left to make commercial decisions as to the markets they wish to service and therefore the particular halal regulatory requirements.

While the industry has a clear preference for employing New Zealanders, to ensure there are enough halal slaughterers to service the industry each year, the MIA seeks approval to bring in suitable workers from overseas. This year the immigration process continued to absorb significant MIA resources, and it is frustrating that we have been unable to reach agreement with government on an immigration process that is more timely and less bureaucratic.

At home, MIA continues to undertake several significant areas of work. Health and Safety is an important area of work for MIA. MIA has worked closely with the government health and safety agency, WorkSafe New Zealand, to enable the regulators to better understand the meat processing industry. MIA is also updating the Meat Industry Health and Safety Guidelines and is developing industry standards to address the higher hazard activities.

This year the MIA Council agreed to begin the process for signing a Government Industry Agreement (GIA) on biosecurity. This is a partnership agreement between government and industry to ensure improved biosecurity outcomes. MIA has worked closely with other livestock industry organisations and the Ministry for Primary Industries to develop a potential partnership agreement, including the agreed minimum commitments of the parties, joint governance, and the share of the costs. If negotiated satisfactorily, MIA will seek a mandate from its membership to sign the GIA.

The meat processing industry was disturbed at allegations of animal welfare cruelty made on television against a petfood manufacturer (not a meat processor) late in 2015. While confident that the industry as a whole has an excellent record for animal welfare, MIA has warned of the risk to New Zealand's reputation for animal welfare as a result of unacceptable actions by others outside meat processing plants and where generally the regulatory oversight is less rigorous.

MIA has been an active participant in driving improved animal welfare standards for young calves from dairy farm through to processor, and has worked closely with Dairy NZ and others in the bobby calf supply chain to develop and implement a programme to improve bobby calf animal welfare.

Overall, it has been another productive year for the Association, with good progress being made in some areas, including major trade agreements, but less so in others such as immigration and biosecurity.

Finally, we would like to acknowledge and pay tribute to the considerable contribution that Bill Falconer has made to the both the MIA and the meat industry as a whole.

Since becoming the MIA chairman in 2000, Bill guided the Association through some significant changes in both the domestic industry and in the international environment that the industry operates in. His insight and sage advice will be missed, and we wish him well in his well-earned retirement from the New Zealand meat industry.



John Loughlin  
**Chairman**



Tim Ritchie  
**Chief Executive**



*Retiring MIA chairman Bill Falconer receiving the William Falconer trophy at the Red Meat Sector Conference in July 2016*

# ADVOCACY

A key aspect of the MIA's role is to promote and enhance a better level of understanding of the meat industry within government and the public more generally. This year's advocacy efforts focused on reaching out to Parliament's Primary Production Committee to share recent developments and concerns facing the sheep and beef sector. The MIA, together with Beef and Lamb New Zealand Ltd (B+LNZ), hosted members of the Committee on a field trip to meat processing plants and a sheep and beef farm in the Rangitikei/Manawatu region. This was an opportunity to show the Committee first hand advances in the sector and to illustrate some of the challenges as a result of both domestic and international requirements.

MIA and B+LNZ also jointly organised a "Speak Meat" two-day event for MPI and MFAT officials in April. The programme is designed to provide officials involved in trade and market access work with a deeper understanding of the sector. The programme includes a visit to a farm and meat processing plant and this year it also included a focus on innovation and automation on plant. This is the 4th year of the "Speak Meat" programme and we continue to receive positive feedback on the value of the initiative.

The MIA also met with a number of overseas delegations, including from Malaysia, Indonesia and China, to promote the meat industry and underscore the robustness of both regulatory and commercial systems and processes that the industry operates under.

Over the year, the MIA continued its focus on working alongside the Ministry for Primary Industries and the Ministry for Foreign Affairs and Trade on a wide range of trade-related matters. In addition to providing technical information and commercial insights the MIA has advocated strongly for an increased focus by government on addressing non-tariff barriers that continue to plague the industry and threaten to destabilise existing market access.

# RED MEAT SECTOR CONFERENCE

The annual Red Meat Sector Conference (RMSC) is another important venue for all those within the sector, including farmers, processors and service providers, to engage with each other and also with government and media.

The sixth conference took place in Auckland in July 2016 and was well attended by more than 200 delegates, who once again heard from a selection of high quality speakers.

MIA would like to thank the conference sponsors who once again helped to make the event a success, in particular, Maersk Line, Hamburg Sud, Ospri, Milmeq, AgResearch, KPMG, Rezare Systems and Seales Winslow.

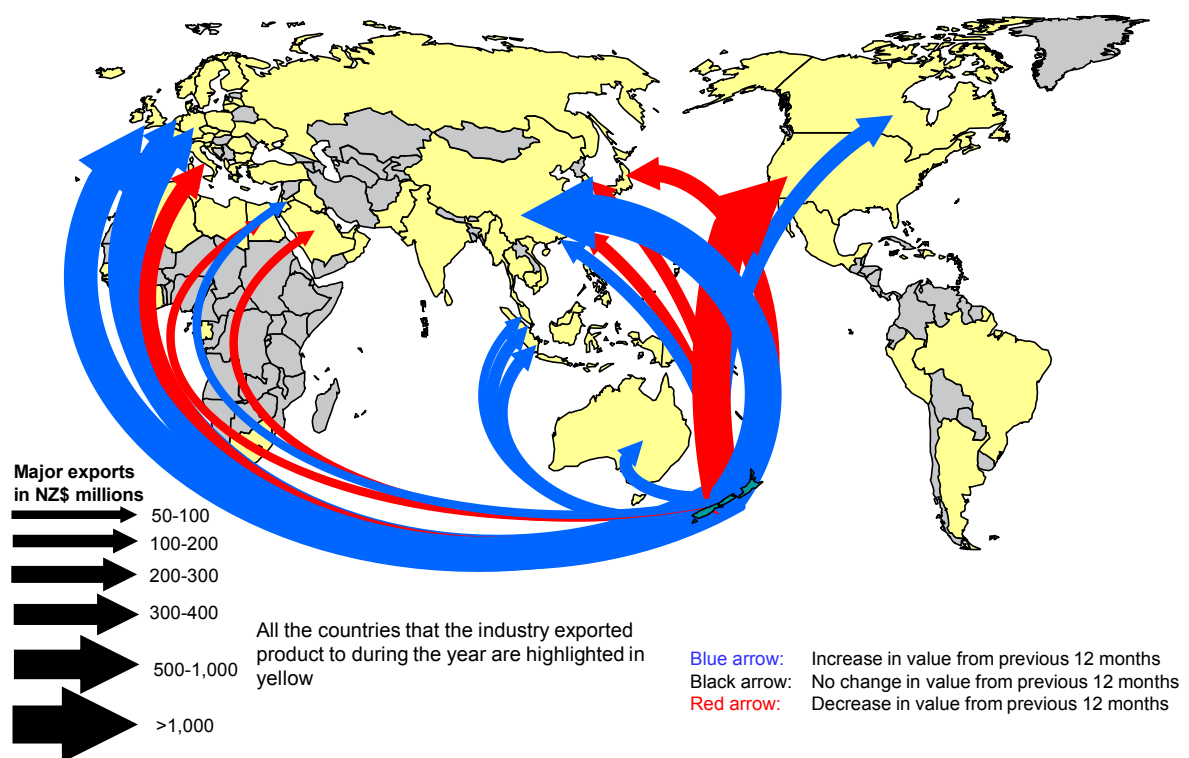




# TRADE

## OVERALL EXPORTS

MAJOR EXPORT DESTINATIONS FOR ALL NZ RED MEAT AND CO-PRODUCTS, 2015-16  
(ARROWS SHOWING MARKETS WITH EXPORT VALUE OF \$50M+)



In the year ended 30 June 2016 exports of red meat and co-products were worth \$7.5 billion, an increase of \$200 million compared to the previous year.

This increase was largely driven by a further increase in the value of beef exports, 4% compared to 36% growth recorded in 2015.

The value of sheepmeat exports also increased by 2%, compared to a 2% decline in 2015. The increase in beef and sheepmeat exports was partially offset by decline in value of co-products exports, down 4% compared to 2015.

The three largest markets continued to be the United States, the United Kingdom and China, accounting for just over 50% of the industries total exports. While the value of exports to the United States decreased by 7%, the value of exports to China increased by 10%, and exports to the United Kingdom increased by a modest 1%.

## ► BEEF

### OVERALL EXPORTS

Both the volume and value of beef exports continued to grow in 2015/16, but at a more modest rate than in 2015, up 3% by volume and 4% by value compared to 11% and 36% respectively last year.

New Zealand exported 430,931 tonnes of beef worth \$3.1 billion in the 2016 June year. This was the largest volume of beef exports ever over a 12 month period.

### NORTH AMERICA

North America continues to be New Zealand's largest regional market for beef by a considerable margin, taking 230,066 tonnes worth \$1.55 billion in 2015/16.

Exports to the United States were down 8% by volume to 207,932 tonnes, and 11% by value to \$1.40 billion. While this was less than the record exports recorded in 2014/15, it was still significantly higher than in previous June years.

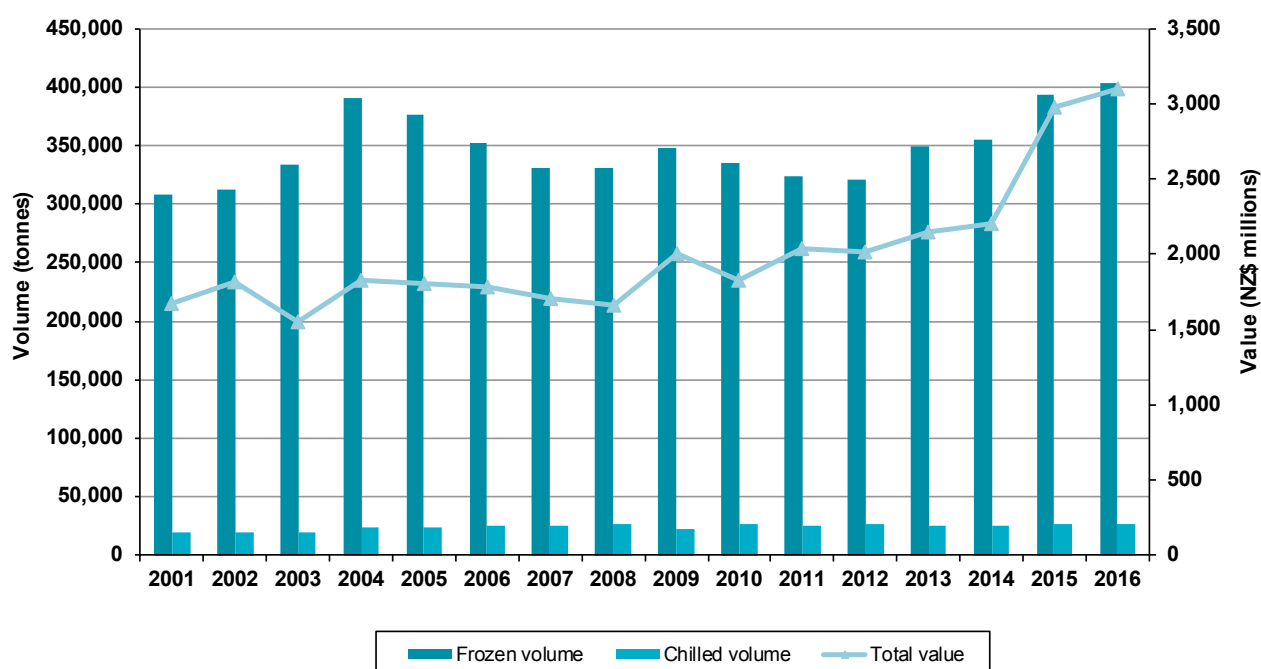
Exports to the other major market in the region, Canada, continued to grow, up by 36% to 22,134 tonnes, worth \$143 million. This meant that Canada was New Zealand's fourth largest market for beef for the year, after the United States, China and Taiwan.

### NORTH ASIA

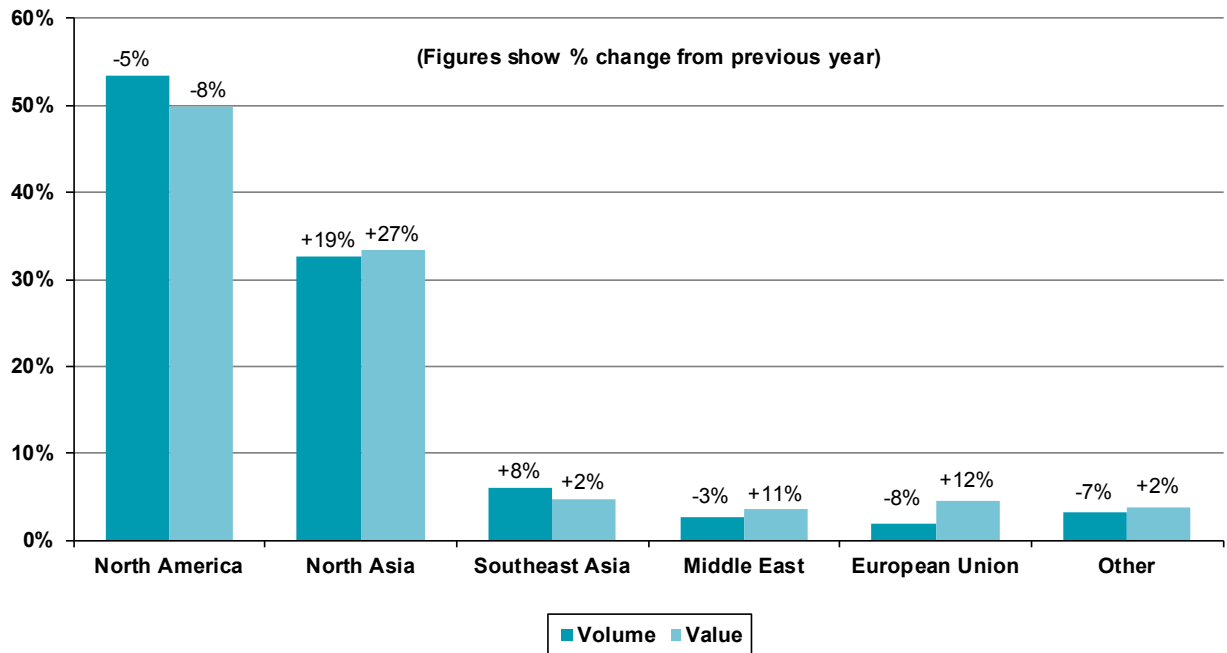
North Asia was the second largest regional market for beef, taking one third of New Zealand's beef exports (by both volume and value) in 2015/16, some 140,472 tonnes worth \$1.03 billion. This was an increase of 19% and 16% respectively from the previous year.

More than half of the exports to the region went to China, 77,828 tonnes worth \$539 million, an increase of 46% by volume and 55% by value from the previous year. Exports to Taiwan also continued to grow, 33% by volume to 26,041 tonnes and 38% by value to \$211 million. Under the Economic Cooperation Agreement with Taiwan, New Zealand beef exports

## ► 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 2016)



to Taiwan have been tariff free since the beginning of 2015, providing the New Zealand industry with a competitive advantage over other exporters to the market

Exports to other markets in the region were mixed. Exports to Korea were down slightly, 4% by volume to 19,827 tonnes, and 1% by value to \$116 million. However, following the ratification of the NZ-Korea FTA during the year there have been two rounds of tariff reductions on New Zealand beef exports to Korea, which should help New Zealand maintain or recover some market share in Korea in the coming year.

Japan was one of only a small number of significant beef markets where exports declined in 2015/16, down 29% by volume to 14,424 tonnes and 16% by value to \$137 million.

The continuing decline in exports to Japan highlights the importance of TPP for the industry to level the playing field with Australia, which currently enjoys

significant tariff advantage through its FTA with Japan.

#### SOUTH EAST ASIA

Exports to South East Asia increased in 2015/16, up 8% by volume to 23,341 tonnes, and 9% by value to \$150 million.

This was largely due to some recovery in exports to Indonesia as a result of some loosening of import restrictions, with exports up from 6,974 tonnes worth \$41 million in 2014/15 to 10,437 tonnes worth \$61 million in 2015/16.

This recovery was partially offset by a decline in exports to the second largest market in the region, Malaysia, which were down 2% by volume to 6,977 tonnes, and 12% by value to \$28 million.

There was also a decrease in exports to other markets in the region, with Singapore down 6% to \$27 million, the Philippines down 40% to \$14 million, and Thailand down 27% to \$12 million.

#### EUROPEAN UNION

The European Union (EU) is a relatively small market for New Zealand beef exporters, taking 2%, or 8,627 tonnes, of total beef exports in 2015/16.

However, it is an important market for high value cuts, with an average FOB export value of \$16.20 per kg, more than double the average of \$7.20 per kg for overall beef exports.

Of the \$140 million worth of beef exported to the EU in 2015/16, 40% went to the Netherlands, 18% went to France, and 10% to Italy.

#### OTHER MARKETS

Like the EU, the Middle East is a relatively small, but high value market for New Zealand beef exporters, with an average FOB value in 2015/16 of \$15.20. The majority of the \$75 million in beef exports to the region were high value chilled cuts (65%).

The Pacific is another region where the majority of exports (58%) are chilled rather than frozen. The major destinations in the region are French Polynesia (\$34 million) and New Caledonia (\$17 million).

#### OTHER EXPORTERS

Australian exports declined by 13% in 2015/16 to 1.17 million tonnes for the year, reflecting lower beef production as improved climatic conditions allowed for herd rebuilding. The largest decline was in exports to the United States, down by 29% to 333,329 tonnes, with exports to Japan also down by 12% to 268,404 tonnes.

However, Australian exports to Korea grew by 10% to 268,404 tonnes and there was also a modest recovery in Australian beef exports to China, up 2% to 127,591 tonnes.

Brazilian beef exports grew in 2015/16 by just under 40,000 tonnes to reach 1.16 million tonnes for the year. After regaining access to China in early 2015, Brazilian exports to China have grown rapidly, up from 3,763 tonnes in 2015 to

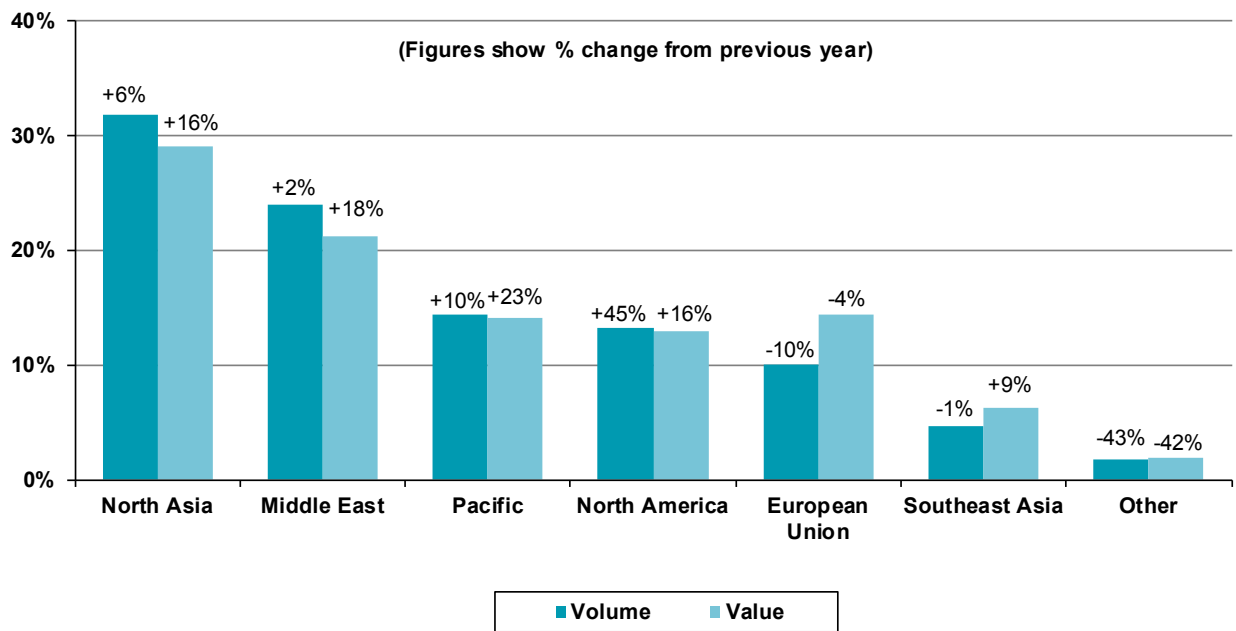
180,506 tonnes in 2015/16. China was Brazil's second largest market, behind Egypt (198,709 tonnes), and ahead of Hong Kong (178,231 tonnes) and Russia (145,428 tonnes).

Brazil has recently gained access into the United States for chilled and frozen beef, and New Zealand exporters will be watching with interest the impact this may have on trade with the United States.

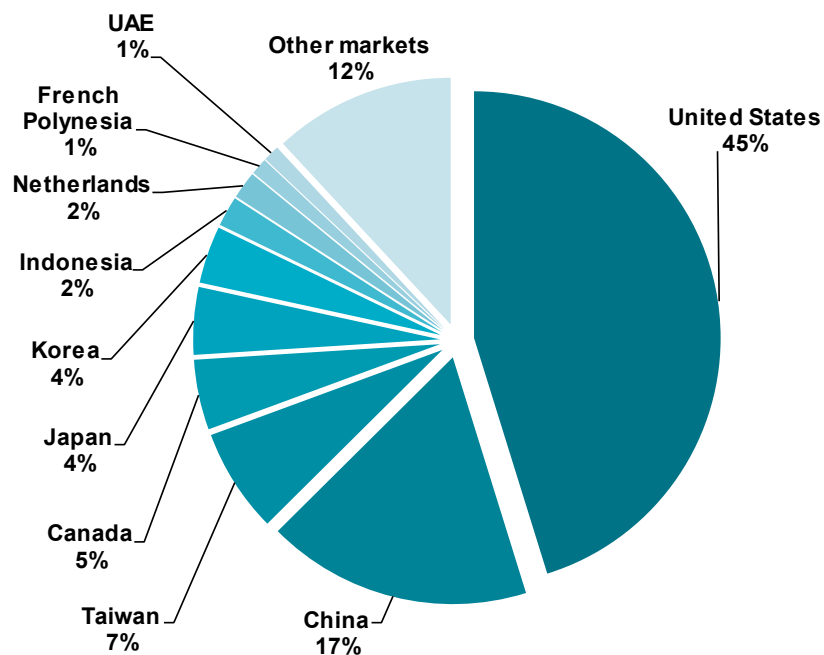
India is another major exporter, specifically of buffalo beef. While export data for the 2015/16 financial year are not yet available, figures for the 12 months ending May 2015 show that India exported 1.28 billion tonnes of beef, down from 1.41 billion tonnes in the previous year. India's major markets were Vietnam (602,804 tonnes), Malaysia (132,372 tonnes) and Egypt (120,591 tonnes).

The United States is also a major global beef exporter, with exports of 727,236 tonnes in 2015/16. The major markets for the US were Japan (175,342 tonnes, down 14% from 2014/15), Korea (127,378 tonnes, up 10%), and Mexico (117,693 tonnes, down 3%).

► NZ CHILLED BEEF EXPORTS BY REGION  
(BY VOLUME AND VALUE FOR THE YEAR ENDING JUNE 2016)



► TOP 10 BEEF MARKETS BY VALUE  
(YEAR ENDED 30 JUNE 2016)



## ► SHEEPMEAT

### OVERALL EXPORTS

Both the volume and value of New Zealand sheepmeat exports increased in 2015/16, up 8% by volume to 409,207 tonnes, and 2% by value to \$2.99 billion.

These were increases in export volumes to all major markets, including China (up 12%), the United Kingdom (up 7%) and the United States (up 14%). However, an increase in the value of exports to the United Kingdom (up 2%) and the United States (up 14%), was partially offset by a decline in the value of exports to China (down by 7%).

A pleasing aspect of sheepmeat exports in 2015/16 was the growth in both the volume and value of high value chilled cuts, up by 9% to 71,322 tonnes and by 12% to \$863 million.

### NORTH ASIA

There was a recovery in the volume of exports to North Asia in 2015/16, up 12%

to 167,572 tonnes. However, the value of these exports were down, by 6%, to \$763 million.

China is the major market in the region and, as noted above, while the volume increased in 2015/16, by 12% to 149,355 tonnes, the value of these exports decreased, by 7% to \$625 million.

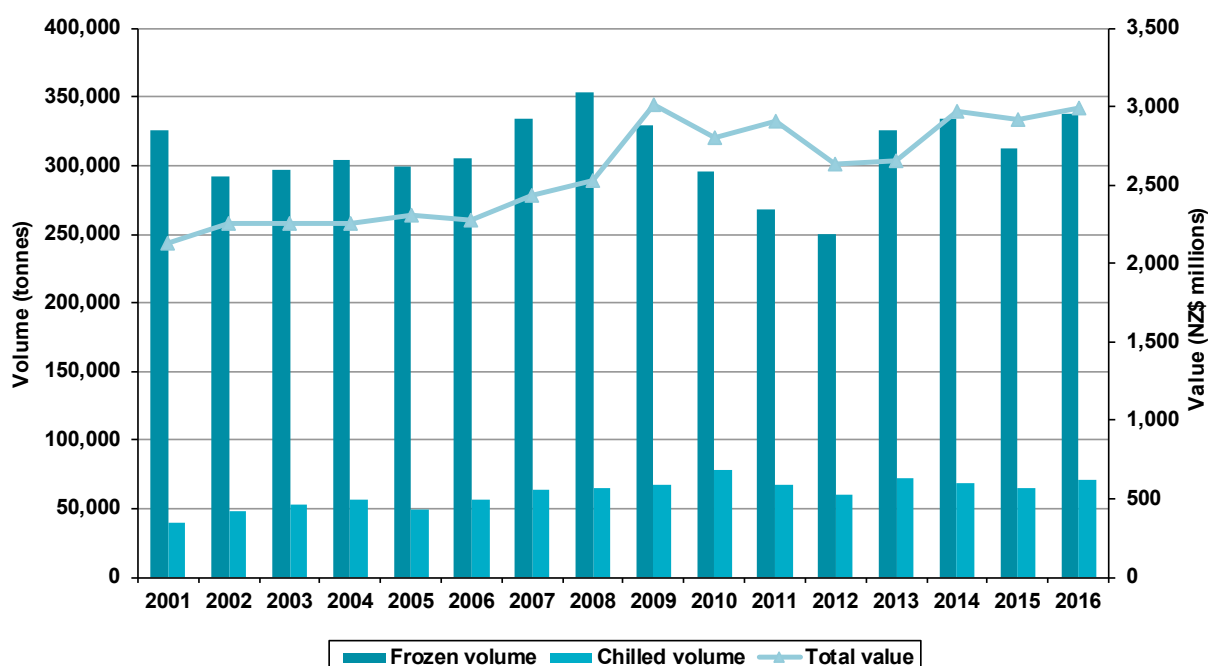
There was some increase in the volume of exports to Japan, up 5% to 5,851 tonnes, but as with China the value of these exports decreased by 4% to \$55 million. However, exports to Taiwan increased by both volume and value, up 47% to 9,842 tonnes and 26% to \$52 million.

### EUROPEAN UNION

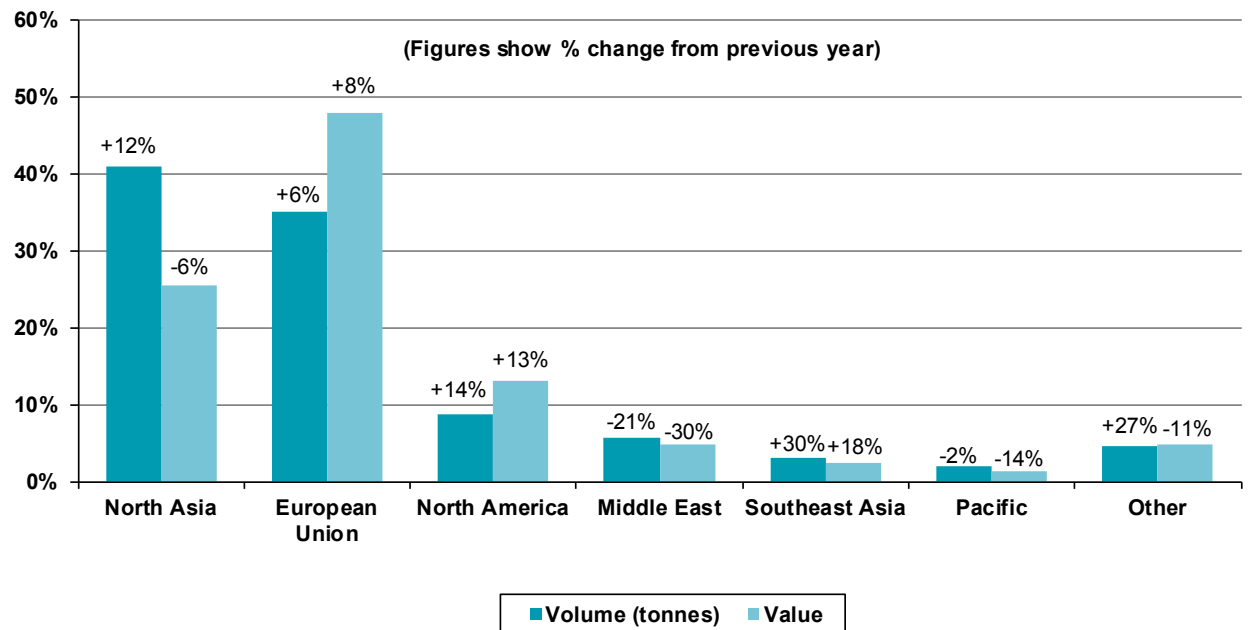
Exports to the European Union (EU), increased by 6% to 143,776 tonnes, and the value by 8% to \$1.43 billion.

Exports to the three major markets in the region all increased, with the United Kingdom up 7% by volume to 69,046 tonnes and 2% by value to \$565 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 2016)



Germany up 4% by volume to 20,534 tonnes and 12% by value to \$274 million, and the Netherlands up 26% by volume to 18,417 tonnes and 33% by value to \$238 million.

However, there was a decline in exports to the other major market in the region France, down by 4% to 12,338 tonnes. The value of these exports remained unchanged at \$125 million for the year.

The EU is the largest destination for chilled lamb (taking 67% of total chilled exports), and chilled exports to the EU increased 10% by value in 2015/16. The major destinations were the United Kingdom (\$304 million), Germany (\$90 million) and the Netherlands (\$80 million).

#### NORTH AMERICA

In 2015/16 exports to North America increased 14% by volume and 13% by value to 35,503 tonnes worth \$390 million.

75% of these exports by value (\$294 million) went to the United States, which

is an important market for chilled lamb, and was the second largest individual market for chilled cuts behind the United Kingdom, taking \$105 million.

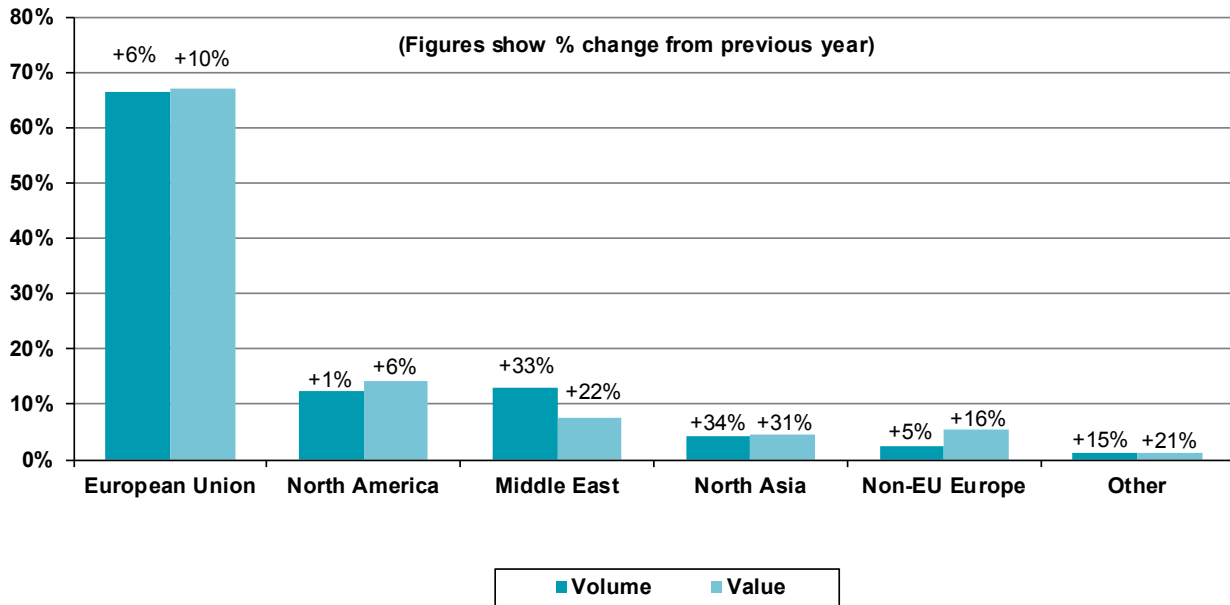
#### MIDDLE EAST

In comparison to most regions, sheepmeat exports to the Middle East declined in 2015/16, down 21% by volume to 23,341 tonnes and 30% by value to \$144 million.

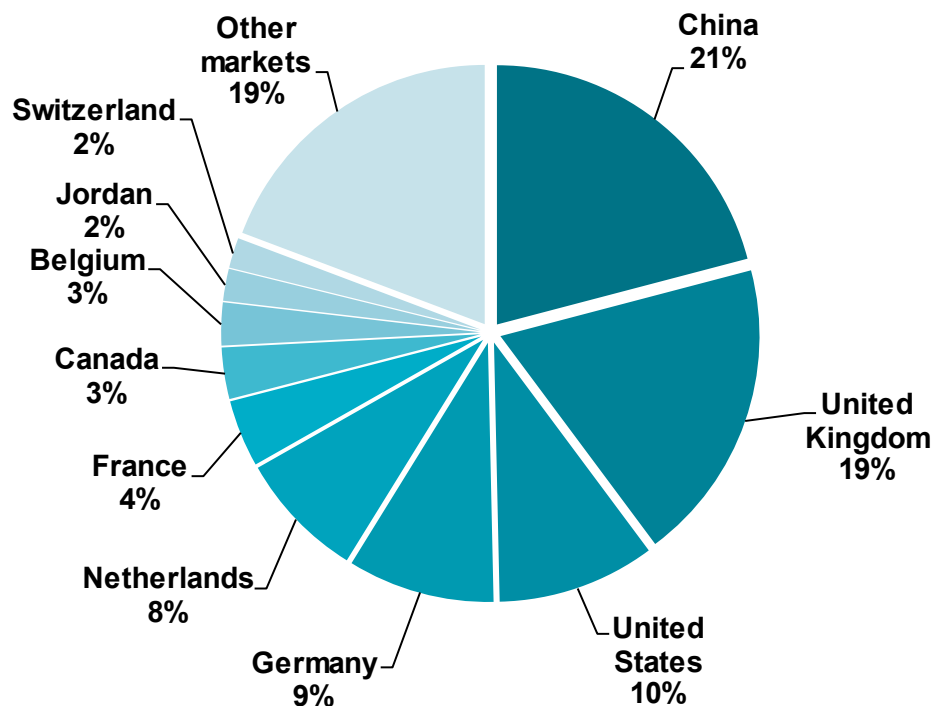
This was mainly a result of a drop in exports to Saudi Arabia, where exports were down from 16,285 tonnes in 2014/15 to 7,619 tonnes and the value of these exports dropping from \$107 million to \$43 million.

Consequently, the largest market in the region for the year was Jordan, taking exports of 10,190 tonnes worth \$60 million.

► NZ CHILLED SHEEPMET EXPORTS BY REGION  
(BY VOLUME AND VALUE FOR THE YEAR ENDING JUNE 2016)



► TOP 10 SHEEPMET MARKETS BY VALUE  
(YEAR ENDED 30 JUNE 2016)



#### OTHER MARKETS

Other important destinations for sheepmeat were Switzerland (\$56 million, up 13% from 2014/15), Malaysia (\$51 million, up 14%), and Mexico (\$22 million, up 38%).

#### OTHER EXPORTERS

In 2014/15 Australia exported more sheepmeat than New Zealand, 411,100 tonnes compared to New Zealand's 378,208 tonnes. This year, however, Australian sheepmeat exports declined by 5% to 389,820 tonnes, compared to New Zealand's exports of 409,207 tonnes for the period. While lamb exports were largely unchanged, mutton exports decreased as a result of reduced turn-off as farmers seek to rebuild their flocks.

Major markets for Australia included the United States (76,428 tonnes), China (61,302 tonnes), UAE (30,869 tonnes) and Malaysia (23,980 tonnes).

## CO-PRODUCTS

### OVERALL EXPORTS

Co-products make a significant contribution to the industry's export revenue, and accounted for 18% of total industry exports by value in 2015/16, some \$1.37 billion. Product diversification and utilisation is an essential aspect of deriving maximum economic return from each animal.

### HIDES AND SKINS

Exports of cattle hides and sheep pelts were worth \$451 million in 2015/16, or one third of total co-products exports. This was a decline of 10% from the previous year. A significant contributor to this decline was a decrease of \$24 million in the value of exports to Italy, the largest overall market and the major market for cattle hides (\$169 million).

Exports to the other major market, China, increased by 5% to \$162 million. While exports to Italy were nearly all cattle hides, 40% of the exports to China (\$67 million) were sheep pelts.

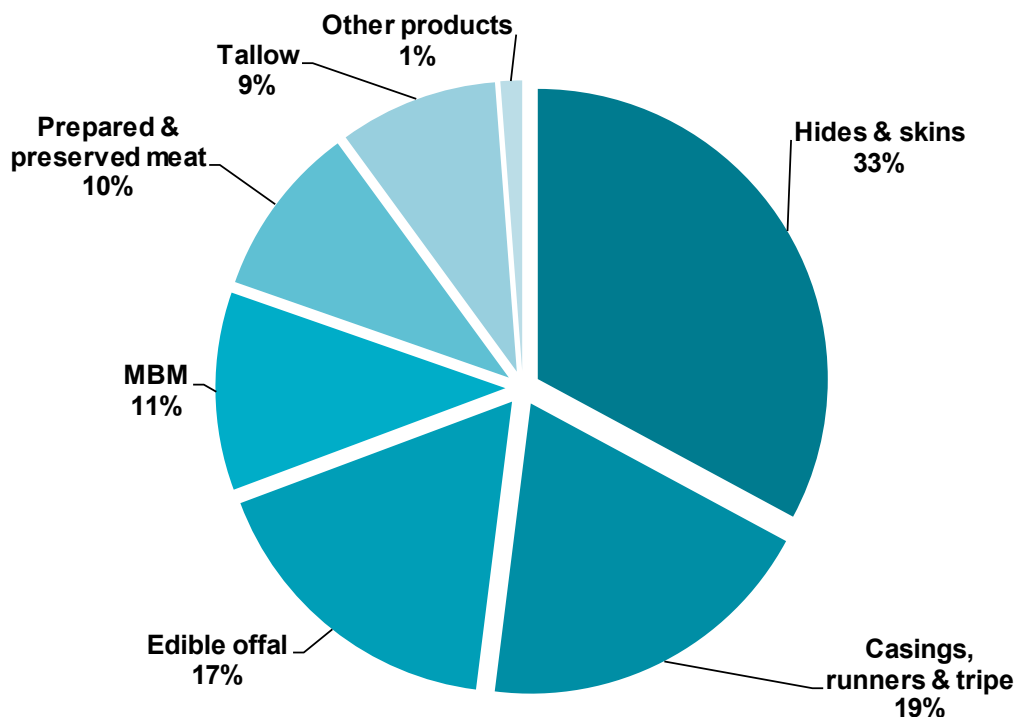
### EDIBLE OFFAL

2015/16 saw an increase in both the volume and value of edible offal exports, up by 1,600 tonnes to 68,006 tonnes, and by \$27 million to \$238 million for the year.

This was mainly a result of a \$19 million increase in the value of exports to the largest market Japan, which took \$54 million. The majority of exports to Japan were bovine tongues, worth \$34 million.

Of the major markets, exports to Korea were steady at \$29 million, and grew by \$5 million to the United Kingdom (\$25 million for the year), and also grew by \$5 million to China (\$21 million for the year).

### NZ EXPORTS OF CO-PRODUCTS (BY VALUE FOR YEAR ENDED JUNE 2016)



**MEAT AND BONE MEAL**

The volume of meat and bone meal (MBM) exports dropped by 4,305 tonnes to 168,776 tonnes in 2015/16, but the value of these exports was unchanged at \$151 million.

Indonesia continued to be the largest market for MBM, taking 97,520 tonnes worth \$68 million for the year. While the volume of exports to Indonesia increased by 6,992 tonnes, the value declined by \$3 million.

Exports to the United States grew by 2,994 tonnes and \$9 million, to 14,210 tonnes and \$24 million for the year. It overtook China as the second largest market, as exports to China declined 54% by volume to 11,183 tonnes and 42% by value to \$12 million.

**PREPARED AND PRESERVED MEAT**

There was a decline in both the volume of prepared and preserved meat exports in 2015/16, down 8% to 14,252 tonnes and 10% to \$132 million.

This was mainly a result of a decrease in exports of prepared bovine products to the United States, which resulted in total exports to the United States declining from \$52 million in 2014/15 to \$36 million in 2015/16.

The volume of exports to Australia were largely unchanged at 4,500 tonnes but the value of these exports grew by \$4 million to \$39 million. As a result, Australia overtook the United States as the largest market for prepared and preserved meat products in 2015/16. Other important markets included Korea (\$13 million), Japan (\$7 million) and the Philippines (\$6 million).

**TRIPE**

Exports of sheep and beef tripe continued to grow in 2015/16, up 16% by volume to 27,287 tonnes, and 28% by value to \$139 million.

This was mainly because of continued growth in exports to China, which increased 79% by volume to 9,344 tonnes and 145% by value to \$66 million. As a result of this growth China overtook Hong Kong, (8,247 tonnes worth \$34 million) as New Zealand's major market for tripe.

**CASINGS AND RUNNERS**

Following some recovery in exports of processed casings and semi-processed 'runners' in 2014/15, there was a decline in 2015/16 with the value of exports dropping 28% to \$124 million.

Exports to each of the three major markets for these products reduced, Egypt down by \$24 million to \$35 million, China down \$17 million to \$27 million, and Australia down \$10 million to \$22 million.

**TALLOW**

While the volume of tallow exports was unchanged at 145,000 tonnes in 2015/16, there was a slight increase in the value of these exports, up by 4% to 121 million.

There was a shift in the destinations for these exports. Exports to Singapore increased by nearly \$30 million to reach \$59 million for the year. MIA understands that this growth was due to the resumption of biodiesel manufacturing. Consequently, exports to the other major market for tallow, China, decreased by \$36 million to \$47 million for the year.

# MARKET ACCESS

## ► GENERAL

The New Zealand red meat industry exports nearly all of what it produces – some 92% of sheepmeat production and 83% of beef – to over 120 countries around the world.

Putting it very simply, the meat industry business model is all about finding the best returning market for each part of a carcass. In order to be able to do this, the sector depends on consistent and predictable access to a wide range of markets.

Removing tariffs can improve the competitiveness of New Zealand's red meat products in our existing and potential export markets. It also helps to keep options open in the event that New Zealand red meat exports are locked out of some markets. The government has been successful in progressively eliminating tariffs through its trade negotiations efforts. This has supported a first mover advantage in some markets, or levelled the playing field against our competitors in other markets.

Increasingly, the sector's exports are facing behind-the-border or non-tariff barriers, including in relation to food safety, quality and standards.

These barriers are sometimes difficult to identify but almost always challenging to quantify and overcome. While these regulatory requirements may be legitimate measures designed to protect consumers and producers alike, often they are unjustifiable, have little scientific basis and are imposed to protect domestic industry. Such measures not only impose significant costs to processors and exporters (sometimes just as costly as tariffs, if not more so) but can also block New Zealand's meat exports from entering a market irrespective of what tariff is applied. The commercial consequences of this can be significant.

The sector welcomes the government's focus on non-tariff barriers through the Business Growth Agenda and urges more

attention be given to resolving these barriers so that the sector, and New Zealand as a whole, can fully benefit from advances in market access.

## TRADE AGREEMENTS

During the year there was significant progress on a number of major trade agreements that will help the New Zealand meat industry remain internationally competitive.

## KOREA

The FTA with Korea entered into force on 20 December 2015. This meant that the initial round of tariff cuts was quickly followed by a second round of cuts at the beginning of 2016. This helped New Zealand exporters retain competitiveness against exporters from the United States, Australia and Canada with longer-standing FTAs with Korea.

While the agreement has only been in place for a short time, it is encouraging to note that in recent months beef exports to Korea have increased compared to the same period last year, when New Zealand was at a significant commercial disadvantage compared to other major beef exporters to Korea.

## TRANS PACIFIC PARTNERSHIP

After eight years of negotiations, the Trans Pacific Partnership (TPP) agreement was signed in February 2016.

The MIA is fully supportive of the TPP, as it is a significant step towards reducing the amount of tariff and non-tariff barriers on New Zealand red meat exports. It will add to the suite of New Zealand trade agreements which secure market access for the sector's export products and further integrates New Zealand in regional and global supply chains.

If ratified the TPP will see the elimination of tariffs for all beef and sheepmeat products, with the exception of Japan. While Japanese beef tariffs will not be

eliminated, they will be significantly reduced overtime thus helping New Zealand regain its competitive position in this valuable market and levelling the playing field with Australia which already enjoys reduced Japanese tariffs under the bilateral Australia-Japan trade deal.

Once fully implemented, it is estimated that the TPP will deliver approximately \$84 million in annual tariff reductions. It will also open the door to addressing some complex and costly non-tariff barriers. For example, negotiating recognition of New Zealand's inspection and verification system would remove the need, uncertainty and cost associated with multiple inspection and audit visits by numerous overseas regulatory authorities. Companies not only incur significant costs associated with multiple audits, but the commercial consequence of either not "passing" an audit or delays in securing premises approval and listing by overseas authorities can be significant.

#### EUROPEAN UNION

The New Zealand and EU sheep and beef sectors share a long history of shared values and economic engagement. New Zealand has exported sheep and beef products to the EU for over 130 years, and has established a reputation as a responsible supplier to this market.

New Zealand red meat sector exports to the European Union (EU) are significant. At \$2 billion in total for the year ending December 2015, they accounted for nearly 40% of New Zealand's total exports to the EU. Exports of New Zealand sheep and beef products complement seasonal production patterns in Europe to allow consumers access to high-quality, safe meat products all year round. New Zealand's pastoral growing seasons are counter-cyclical to European seasons.

While New Zealand enjoys comparatively favourable conditions of access for sheepmeat, the EU is also the market with the second highest tariff burden, behind only Japan, for our beef exports. New

Zealand beef into the EU incurs tariff costs of around \$50 million annually.

The MIA is very supportive of a FTA negotiation between New Zealand and the EU as a means to removing the outstanding trade barriers facing the sector. Given the progress the EU has made with its trade liberalisation agenda, New Zealand is currently at a considerable disadvantage compared to competitors with their own preferential arrangements, either in force or in negotiation.

#### BREXIT

On 23 June 2016 the British people voted to leave the EU. This is an unprecedented situation as no state has left the EU before. It is unclear how the process will work and what the implications will be, including for third parties. The withdrawal process will also take some time to complete. In the immediate future, however, there will be no change and the same rules will continue to apply to our trade with the UK and the EU. These include the EU's World Trade Organisation commitments, which cover the UK. New Zealand's overall sheepmeat and beef access into the EU and UK cannot be eroded as a result of Brexit.

Ensuring that trade access into the EU and UK is protected is a top priority for the sector as both markets will continue to be significant for the meat industry. The MIA, working with B+LNZ, is actively engaged in discussions with government officials and stands ready to offer our assistance to the government to ensure that the protection of the sector's trade interests are pursued in a timely way.

#### RCEP

Negotiations on the Regional Comprehensive Economic Partnership (RCEP) continued slowly during the year. The MIA remains supportive of the need to make further progress on tariff elimination thus further enhancing trade liberalisation in the region. The MIA is also supportive of the increased focus on non-tariff

barriers afforded by these negotiations. The MIA is actively engaged with negotiators, including taking part in the 12th negotiating round in April in Perth, to further progress the sector's keen interest in resolving NTBs affecting meat exports.

## ► SPECIFIC MARKETS

While access to all markets is important for the industry, during the year there was a greater focus on some markets in particular.

### CHINA

China has been a major focus for industry and MIA activity over the last few years, and this continued in 2015/16.

The focus this year was two-fold: continue to strengthen the whole-of-industry relationships with key Chinese counterpart organisations; and working closely with the Ministry for Primary Industries to seek to make progress on the outstanding technical market access and plant listing issues.

In September 2015, the MIA CEO led a whole of industry delegation to China to participate in the China Meat Association annual conference and trade fair and to continue the dialogue with a number of organisations, including at the regulatory level with a specific focus on the New Zealand halal system.

Following that, the MIA CEO spoke at the China Chamber of Commerce of Foodstuffs and Native Produce organised

China International Meat Conference in Beijing in November where he outlined New Zealand's natural farming system, the high quality and food safety of our red meat and the on-going innovation embraced by the meat industry. There is a growing demand in China for safe, naturally produced food, and New Zealand red meat is well placed to take advantage of that.

The MIA CEO participated in Prime Minister John Key's Trade Mission to China in April this year. The mission was successful in securing high level political support for resolving the outstanding technical issues with the China-New Zealand meat protocols – particularly access for chilled meat. During the visit, MPI and the Certification and Accreditation Administration the People's Republic of China (CNCA) concluded and signed an Arrangement on Halal Certified Meat from New Zealand to China. This is an important recognition of New Zealand's halal system and its ability to deliver safe, quality, halal certified product to Muslim consumers in China.

This year also saw the MIA, together with Deer Industry New Zealand and with the support of New Zealand Trade and Enterprise, participate in the 2016 China International Food, Meat and Aquatic Products Trade Fair and the International Import and Export Food Policy, Laws and Regulations Summit in Shanghai in June. The New Zealand Red Meat Sector Stand was developed with the aim of advancing our political relationship with the China Entry Exit Inspection and Quarantine Association (CIQA) to keep in-step with co-operative efforts by our international competitors in the China market. The visit saw the successful signing of a Framework Agreement on Food Safety and Trade Development Cooperation between the MIA and CIQA. This is the third such document signed with Chinese counterparts and forms an important set of undertakings to support the meat industry's trade interests in China.

MIA is in the process of organising a



return visit by another senior New Zealand meat industry delegation, to be led by the MIA Chairman, later in 2016.

Progress is also being made on technical market access issues and the MIA and industry continue to work closely with MPI to support negotiations and find practical solutions to these outstanding issues.

#### INDONESIA

Indonesia continued to be a frustrating market for the red meat sector in 2015/16. New Zealand, as co-complainant alongside the United States, has continued to advance the WTO Dispute Settlement case against Indonesian agricultural trade barriers imposed since 2011, focusing on beef and horticultural products. The import restrictions imposed in 2011 effectively blocked around 80% of New Zealand's beef exports to Indonesia with major consequences for the meat industry. The WTO Dispute Settlement Body panel stage is now almost complete and we expect a decision in the second half of 2016. At that point, the parties will consider next steps.

In the meantime, the Indonesian government has introduced a number of new regulations which suggest a relaxation of import restrictions. While this is a welcome development, the practical effect of these changes is still unclear.

The MIA CEO was part of Prime Minister John Key's Trade Mission to Indonesia in July this year the outcome of which was a high level political undertaking to further open up the Indonesian market to New Zealand beef exports, including secondary cuts and edible offals.

Indonesia is a growing market with significant potential and the meat industry maintains its interest in seeing Indonesia revert to an open and stable trade environment.

developed halal systems to enable export to Middle East halal markets.

Halal processing has evolved to become a cornerstone of the industry's business model of finding the best market for each bit of a carcass, as it enables the industry to access Muslim countries and Muslim consumers in other markets such as Europe, North America and China. Exports of red meat and edible co-products to Muslim countries alone were worth \$501 million in 2015/16. Combined with halal products exported to other markets, some 26% of red meat exports are halal-certified.

Given the importance of halal processing to the New Zealand meat industry, nearly all of the processing plants that are approved to undertake slaughter and processing for export are also approved to undertake halal processing.

Nearly all of the sheep and cattle that they process are slaughtered according to halal requirements, which gives the ability to export a wide range of products to Muslim countries and Muslim customers in other markets.

Over the last six years, in response to an industry request, there has been government oversight of halal meat processing through the Halal Notice administered by MPI. During the year MPI undertook consultation on significant changes to the regulatory framework, specifically to widen the scope of the Notice and to put in place a number of more detailed requirements for halal processing.

MIA believes that having a robust regulatory framework is vital for the industry, and is supportive of the proposals to widen the scope of the Notice to cover all products that are intended to be exported as halal. However, MIA's view is that it is important that this framework is not unnecessarily onerous or prescriptive, so that companies are still able to make a commercial decision as to whether they wish to service all halal markets.

## ► HALAL MARKET ACCESS

Exports of halal meat from New Zealand began in the 1970's when the industry

## ► OTHER TRADE ISSUES

### TRANSPORT

As an export-focused sector, the meat industry relies on regular, competitive and timely transport services to get New Zealand red meat to the 120 countries that it is sent to.

Transport services are for the most part commercial matters between individual companies, but MIA does have some involvement in industry-wide issues. This is often done through the New Zealand Shippers Council, an association representing major exporters and importers that MIA is an active member of.

A significant area of work for the Council during the year has been working with Maritime New Zealand on the implementation of the new requirement for containers to have a verified weight as a condition for vessel loading on international voyages.

MIA is pleased to see that the regulations that have been put in place are not prescriptive and allow for exporters to use current systems in meeting the new requirements.

# WORKFORCE

## ▶ TRAINING

### PRIMARY INDUSTRY TRAINING ORGANISATION

An Industry Partnership Group (IPG), consisting of the training managers from meat processors, as well as representation from MIA, provides an important conduit for industry on industry training directly to the Primary Industry Training Organisation (PrITO) and for PrITO to report directly to industry.

Over the past few years PrITO has rolled out a new qualifications framework for the meat processing industry. The MIA welcomes the development of qualifications from Level 2 to Level 4 with a streamlined and logical progression of qualifications.

The creation of the Apprenticeship in Meat Boning has been an unqualified success. There are currently 75 apprentices and we expect that this will grow. MIA congratulate PrITO for taking these steps and for showing leadership of industry training for the meat industry.

The Apprenticeship in Meat Boning has allowed companies to identify promising young workers, and put them on a structured training and career pathway. Having received proper intensive training, they are often moved into supervisory or training roles, allowing them to improve the skills of their co-workers. This builds up skill levels and productivity across the plants.

In particular, as an industry we find that creating this apprenticeship has done a lot to dispel the erroneous idea that meat processing work is unskilled. The industry is keen to promote work in the industry as a valuable and skilled career, and being able to make people aware that they can gain a worthwhile and recognised qualification is a key part of that. However, this is limited to the Boning Room, and MIA supports the development by PrITO of an Apprenticeship in Slaughter and Dressing to cover workers within the slaughter and dressing floor operations. This will open up pathways for these apprentices to move into leadership roles

and would build greater flexibility and capability within the plant overall.

### FOOD INNOVATIONS TRAINING TRUST

The chair and chief executive of the MIA sit on the Food Innovations Training Trust, a fund administered by PrITO for the purposes of promoting and advancing education and training for meat processors and developing arrangements for the delivery of industry training. The fund holds the residual funds from the meat and dairy processing industries from the old NZITO, and is currently some \$4.5 million. MIA propose to run down the meat industry's share of the funds over a five to ten year period, using the funds to support specific educational initiatives including tertiary scholarships.

## ▶ HEALTH AND SAFETY

### GENERAL

Health and safety is a significant area of policy and regulatory work for the MIA. Part of this has been driven by a focus by the Government on the high number of workers being injured in New Zealand industries, the passage of a new law, the Health and Safety at Work Act 2015, and the establishment of a new regulator, WorkSafeNZ. More importantly, the meat industry recognises that the injury rate in this industry is too high.

The establishment of Worksafe NZ has brought a much greater focus on industry health and safety. The MIA continues to 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. An example of this improved relationship is how MIA is working with WorkSafe to take inspectors to meat processors, so they can better understand the meat processing environment.

#### MEAT INDUSTRY HEALTH AND SAFETY FORUM

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

#### HEALTH AND SAFETY STANDARDS

MIA is developing health and safety industry standards to address the higher hazard areas in the industry and to help drive down the injury rate in the sector. The standards will establish a common baseline for the industry and provide detailed guidance on the key hazard areas. MIA has developed two industry standards so far – on working at height and traffic management – which were approved by the MIA Council. Other standards to be developed include chemical handling and working alone.

#### MEAT INDUSTRY HEALTH AND SAFETY GUIDELINES

At the end of 2013 the MIA produced a set of Health and Safety Guidelines for the New Zealand meat industry. These have been well received. MIA is currently updating the Guidelines to conform to the new Health and Safety at Work Act. This includes specific guidance on the responsibilities of management and workers, the roles of Health and Safety Representatives, the investigations process, and other issues.

### ► IMMIGRATION

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

This role is vital to the industry's business model, allowing the majority of plants that process for export to undertake halal processing and therefore providing

industry the ability to supply halal products from any part of the carcass to Muslim markets and Muslim consumers in other markets.

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

However, an ongoing issue for industry is that regulatory requirements of the role mean that there are insufficient New Zealanders able and willing to undertake the role. In total some 240 halal slaughterers are required.

Therefore, to address the shortfall of available New Zealanders, each year MIA applies to Immigration New Zealand (INZ) for an Approval in Principle (AIP) for its members to employ around 120 overseas-based halal slaughterers. The AIP process requires the MIA to meet the 'Labour Market Test' to prove that there are no New Zealanders available to undertake the role. Other less onerous INZ policies are offered, however the halal slaughterer role does not comply with the requirements of the long or short-term skills shortage lists.

This year the MIA once again obtained the support of the New Zealand Meatworkers' Union for the current season's AIP application to INZ. However, despite the support of the Union and the provision of extensive background information justifying the application, the process was again resource intensive and protracted. The AIP process does not provide industry with long-term security of halal resource nor halal slaughterers with a pathway to residency.

MIA continues to advocate for a long term solution to address the sustained shortfall of domestically available halal slaughterers. Options for resolution, which include a multi-year AIP or a special halal programme, have been mooted with the Minister for Immigration and INZ staff.

MIA has also had dialogue with INZ, MFAT and NZQA about the Indonesian

Special Work Program which allows up to 20 Indonesian nationals at any one time to work in New Zealand as halal slaughterers for a period of up to 3 years. The individuals must have a full-time job offer before entering the country. The Prime Ministers visit to Indonesia and changes at INZ has provided impetus for all relevant parties to address the practical issues arising from the current terms of the Work Program which have prevented industry from easily utilising this option. MIA will continue to advocate for these issues to be addressed, This dialogue is also developing useful relationships with senior INZ operational staff as well as the MBIE immigration policy team.

# REGULATION

## ► GENERAL

A credible and internationally recognised regulatory system is part of the foundation of the export sector, and MPI's regulatory services play a critical part in the ability of the meat industry to export.

These regulatory services, however, incur a significant cost for the meat industry which is one of the most heavily cost-recovered industries in New Zealand. MIA accepts that industry should pay for its share of the costs of the regulatory services from which it directly benefits. However, if industry are to pay for services, then industry needs to be assured that it is paying only for those services it benefits from, and that they are being provided efficiently.

Furthermore, the New Zealand meat industry operates in highly competitive global markets. As such, any cost recovery on New Zealand meat exporters has to be absorbed and cannot be passed directly to overseas customers.

In 2015 MPI commenced a first principles review of the way it recovers costs in order to identify areas where MPI can improve the way MPI set and review charges. As part of this, in June 2016 MPI released a high level discussion document for comment. MIA has submitted on this document, making the point that many services that industry is currently paying for include a significant public good component. While the MPI discussion document outlined the main principles it will apply to cost recovered services (equity, efficiency, justifiability, transparency), it did not elaborate on how MPI will actually apply these high level principles.

MIA has sought to be constructive in its approach to cost recovery and laid out how it believes MPI could take a more principled approach to cost recovery. At a minimum, MPI should be able to explain what, why and how the services will be delivered; have input into planning and budgeting from the cost-recovered industry; and provide appropriate financial

and performance reporting to the cost-recovered parties so the funders can be satisfied that the service is being provided efficiently (which, for meat processing which is heavily cost recovered, this is an annual review of the accounts and quarterly performance and financial reporting). MIA has developed good relationships and systems with MPI on cost recovery and wishes for this to continue.

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

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 ongoing market access issues, development of a new code of practice for slaughter and dressing, bobby calf animal welfare, receiving financial reports on MPI's cost recovery from processors, and MPI's cost recovery review.

## ► PMI REFORM

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

1. The need to reach an understanding with Chinese authorities on the use of PMI,
2. The cost of training to implement the regime,
3. The most suitable use of the 'Rover' position,
4. Options for slower-speed chains

MIA is continuing to facilitate further advancement of the company meat inspection model. This reflects both industry's concerns and recognition that this approach is stage one of a multi-stage programme.

#### ► MIA TECHNICAL WORKING GROUP

The MIA Technical Group, which is open to all member companies, is a forum for technical consultation and collaborative consideration of key technical issues with relevant MPI staff.

The Technical Group meets regularly and over the last year has focused on the following topics:

- E. coli O157:H7 and non-O157 Shiga Toxin E. coli (n-STEC);
- Meat code of practice development;
- New bobby calf animal welfare regulations and procedures;
- The National Microbiological Database (NMD) review;
- Technical training requirements;
- HACCP e-learning module;
- On-Farm verification;
- Damaged cartons and shipping marks;
- Risk organism response plans and foot and mouth disease awareness, and
- Other customer and market access issues.

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

A key focus was Shiga Toxin Escherichia coliforms (STEC's). While STEC's are considered unlikely to occur in New Zealand beef, the New Zealand industry

is striving for continual improvement. MIA worked together with MPI and introduced nine initiatives which will further reduce the risk of STEC contamination of New Zealand beef. One of these initiatives was to hold workshops targeted to senior operators, supervisors and technical staff on the basics of STEC's and the measures to minimise the risk of contamination.

A key note speaker for the NZ Institute of Food Science and Technology conference was Gary Acuff, Professor & AgriLife Research Faculty Fellow; Director, Center for Food Safety at Texas A&M University in the US. MIA was fortunate to have Gary give two presentations at a technical meeting on "Interventions to lessen the risk of STEC contamination in beef" and "Successful implementation and validation of HACCP".

Another key focus for the Technical Group was the identification of training needs for technical people in the industry. A list of key topics was identified and prioritised. The highest priority was for basic microbiology for meat processors. Two 2-day workshops were planned and the demand from members and MPI staff was such that in the event four workshops were held (in Hamilton, Palmerston North, Invercargill and Ashburton). The numbers applying to attend this workshop and the feedback received indicated that there is a real need for targeted, short and generic industry training in specialised technical subjects. Workshops for the other major priorities of; understanding and interpreting the national microbiological database, statistical process control and shelf life determination are planned for the coming year.

MIA is exploring options for integrating the material prepared for these workshops into the proposed Diploma in Meat Processing.

Work has progressed with MPI to phase in the implementation of the operational code (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 one where operators have more control over their process. Eight premises are now operating under the new code with the remaining working towards implementation by October 2017.

The review of industry standard 6: Further Processing has been progressed to pilot stage. Once finalised, this will be Chapter 9 of the operational Code and will use 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.

The European Union and North America are now accepting electronic data exchange with a limited range of products and MPI's continues to work with counterpart regulators in Australia, China, Mexico and the Philippines to allow the use of electronic data exchange. However getting these countries to uptake electronic transmission of certificates (paperless certification) continues to be challenging.

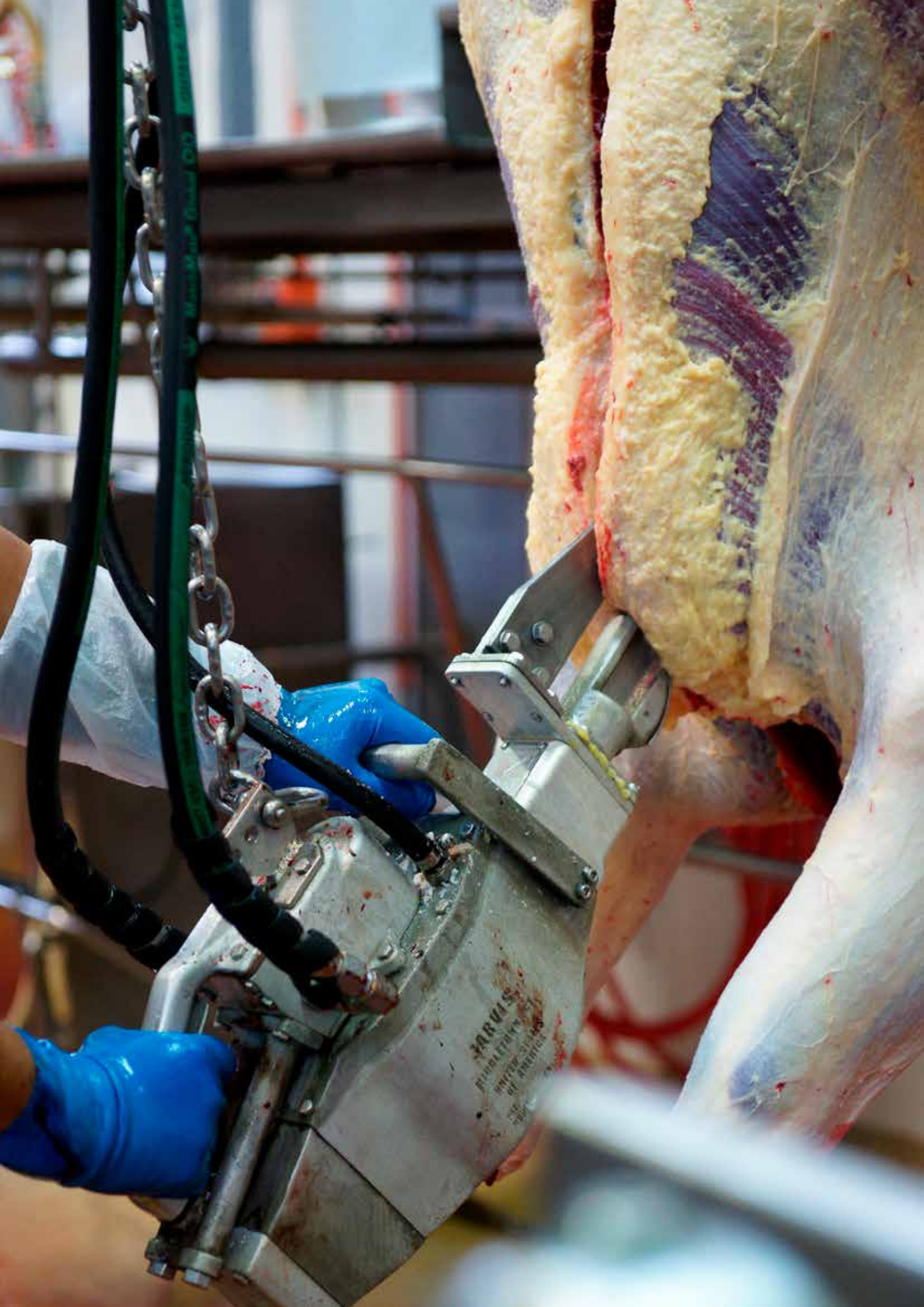
# ENVIRONMENT

## ► GENERAL

This year the focus has been on the government's review of the New Zealand Emissions Trading Scheme. (NZ ETS). The meat industry supports New Zealand making a fair, realistic and achievable contribution to global climate change mitigation efforts within an international framework that allows New Zealand to contribute in accordance with its national circumstances. New Zealand agriculture has an important role in the production of emissions-efficient food and is a provider of safe and high quality food globally and there have been significant advances in reducing emissions from New Zealand sheep and beef production. New Zealand is now seen as one of the world's most emission efficient producers of sheep and beef meat.

The NZ ETS is an important market-based mechanism to incentivise behaviour change and help New Zealand transition to a low emissions economy. The meat sector is supportive of this approach and is already impacted by the NZ ETS as energy users and as a result of agricultural reporting obligations. There are however a number of issues with the design of the current NZ ETS that need to be addressed before it can operate as intended. The MIA, together with B+LNZ and Deer Industry New Zealand, have actively engaged with government on the NZ ETS review and have expressed our shared concerns with the proposed amendments to the NZ ETS.

The MIA is also a participant in the Biological Emissions Reference Group the objective of which is to share information and collaborate on developing additional tools to support further effective climate change mitigation efforts.



# INNOVATION

## ► GENERAL

Through investment in a set of strategic initiatives the meat industry is actively involved in innovation to ensure growth and sustainability of our industry.

Alongside individual company programmes the MIA together with member companies invests in pan-industry collaborative research and development (R&D) projects. These include the Research Partnerships, Ovine Automation Limited and MIA Innovation Limited and the New Zealand Food Safety Science and Research Centre. These initiatives aim 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 Red Meat Sector Research and Development Strategy is a policy developed by industry to guide the sector and inform and influence Government (including CRI's core) and Industry investment in collaborative pre-competitive R&D. By encouraging greater coordination of R&D the strategy aims to support 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. The strategy is a living document that is reviewed and updated annually to reflect changes in the sector and ensure our key investments are relevant.

An analysis of R&D priorities for the sector, completed in 2015-16, ranked the value and impact of identified research needs against their ability to increase product value, improve processing efficiency, manage risk and support R&D capability in New Zealand. Food safety and product quality research were the highest ranked priorities for investment

and are noted as the focus of the research programmes for MIA Innovation, Ovine Automation and Meat Industry Initiative Fund projects.

## ► MEAT INDUSTRY INITIATIVE FUND

The Meat Industry Initiative Fund (MIIF) is an industry wide pool of funding, jointly administered by MPI and MIA, which supports whole of industry research in the key areas of food safety and market access. The MIIF enables the MIA to provide industry co-funding to support key industry research and development initiatives including;

- MIA Innovation Limited
- Food Safety Science and Research Centre

Alongside these long term commitments the MIIF also provides support for investment in short term single milestone projects to support industry advancement. In 2015-16 areas of importance for our members included high frequency stunning, fibre containment and bunging technologies.

## ► MEAT INDUSTRY INNOVATION LIMITED

MIA Innovation Limited is a wholly owned subsidiary of the Meat Industry Association established to manage the Meat Industry Research and Innovation Fund Partnership. The Partnership is a seven year programme of R&D with a vision 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 over 7 years and is funded on a one-to-one basis by Industry and the Ministry of Business, Innovation and Employment (MBIE). Industry funding for the programme is largely sourced from the MIIF with some funding directly from companies.

The R&D programme has four areas of focus to increase the value of red meat exports and mitigate significant risks for the industry:

- 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

In its first full year of operation the focus of the MIA Innovation R&D programme has been on:

- increasing the shelf life for chilled lamb,
- looking at mitigations to prevent spoilage, and
- the management of E.coli H7:O157 and other shiga-toxin producing E.coli (STEC) on bobby veal and beef, working both on farm to identify sources of contamination and through the use of interventions such as phage and chemical treatments in-plant to reduce the incidence of STEC on carcasses.

Results from the R&D programme will be made available to industry as the work progresses

## ► 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.

The R&D programme for the first term of OAL has been largely completed in 2016. Work is now focussed on commercialising the robotic technologies developed by OAL, including:

- Auto brisket cutter
- Auto evisceration
- Y-cutter
- Leg roller
- Brisket roller

In 2015-16 OAL has installed both auto evisceration and brisket cutting systems at the Alliance Group Smithfield site. Milmeq, OAL's commercial partner, also secured a further sale of both the auto evisceration and brisket cutter to Australian Lamb (Colac) Pty Ltd.

OAL continues to work with its partners regarding the option of securing a second term for the Partnership. As the MBIE partnership scheme is currently under review by the Government, the development of a business case has been delayed.



## ► FOOD SAFETY SCIENCE AND RESEARCH CENTRE

The New Zealand Food Safety Science and Research Centre was formally launched by Ministers the Hon. Steven Joyce and the Hon. Jo Goodhew on 18 May 2016. The Centre aspires to be the best in class in food safety science and research and to enhance New Zealand's reputation for safe food. Its activities will be driven by the needs of industry to meet the demands of consumers for safe food of the highest quality.

The MIA, along with Dairy Companies Association of New Zealand and Zespri International are the inaugural industry investors in the Centre with each having a seat on the Governance Board, and the Stakeholder Technical Advisory Group (TAG). The Board, with majority representation from industry, will be responsible for strategy, investment, monitoring and reporting to both the government and industry on progress. The TAG will provide technical advice to the centre. An international science advisory panel will also be appointed to provide peer review for scientific programme and strategic advice to the Centre, contributing to the Centres credibility and visibility as an internationally recognised centre of research excellence.

A Memorandum of Understanding outlining the governance and funding of the Centre has been agreed between Government and the industry partners. The MOU is currently being formalised into contractual agreements between the parties. The research plan for the centre was scoped as part of the establishment phase and forms the basis of current work underway with industry to identify strategic cross-sectorial and sector specific research programmes for investment.

- Publication of prevalence and economic impact data for JD in New Zealand
- Development of guidelines for the management of JD in dairy cattle, beef cattle and sheep.

With the closure of the JDRC ongoing support for JD control and management in New Zealand is to be provided by the Johnes's Advisory Group, a cross sector group of experts supported by Beef+Lamb New Zealand, DairyNZ and Deer Industry New Zealand.

## ► JOHNES DISEASE RESEARCH CONSORTIUM (JDRC)

The Johnes's 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's disease (JD) on farm in New Zealand. The MIA is an observer on the Consortium board.

The Consortium closed on 30 June 2016 having substantially achieved its research objectives. The work of the Consortium is described in its final publication, the "JDRC Research and Development Record" which highlights outputs from the investment which include:



# ETHICAL MATTERS

## ▶ ANIMAL WELFARE

### BOBBY CALVES

During the year MIA took the initiative to engage with MPI and the wider industry through a working group to target bobby calf animal welfare. The purpose of this working group is to recognise a shared responsibility for bobby calf animal welfare across the sector. The working group is made up of representatives from MIA (industry), MPI, DCANZ and Dairy NZ. The subsequent SAFE expose in late 2015 highlighted the issues with bobby calf animal welfare with particular reference to farming, the transport sector and pet food manufacturing which further highlighted the importance of the working group.

### BOBBY CALF WORKING GROUP

The bobby calf working group identified the following work programme;

1. Synopsis of the scientific literature
2. Data collection and analysis
3. Process mapping (birth to slaughter)
4. Guidance material

A second tranche of the work programme, entitled 'Bobby solutions' was agreed to. This bobby solutions document identified 14 key work programmes to be delivered across the supply chain. Essentially they can be categorised into three key areas;

- Education
- Physical facilities
- Communications

### MPI VS BOBBY CALF PROCEDURE 2016

Following a series of meetings with MIA there have been significant changes to the MPI Verification Service bobby calf procedure. The most notable change is the dropping of the 'trigger' level for potential sanctions and greater focus on outcomes, including post mortems being carried out on all dead calves.

The 2016 document is a much more balanced and outcome focused procedure and in MIA's view a considerable improvement on previous years, taking

a greater view across the whole sector and as such more likely to drive improved animal welfare outcomes.

### PROPOSED ANIMAL WELFARE REGULATIONS

During 2016 MPI consulted on 85 proposals for new regulations to be made under the Animal Welfare Act 1999.

Eight of the proposals directly related to young calves up to 14 days of age that have been separated from their mothers which, in practice, will primarily cover bobby calves. These are:

- A requirement that loading and unloading facilities be provided when calves are transported off farm for sale or slaughter.
- A requirement that suitable shelter is provided for calves before and during transportation and at points of sale or slaughter.
- Before transportation for sale or slaughter, at least four full days must have elapsed since a young calf was separated from its mother.
- Before transportation for sale or slaughter, a young calf must display certain physical characteristics, including the ability to stand and walk and freedom from disease.
- Limiting the maximum time off feed to 24 hours (down from 30) and requiring that, at that point or earlier, a young calf is either slaughtered or fed again.
- Setting a maximum duration of eight hours transport time.
- Prohibition of killing by blunt force trauma except in emergency circumstances.
- Prohibition of transport by sea across the Cook Strait.

Following consultation with industry the maximum duration for transport time was retained at the current twelve hours rather than the eight that had been proposed. These regulations came into effect progressively from the 1 August 2016, with a number being delayed to allow suppliers, transporters and processors sufficient time to implement the changes fully.

One of the other key changes in the regulatory framework is to introduce infringement notices for lower level offending with penalties ranging from \$300 to \$500. For a prosecutable offence under the regulation fines are up to \$5,000 for an individual or \$25,000 for a body corporate with no criminal conviction entered in either case. Currently the only option available to MPI is a prosecutable offence under the Act which has a high threshold.

#### FARM TO PROCESSOR ANIMAL WELFARE FORUM

The purpose of the Farm to Processor Animal Welfare Forum is to share animal welfare information and initiatives across the pastoral livestock production sector. 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, proposed animal welfare regulations, bobby calf welfare, 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, the National Animal Welfare Advisory Committee work plan and findings from the MPI compliance group.

A research project from Massey University, commissioned by MPI, that involved taking blood samples from 'downer cows' at processing plants and their unaffected cohorts identified key recumbency risk factors of low blood calcium levels, time in lairage and distance of transport. As a result of this research the Safeguarding programme together with MIA and other forum stakeholders produced a brochure "Transporting dairy cows: Preventing downer cows" which provides key messaging for farmers, transporters, saleyard operators and meat processors on the transport of lactating cattle.



#### CHIEF EXECUTIVE'S ANIMAL WELFARE FORUM

The Primary Industry Chief Executives' Animal Welfare Forum convened a joint Industry & MPI working group, chaired by Tim Ritchie, to understand how information can legally be shared between MPI and industry to predict, prevent and mitigate animal welfare issues. As a result of this working group, MPI now provides industry associations with anonymised data on animal welfare complaints quarterly. This data enables industry organisations to better target advice and activity with farmers.

An information sheet that explains how the Privacy Act 1993 applies to the disclosure of personal information by MPI to industry organisations has also been developed. The purpose of the information sheet is to provide clarity for MPI staff, industry organisations and people in charge of animals, on the existing rules that govern the disclosure of personal information and when information can be shared in the context of animal welfare issues.

# BIOSECURITY

## ► GENERAL

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

For this reason, MIA continues to be heavily involved on biosecurity issues, in particular on Foot and Mouth Disease preparedness and Government Industry Agreements (GIA).

## ► FOOT AND MOUTH DISEASE PREPAREDNESS

In 2014 significant gaps in MPI's biosecurity readiness and response were identified by the Auditor-General. Representatives from all the livestock sectors and MPI formed a programme to improve MPI's biosecurity readiness for Foot and Mouth Disease. The programme includes developing 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. MIA has committed considerable resource to the programme.

One particular issue remains outstanding – dealing with livestock already on trucks at the time a biosecurity response is declared. Meat industry representatives and MIA agreed a set of principles with MPI staff which could be the basis for processor companies to accept livestock in transit in return for MPI meeting the direct costs of this as well as underwriting the risk of this. Finalising this currently sits within MPI, and MIA looks forward to its swift completion.

## ► RISK ORGANISM RESPONSE PLANS

Under the Animal Products Act (APA), every export meat processing plant must have a Risk Organism Response Plan (RORP), which sets out the planned responses in the event of a biosecurity incursion. After discussions with industry, more detailed and nationally consistent guidelines for the RORPs were sought. As a result, in 2016 MIA developed RORP guidelines that provide specific guidance for what to do in the event of a biosecurity investigation or response, and templates.

The guidelines will be made freely available to all MIA members. The guidelines are to be adopted by MPI as official templates for processors – MPI will assume that processors who follow the guidelines have met their requirements under the APA.

MIA is currently working on training materials to support the RORPs.

## ► GOVERNMENT INDUSTRY AGREEMENTS

It has been more than a decade since the government first proposed the predecessor to GIA, the Surveillance and Incursion Response Working Group. MIA has participated in discussions with the Government and other livestock industry organisations on how MIA could potentially sign a GIA with the Government. The Government has made it clear that industries that benefit from biosecurity readiness work or a response will be cost recovered (using powers under the Biosecurity Act). This year the MIA Council agreed to begin process for signing a GIA on biosecurity.

However if MIA is to take a proposal to join a GIA, then MIA has maintained that certain criteria must be met first.

There needs to be clarity as to what the parties are committing to in terms of baseline capability and resourcing of biosecurity. MIA management, along with other livestock sector groups and MPI have been working on defining the minimum

commitments of the GIA parties.

Before MIA members can contemplate a GIA, there needs to be clarity on the governance of biosecurity through a GIA – in particular, how livestock industries will get to have a say over biosecurity matters affecting the livestock sector. This does not just include readiness and response, but ensuring that risks are being monitored.

GIA is predicated on industry and Government sharing the costs of biosecurity. MIA needs to know what the likely cost for MIA members will be, including the potential liability in the event of a major disease such as Foot and Mouth Disease.

Lastly, MIA needs to know what the counter-factual will be of not signing a GIA – that is to say, how much are MIA members likely to be cost recovered for if they stay out of a GIA. MIA has been waiting for MPI to provide some definite information on this.

## ► OSPRI: TB AND NAIT REVIEW

OSPRI is an industry and government organisation that was established to manage two programmes – NAIT and TBfree. NAIT captures data to trace individual animal movements. TBfree focuses on eradicating bovine TB and helping keep it out of our herds.

MIA is not a shareholder of OSPRI, however as stakeholder has representation on the OSPRI stakeholder reference group (OSRG).

### NAIT – NATIONAL ANIMAL IDENTIFICATION AND TRACEABILITY PROGRAMME

A three year transition for bringing cattle into NAIT ended on 30 June 2015 after which all cattle must be tagged with an RFID ear tag, registered in the NAIT database, and all movements reported. This transition period enabled OSPRI, as the service provider, to test the system, make improvements, engage with industry

and farmers on issues and needs and to take consideration of the regulatory framework.

With the end of the transition period, the NAIT scheme is undergoing a review focussing on; implementation to date, new and emerging trends, requirements and industry and Government needs. MIA is represented on both the review team and the associated NAIT review technical user committee.

### TBFREE

Following a review of the National Bovine TB Plan Government and the Industry funding bodies have agreed to the biological eradication of TB from New Zealand (wildlife and livestock) by 2055. Key milestones are TB freedom in livestock by 2026 and TB freedom in possums by 2040. The revised plan moves from a programme of TB control to one of eradication and also changes the funding shares and collection arrangement.

MIA members recognise the importance to New Zealand of eradicating TB and have for some years collected a single uniform biosecurity slaughter levy on beef and dairy cattle to fund the costs of TB eradication scheme. Following the review, the Government and industry funding bodies agreed that dairy farmers shall pay a greater share of the programme via a differential levy paid on dairy and beef cattle at meat processors.

MIA consistently opposed this differential levy on dairy cattle at meat processing on the grounds that it is contrary to good public policy for costs to be charged at the point of production where they do not arise – in this case, costs incurred by dairy farmers should have been met by a charge on their dairy production. This was not acceptable to Dairy NZ which meant meat processors were required to implement, a complex system of differentiating dairy and beef cattle at meat processing to enable a differential levy to be applied. This has come with the expense of additional resource and funding from OSPRI.

# OTHER MIA SERVICES

## ► 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.

During the year a range of issues were discussed including:

- Review of the NZRG structure;
- Strategic Plan;
- Health and Safety;
- Container weight verification;
- Emissions trading scheme;
- Market access.

The market access sub-group met with MPI three times during the year. With limited MPI resources the sub-group prioritised markets and issues of concern. The major market focus continues to be Indonesia and their proposed new meat and bone meal regulations.

The NZRG ran their 5th workshop for experienced rendering operators, supervisors and suppliers to the industry. The 2015 Workshop was a stage II workshop with a focus to build knowledge on targeted topics rather than the more general approach taken in the previous stage I workshops. This workshop had a special emphasis on identifying the root cause of problems. The venue for the workshop was Invercargill, which allowed the participants to visit four rendering premises each with different processes and again concluded with a seminar for the whole NZ Renderers Group in conjunction with the Annual General Meeting.

The NZRG continued to co-fund research on understanding how New Zealand rendered products can be adapted to meet the needs of the aquaculture feed industry, through MIA Innovation. Following a review of the project the NZRG project management group was of the opinion that the immediate issues for this project are now more commercially based than scientific or technological challenges. The project management group agreed to complete the current

R&D programme as there was value in completing this work, however they agreed that further investment in R&D should not be made until the commercial matters have been addressed.

In March 2016 the NZRG hosted a successful mini-symposium in conjunction with the Australian Renderers Association. There were four international speakers and the theme was "Contingency Planning: Preparing for an adverse event". Topics included; observations from the Christchurch earthquake, rendering plant fires and preparing for a biosecurity event. The symposium was attended by over 90 NZRG and ARA members. Excellent support was also received from our sponsors in particular Rendertech, Keith Engineering and Haarslev.

## ► MEAT INDUSTRY SUPERANNUATION SCHEME

The Meat Industry Superannuation Scheme (the Scheme) was established by MIA members and the New Zealand Meat Workers and Related Trades Union (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 amendments were made to the MISS Trust Deed largely to ensure compliance with the Financial Markets Conduct Act 2013. By 1 December 2016, all registered superannuation schemes are required to comply with the Act. There will be a number of changes to the way the Scheme operates. While most of the changes will occur behind the scenes, a change directly affecting members is that a "Product Disclosure Statement" will replace the current offer document for new members (the Investment Statement and Prospectus). Other changes (which shall take effect by mid-September 2016) include:

- the name of scheme is changing to the MISS Scheme; and
- the insured death benefit will increase by around 20%.

During the period Gary Davis was selected as a Trustee by the NZMWRTU replacing Don Arnold. Also, at the February 2016 meeting the Trustees changed the Scheme's long term investment performance objective. The Trust board noted that as a result of the economic environment it is anticipated that the Scheme's future returns, will on average, be lower than historic returns. The Chairman of Trustees notes that while the Trustees have not changed their aim to achieve the best possible return for members, over the long term the aim is now to achieve a benchmark real return after tax and investment fees that exceeds inflation by 2.5% p.a., instead of 3% p.a.

The Scheme's investment return, net of tax and certain expenses for the year ended 31 March 2016, was 3.4%. This was significantly less than recent years reflective of the volatile financial markets affected by concerns over Greek debt, slowing Chinese growth and the potential pace of US interest rate rises. The Trust board have also noted that weaker dairy prices and the strong New Zealand dollar also negatively impacted returns from New Zealand shares. The Trustees agreed to use part of the Reserve Account to support a higher credited return. The result being that the rate allocated to members' accounts was 3.8%.

The Chairman of Trustees has noted that over the year, the Scheme was the best performing fund compared to nine conservative KiwiSaver funds (based on the Mercer KiwiSaver Survey) and over three years the Scheme was the best performing fund.

#### Scheme Overview for 2015/16:

- Members: 2,623 (compared to 2,744 for the 14/15 period)
- Employer Contributions: \$3.3m (after tax) to members' accounts
- Trustees paid out \$13.1m in benefits
- Fund size: \$119.9m.

### ► OVIS MANAGEMENT LIMITED

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

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

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

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

#### OVIS PREVALENCE

Ovis prevalence detected in lambs at processing for the past year remain at the low levels seen in previous years indicating farmer behaviour continues to place downward pressure on the parasite. Prevalence for the October 2014-September 2015 year of 0.62% compares favourably with 0.66% the previous year and is the lowest recorded since the 2008 move to inclusion of viscera ovis in data.

One feature of the prevalence last season was the low levels of Ovis seen in winter kill lambs compared to previous years and, given many of these lambs are traded, this is a most pleasing outcome.

For the current season October 2015 - June 2016 lamb prevalence is 0.55% compared to 0.53% for the same period last year. The increase over last season has been contributed to by a small number of farms with extremely high levels of Ovis.

A major contributing factor being a cluster of four neighbouring South Island farms processing across three companies having 831 infected lambs from 20,511 lambs processed.

#### SUPPLIER CONTACT

For Ovis Management, maintaining area and national prevalence at continuing low levels has become a de facto target for the programme. Sending out the letters to suppliers with prevalence above floating thresholds is an important facet of maintaining supplier awareness and drawing attention to their Ovis status.

The ongoing decline in Ovis prevalence reflects the commitment of suppliers to maintaining downward pressure on sheep measles at farm level. In addition, the support of processors in increasing the quality of data provided either specifically for the programme, or as a by-product of process improvement, has seen an increase in data capture in recent years. This in turn, has resulted in improved feedback to suppliers with high levels of Ovis in lambs.

The recommendations to suppliers has not changed. Suppliers are encouraged to review their on-farm Ovis programme and ensure resident dogs are on monthly treatments in the first instance.

Over time a change in farmer responses when receiving the letters is that those contacting OML are no longer saying "what should I be doing" instead the response overwhelmingly now is "this is what I do at present, what more should I do?"

The North Island has had, over a nine-year period, a 21% drop in high prevalence notifications. The South Island has had an even greater drop in HP notifications over the nine-year period with a 28.4% drop in notifications.

#### FIRST HIGH PREVALENCE SUPPLIER MAILOUT FOR 2015/16 SEASON

The initial 2016 High Prevalence mailout

for the time frame December 2015- March 2016 was sent to 459 suppliers compared to 436 for the same period last year, 602 in 2014 and 536 in 2013.

One factor contributing to the increased number of notifications compared to last season was the accelerated kill in the early part of the season with suppliers processing stock that may have come forward later with Ovis. An indication if the early kill is contributing to the increase in HP letters will be seen in subsequent mailouts.

#### TARGETING EDUCATION AT ALL LAMB PRODUCERS

The OML report last year noted that a survey had identified that as a group those suppliers who buy in all lambs for processing have a significantly higher ovis prevalence than do those who breed and finish their lambs despite applying similar on-farm controls. This outcome reinforced the need to target education back to those who breed lambs but sell most if not all to others to finish.

OML has had discussions with stock firms and large traders, however, the ability to identify and provide feedback to this group remains a challenge in the absence of information on the status of their on-farm control.

Developing pathways to this group and encouraging them of the need to have monthly dosing in place along with the full suite of control options is important to driving the prevalence of Ovis even lower. Ovis Management continues to meet with lamb finishers and traders to identify ways of providing feedback to the breeder group.

#### SUPPLIER INTERACTION

Aside from High prevalence letters to suppliers OML uses a variety of mechanisms to create and maintains supplier awareness including media campaigns both radio and print primarily around lambing, Christmas and duck shooting periods.

Last year 104 farm visits were undertaken to High Prevalence properties across the country to discuss and review on farm control.

OML attends the major field days along with some larger A & P shows in order to promote control to farmers and dog owners in general. Events are also attended in conjunction with vet and industry groups when requested.

#### VETERINARY CONTACT

The main point of contact for farmers looking for information on control is their vet. To that end OML prepares and distributes sheep measles resource packs to around 170 practices across the country to provide up to date resources and material for distribution to clients. OML also circulates an update to clinics and vets following each of the three high prevalence mailouts.

#### DATA CAPTURE

High levels of Ovis data recording at processing which is then fed back to suppliers is essential to the success of the programme. With increasing numbers of processors using touch screens at meat inspection the accuracy of recording has increased so that for the 2015-year all data recording was 89.93% against a target on 85% for the season. For the current season to end of June 2016 data capture is at 91%

The increase over the past five years has also seen manual recording lift from 70.2% in 2011 to 81.4 % last season and 82% for the current season.

#### JOHNE'S MANAGEMENT LTD

OML continues to work with Johnes Management Ltd in the operation of their database bringing together individual data on each deer processed throughout the country. The support of processors for this programme has been a major factor in reducing the level of Johnes seen in herds and its cost to the deer industry.

#### WHERE TO FROM HERE?

At the commencement of the Ovis programme in 1994 it was not anticipated the low prevalence currently being achieved could be obtained in the absence of a mandatory programme. Rather than having a programme that runs continually, this low prevalence provides the opportunity to explore if even further reduction in prevalence can be achieved with the potential to eradicate the parasite as a risk to lamb markets. While the tools exist the balance of cost versus outcome need to be fully understood and will be explored.



# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF MEAT INDUSTRY ASSOCIATION OF NEW ZEALAND (INC)

We have audited the accompanying special purpose financial statements of Meat Industry Association of New Zealand (Inc) ("the incorporated society") and its subsidiaries, collectively the group, on pages 52 to 61. The special purpose financial statements comprise the statements of financial position as at 30 June 2016, the statements of comprehensive income and changes in equity and cashflows for the year then ended, and a summary of significant accounting policies and other explanatory information, for both the incorporated society and the group.

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

### COUNCILLORS' RESPONSIBILITY FOR THE SPECIAL PURPOSE FINANCIAL STATEMENTS

The councillors are responsible for the preparation of these special purpose financial statements, in accordance with the incorporated society's Rules, for determining the acceptability of the basis of accounting, and for such internal control as the councillors determine is necessary to enable the preparation of special purpose 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 special purpose 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 special purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the incorporated society's preparation of the special purpose 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 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 special purpose 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 group in relation to taxation. This matter has not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.



#### OPINION

In our opinion the special purpose financial statements of Meat Industry Association of New Zealand (Inc) on pages 52 to 61 for the year ended 30 June 2016 are prepared, in all material respects, in accordance with the accounting policies outlined on pages 54 to 55 of the special purpose financial statements

#### BASIS OF ACCOUNTING AND RESTRICTION ON DISTRIBUTION AND USE

Without modifying our opinion, we draw attention to the accounting policies outlined in the special purpose financial statements, which describe the basis of accounting. The special purpose financial statements are prepared to meet the requirements of the incorporated society's Rules. As a result, the special purpose financial statements may not be suitable for another purpose. Our report is intended solely for the members of Meat Industry Association of New Zealand (Inc) and should not be distributed to or used by any parties other than Meat Industry Association of New Zealand (Inc).

A handwritten signature of the KPMG firm, written in black ink, appearing as 'KPMG' in a stylized, cursive script.

31 August 2016  
Wellington

# FINANCIAL STATEMENTS


## Councillors' Report


for the year ended 30 June 2016

### Introduction

The Councillors have pleasure in submitting the Annual Report of the Meat Industry Association of New Zealand (Inc) incorporating the special purpose financial statements and auditors report, for the year ended 30 June 2016.

On behalf of the Council these special purpose financial statements were approved for issue on 31<sup>st</sup> August 2016.

.....Councillor

.....Councillor

31 August 2016 ..... Date

31 August 2016 ..... Date

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	GROUP		ASSOCIATION	
		2016	2015	2016	2015
		\$	\$	\$	\$
Operating revenue		3,878,746	2,299,578	1,991,103	1,928,002
Operating expenditure	1	3,892,299	2,197,441	2,040,399	1,858,050
<b>Operating surplus/(deficit) before other income</b>		<b>(13,553)</b>	<b>102,137</b>	<b>(49,296)</b>	<b>69,952</b>
Rebate		(100,000)	-	-	-
Other Income/(expense)		96,158	866	96,158	866
<b>Operating surplus/(deficit) before financing income</b>		<b>(17,395)</b>	<b>103,003</b>	<b>46,862</b>	<b>70,818</b>
Financial income		16,327	20,392	8,831	13,568
Financial expenses		-	-	-	-
<b>Net financing income</b>	2	<b>16,327</b>	<b>20,392</b>	<b>8,831</b>	<b>13,568</b>
<b>Operating surplus/(deficit) before tax</b>		<b>(1,068)</b>	<b>123,395</b>	<b>55,693</b>	<b>84,386</b>
Income tax expense/(benefit)	3	-	-	-	-
<b>Net surplus/(deficit) for the year</b>		<b>(1,068)</b>	<b>123,395</b>	<b>55,693</b>	<b>84,386</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(1,068)</b>	<b>123,395</b>	<b>55,693</b>	<b>84,386</b>

► **STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2016**

	GROUP		ASSOCIATION	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Opening Balance</b>	<b>658,389</b>	<b>534,994</b>	<b>328,018</b>	<b>243,632</b>
Total comprehensive income for the year	(1,068)	123,395	55,693	84,386
<b>Closing Balance</b>	<b>657,321</b>	<b>658,389</b>	<b>383,711</b>	<b>328,018</b>

► **BALANCE SHEET  
AS AT 30 JUNE 2016**

		GROUP		ASSOCIATION	
	Note	2016	2015	2016	2015
		\$	\$	\$	\$

**Equity**

Accumulated funds		657,321	658,389	383,711	328,018
<b>Total Equity</b>		<b>657,321</b>	<b>658,389</b>	<b>383,711</b>	<b>328,018</b>

**Represented by:  
Current assets**

Cash and cash equivalents	4	1,307,145	984,876	437,095	668,077
Trade and other receivables	5	621,023	411,922	569,628	375,623
<b>Total current assets</b>		<b>1,928,168</b>	<b>1,396,798</b>	<b>1,006,723</b>	<b>1,043,700</b>

**Current liabilities**

Trade and other payables	6	958,966	653,181	488,877	605,455
Employee benefits	7	73,120	57,476	67,157	48,189
Income in advance		281,566	70,836	84,203	70,836
<b>Total current liabilities</b>		<b>1,313,652</b>	<b>781,493</b>	<b>640,237</b>	<b>724,480</b>

<b>Working capital</b>		<b>614,516</b>	<b>615,305</b>	<b>366,486</b>	<b>319,220</b>
------------------------	--	----------------	----------------	----------------	----------------

**Non current assets**

Property, plant and equipment	8	65,363	78,969	39,783	44,683
Intangibles (software)	9	-	191	-	191
<b>Total non current assets</b>		<b>65,363</b>	<b>79,160</b>	<b>39,783</b>	<b>44,874</b>

**Non current liability**

Lease reinstatement provision	11	22,558	36,076	22,558	36,076
<b>Total non current liability</b>		<b>22,558</b>	<b>36,076</b>	<b>22,558</b>	<b>36,076</b>

<b>Net Assets</b>		<b>657,321</b>	<b>658,389</b>	<b>383,711</b>	<b>328,018</b>
-------------------	--	----------------	----------------	----------------	----------------

## ▶ NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (i) Basis of reporting

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

MIA Innovation was incorporated on 29 July 2015. It is included within the consolidated special purpose financial statements from this date.

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

The special purpose financial statements of the Association and Group are for the year ended 30 June 2016. The financial statements were authorised for issue by the directors on the 31<sup>st</sup> August 2016.

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

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

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

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

#### (iii) Particular accounting policies

##### Principles of consolidation

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

##### 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%

##### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

### Trade and other receivables

Accounts receivable are stated at cost less impairment losses.

### Trade and other payables

Trade and other payables are stated at cost.

### Subscriptions in advance

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

### Goods and Services Tax

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

### Taxation

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

### Revenue

- a Revenue represents amounts received and receivable from members and non members for services provided during the year. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due. Revenue amounts received and receivable from MBIE, Industry Initiative Fund (collected by the MPI) and direct from industry partners is

recognised in profit and loss on a systemic basis in the same periods as expenses are recognised

- 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	
	2016	2015	2016	2015
	\$	\$	\$	\$
Amortisation of Intangibles (software)	192	2,302	192	2,302
Audit remuneration	26,500	20,900	16,500	15,900
Other professional services	17,682	3,690	16,432	2,440
Contracts/consultants/projects	1,421,551	84,304	130,400	78,826
Depreciation	20,417	24,736	10,073	10,319
Director's fees - Chairman	67,500	60,000	67,500	60,000
Director's fees - Subsidiary's Chairman	16,830	16,830	-	-
Director's fees - Subsidiary	22,500	1,000	-	-
Personnel expenses	1,426,973	1,226,231	1,142,268	1,095,627
Rental & leasing costs	48,512	47,881	48,512	47,881
Other operating expenses	823,642	709,567	608,522	544,755
<b>Total operating expenditure</b>	<b>3,892,299</b>	<b>2,197,441</b>	<b>2,040,399</b>	<b>1,858,050</b>

**2. NET FINANCING INCOME**

	GROUP		ASSOCIATION	
	2016	2015	2016	2015
	\$	\$	\$	\$
Interest income	16,327	20,392	8,831	13,568
Interest expense	-	-	-	-
<b>Net financing income</b>	<b>16,327</b>	<b>20,392</b>	<b>8,831</b>	<b>13,568</b>

### 3. TAXATION

	GROUP		ASSOCIATION	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Reconciliation of effective tax rate</b>				
Operating surplus/(deficit) before tax	(1,068)	123,395	55,693	84,386
Income tax using Company tax rate	(299)	34,551	15,594	23,628
Non-assessable income/non-deductible expenses at company tax rate	(35,709)	(63,996)	(42,019)	(66,258)
Losses off set against subsidiary	-	-	9,648	13,184
Losses brought forward and utilised at Company tax rate	-	-	-	-
Tax @ 28%	(36,008)	(29,445)	(16,778)	(29,446)
Prior year adjustment	-	-	-	-
Tax benefit of losses not recognised	36,008	29,446	16,778	29,446
<b>Income tax expense/(benefit) per income statement</b>	-	-	-	-

The Group has \$533,208 of tax losses to carry forward (2015: \$482,232). 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	
	2016	2015	2016	2015
	\$	\$	\$	\$
Bank balances	320,667	271,073	125,785	247,549
Call deposits	986,478	713,803	311,310	420,528
<b>Balance as at 30 June</b>	<b>1,307,145</b>	<b>984,876</b>	<b>437,095</b>	<b>668,077</b>

**5. TRADE AND OTHER RECEIVABLES**

	GROUP		ASSOCIATION	
	2016	2015	2016	2015
	\$	\$	\$	\$
Trade Receivables	429,604	263,185	416,552	234,342
GST Receivable	54,041	-	2,452	-
Other Receivables and Prepayments	137,378	148,737	150,624	141,281
<b>Balance as at 30 June</b>	<b>621,023</b>	<b>411,922</b>	<b>569,628</b>	<b>375,623</b>
Impairment loss deducted/ (recovered)	-	-	-	-

**6. TRADE AND OTHER PAYABLES**

	GROUP		ASSOCIATION	
	2016	2015	2016	2015
	\$	\$	\$	\$
Trade Payables	817,218	383,009	350,964	341,753
GST Payable	-	8,130	-	6,880
Halal Certification	120,702	230,462	120,702	230,462
PAYE Payable	21,046	31,580	17,211	26,360
<b>Balance as at 30 June</b>	<b>958,966</b>	<b>653,181</b>	<b>488,877</b>	<b>605,455</b>

**7. EMPLOYEE BENEFITS**

	GROUP		ASSOCIATION	
	2016	2015	2016	2015
	\$	\$	\$	\$
Liability for Annual Leave	70,587	51,066	64,624	41,779
Liability for Long Service Leave	2,533	6,410	2,533	6,410
<b>Balance as at 30 June</b>	<b>73,120</b>	<b>57,476</b>	<b>67,157</b>	<b>48,189</b>

**8. PROPERTY, PLANT AND EQUIPMENT**

	<b>GROUP</b>		<b>ASSOCIATION</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Furniture and fittings</b>				
At cost	19,830	19,830	19,055	19,055
Accumulated depreciation	19,830	19,618	19,055	18,843
	-	212	-	212
Current year depreciation	212	922	212	922
<b>Leasehold improvements</b>				
At cost	73,499	73,499	73,499	73,499
Accumulated depreciation	38,587	32,413	38,857	32,413
	34,912	41,086	34,912	41,086
Current year depreciation	6,174	6,174	6,174	6,174
<b>Motor Vehicles</b>				
At cost	40,956	40,956	-	-
Accumulated depreciation	19,352	10,751	-	-
	21,604	30,205	-	-
Current year depreciation	8,601	8,601	-	-
<b>Computer hardware</b>				
At cost	36,812	36,789	18,744	18,721
Accumulated depreciation	32,665	32,569	14,618	15,336
	4,147	4,220	4,126	3,385
Current year depreciation	4,490	5,310	3,676	3,223
<b>Office equipment</b>				
At cost	81,273	78,879	11,822	11,066
Accumulated depreciation	76,573	75,633	11,077	11,066
	4,700	3,246	745	-
Current year depreciation	940	3,729	11	-
<b>Total property, plant &amp; equipment</b>				
At cost	252,370	249,953	123,120	122,341
Accumulated depreciation	187,007	170,984	83,337	77,658
	65,363	78,969	39,783	44,683
Current year depreciation	20,417	24,736	10,073	10,319

There is no impairment loss recognised during the year (2015: nil)

**9. INTANGIBLE ASSETS - SOFTWARE**

	GROUP		ASSOCIATION	
	2016	2015	2016	2015
	\$	\$	\$	\$
At cost	31,450	31,450	30,150	30,150
Accumulated amortisation	31,450	31,258	30,150	29,958
	-	192	-	192
Current year amortisation	192	2,302	192	2,302

**10. INVESTMENTS IN SUBSIDIARIES**

Name of entity	Principal activity	% Interest held	
		2016	2015
MIA Holdings Limited	General Partner of Limited Partnerships undertaking applied industry research	100	100
MIA Innovation Limited	Research & development	100	NA
Ovis Management Limited	Control of C. Ovis Cyst.	100	100

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

**11. LEASE REINSTATEMENT PROVISION**

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

**12. OPERATING LEASES**

Non-cancellable operating lease rentals are payable as follows:

	GROUP		ASSOCIATION	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Operating leases</b>				
Not later than one year	45,406	60,541	45,406	60,541
Later than one year and not later than five years	222,965	45,406	222,965	45,406
Later than five years	108,890	-	108,890	-
<b>Total</b>	<b>377,261</b>	<b>105,947</b>	<b>377,261</b>	<b>105,947</b>

### 13 CAPITAL COMMITMENTS

There are no capital commitments as at 30 June 2016 (2015: nil).

### 14 CONTINGENT LIABILITIES

There are no contingent liabilities outstanding as at 30 June 2016 (2015: nil).

### 15 RELATED PARTY INFORMATION

#### (i) Identity of related parties

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

#### (ii) Related party transactions

Ovis Management Limited pays service fees of \$16,350 (2015: \$16,194) 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 \$3,164 (2015: \$3,585). This relates to service fees and office expenses paid by Meat Industry Association on Ovis Management Limited's behalf.

MIA Innovation Limited pays service fees of \$56,250 (2015: \$Nil) to Meat Industry Association of New Zealand (Inc) for administration services provided. As at year end, the Association has recognised a receivable from MIA Innovation Limited for the amount of \$11,357 (2015: Nil). This relates to service fees and travel expenses paid by Meat Industry Association on MIA Innovation Limited's behalf.

During the year ended 30 June 2016, the Group received \$2,957,515 (2015: \$1,685,218) from companies related to the nine Council members which was included in operating revenue and has recognised a receivable of \$309,641 (2015: \$283,320) from these companies. In addition, included within the Halal Certification payable, there is \$158,873 (2015: \$218,341) payable by the Group to the companies relating to these companies.

#### (iii) Remuneration

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

### 16 Subsequent events

There are no events subsequent to balance date that would materially effect these special purpose financial statements (2015: nil).

# PEOPLE

## ► MIA COUNCIL MEMBERS



### **WJ (Bill) Falconer**

Bill retired in April, after having been the Association's independent Chairman since 2000.

### **John Loughlin**

John took up the role of MIA Independent Chairman in April 2016. John has extensive governance experience as a professional director and company chair, currently including Powerco, agricultural technology company Tru-Test, EastPack and Port of Napier. He is a previous chair of Zespri, and was CEO of Hawkes Bay meat processor, Richmond Ltd from 1997-2002.



### **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.



### **Tony Egan**

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



### **Simon Gatenby**

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



### **Tim Harrison**

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



### **Dean Hamilton**

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

### **Fred Hellaby**

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



### **Craig Hickson**

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



### **Rowan Ogg**

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



### **David Surveyor**

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



### **Tim Ritchie**

Tim has been the Association's Chief Executive since December 2007. 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 2016 in addition to the Annual General Meeting in September 2015.

★ = present	15 Sep 2015	8 Dec 2015	16 Feb 2016	5 Apr 2016	7 Jun 2016
WJ Falconer	★	★	★	★	Not on Council
J Loughlin	Not on Council	Not on Council	Not on Council	★	★
M Clarkson	★	★	★	★	★
T Egan	★	★	★	★	★
S Gatenby	★	★	★	★	★
D Hamilton	No proxy	★	★	No proxy	★
T Harrison	★	★	★	★	No proxy
F Hellaby	Proxy: G Roberts	★	★	★	★
C Hickson	Proxy: W Sandberg	★	★	★	No proxy
R Ogg	★	No proxy	★	★	★
D Surveyor	No proxy	★	★	No proxy	★
T Ritchie	★	★	★	★	★

## ANNUAL GENERAL MEETING

The Association's Annual General Meeting (AGM) was held in Wellington on 15 September 2015. Proceedings saw the unanimous adoption of the 2014 AGM minutes and the 2015 Annual Report. The motion to reappoint KPMG as the Association's auditor for the year ending 30 June 2016, and the election and confirmation of the MIA Council for the 2015/16 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

John Loughlin

### ASSOCIATION COUNCIL

Mark Clarkson, Tony Egan, Simon Gatenby, Dean Hamilton, Tim Harrison, Fred Hallaby, Craig Hickson, Rowan Ogg, David Surveyor

### ASSOCIATION DIRECTORSHIPS

#### **American Chamber of Commerce in New Zealand**

Tim Ritchie

#### **Beef + Lamb New Zealand Ltd/NZ Meat Board**

Mark Clarkson, Sam Lewis

#### **Beef + Lamb New Zealand Inc**

Tim Ritchie

#### **New Zealand Shippers' Council**

Tim Ritchie

#### **New Zealand Food Safety Science & Research Centre**

Neil Smith

#### **Ovine Automation Ltd**

Tim Ritchie (Chairman)

#### **MIRINZ Inc**

Tony Egan, Tim Ritchie

### WHOLLY OWNED SUBSIDIARY OVIS MANAGEMENT LIMITED

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

**Staff:** Dan Lynch

### WHOLLY OWNED SUBSIDIARY MEAT INDUSTRY ASSOCIATION INNOVATION LIMITED

**Chair:** Bill Falconer / John Loughlin

**Board:** Margot Buick, Owen Young, John Brader

**Staff:** Kaylene Larking

### STRATEGIC DIRECTIONS GROUP

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

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

### ASSOCIATION STAFF

Tim Ritchie, Tabea Clemens, Matt Conway, Kevin Cresswell, Sonja Dreyer, Paul Goldstone, Sirma Karapeeva, Sarah Mann, Richard McColl, Michael Pran,

### SUB-GROUPS AND COMMITTEES

#### **Meat Industry Health and Safety Forum**

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

#### **Renderers' Group Executive**

Bruce Rountree (Chairman), Alan von Tunzelman, Matthew Spence, Gordon Henderson, Marcus Adam, Selwyn Love, Kevin Cresswell (MIA Representative)

**► MIA STAFF MEMBERS**

**Tim Ritchie**  
Chief Executive



**Sirma Karapeeva**  
Trade and Economic  
Manager



**Richard McColl**  
Innovation Programme  
Manager



**Kevin Cresswell**  
Technical Executive



**Matt Conway**  
Policy Analyst



**Dan Lynch**  
Project Manager  
Ovis Management Ltd



**Michael Pran**  
Accountant



**Sonja Dreyer**  
Executive Assistant to  
the Chief Executive and  
Chairman



**Paul Goldstone**  
Senior Advisor Strategy  
and Policy



**Sarah Mann**  
Legal Counsel



**Tabea Clemons**  
Administration Assistant  
to the Chief Executive  
and Chairman



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

## MEMBERS OF THE ASSOCIATION

<b>Advance Marketing</b> P: (09) 307 3115 F: (09) 377 3141 PO Box 37 160 Parnell Auckland 1151	<b>Blue Sky Meats (NZ) Ltd</b> P: (03) 231 3421 F: (03) 231 3457 RD 1 Invercargill	<b>Harrier Exports Ltd</b> P: (09) 369 5475 F: (09) 369 5480 PO Box 37921 Parnell Auckland 1151	<b>Silver Fern Farms Ltd</b> P: (03) 477 3980 F: (03) 474 1087 PO Box 941 Dunedin 9054
<b>AFFCO NZ Ltd</b> P: (07) 829 2888 F: (07) 829 2889 Private Bag 3301 Waikato Mail Centre Hamilton 3240	<b>Blue Sky Gore Ltd</b> P: (03) 208 7513 F: (03) 208 0496 PO Box 62 Gore 9740	<b>Lanexco Ltd</b> P: (07) 578 1400 F: (07) 578 1500 PO Box 13096 Tauranga Central Tauranga 3141	<b>Tara Exports Ltd</b> P: (09) 625 4389 F: (09) 625 6047 PO Box 24 130 Royal Oak Auckland 1345
<b>Alliance Group Ltd</b> P: (03) 214 2700 F: (03) 214 2708 PO Box 845 Invercargill 9840	<b>Columbia Exports Ltd</b> P: (09) 379 7161 F: (09) 307 0633 PO Box 2519 Shortland Street Auckland 1140	<b>NZ Binxi (Oamaru Foods) Ltd</b> P: (03) 433 0078 F: (03) 437 0742 PO Box 421 Oamaru 9444	<b>Taylor Preston Limited</b> P: (04) 472 7987 F: (04) 471 1319 Private Bag 13 908 Johnsonville Wellington 6440
<b>ANZCO Foods Ltd</b> P: (03) 358 2200 F: (03) 357 1770 PO Box 39 145 Harewood Christchurch 8545	<b>Crusader Meats New Zealand Ltd</b> P: (07) 878 7077 F: (07) 878 7080 State Highway 30 Benneydale, RD 7 Te Kuiti 3987	<b>Lowe Corporation Ltd</b> P: (06) 872 7700 F: (06) 872 7781 PO Box 444 Hastings 4156	<b>Te Kuiti Meat Processors Limited</b> P: (07) 878 6045 F: (07) 878 7787 PO Box 169 Te Kuiti 3940
<b>ANZPAC Foods</b> P: (09) 271 6022 F: (09) 271 6024 345 East Tamaki Road Manukau Auckland 2013	<b>Davmet New Zealand Ltd</b> P: (06) 835 8288 F: (06) 835 0300 PO Box 1149 Napier 4140	<b>Mathias International (Mathias Meats NZ Ltd)</b> P: (09) 356 8000 F: (09) 356 8001 PO Box 2109 Shortland Street Auckland 1140	<b>UBP Ltd</b> P: (07) 878 8926 F: (07) 878 8936 PO Box 408 Te Kuiti 3941
<b>Auckland Meat Processors Ltd</b> P: (09) 276 0900 F: (09) 276 0986 PO Box 22 188 Otahuhu Auckland 1640	<b>Fern Ridge Ltd</b> P: (06) 834 3888 F: (06) 834 3886 PO Box 8948 Havelock North 4157	<b>Ovation New Zealand Ltd</b> P: (06) 858 6390 F: (06) 858 8311 PO Box 504 Waipukurau 4242	<b>Kintyre Meats Ltd</b> P: (06) 372 7882 530 Gladstone Rd Carterton 5792
<b>Ballande New Zealand Ltd</b> P: (09) 638 9921 F: (09) 638 9941 PO Box 8986 Symonds Street Auckland 1150	<b>Greenlea Premier Meats Ltd</b> P: (09) 957 8125 F: (07) 957 8126 PO Box 87 Waikato Mail Centre Hamilton 3240	<b>Progressive Meats Limited</b> P: (06) 873 9090 F: (06) 879 9176 PO Box 36 Hastings 4156	<b>Prime Range Meats</b> P: (03) 214 4135 1 Sussex St Gladstone Invercargill 9810

## ► AFFILIATE MEMBERS OF THE ASSOCIATION

<b>AgResearch</b> P: (07) 838 5576 F: (07) 838 5626 Private Bag 3123 Waikato Mail Centre Hamilton 3240	<b>FoodCap International Ltd</b> P: (09) 302 0126 F: (09) 358 0298 PO Box 90429 Auckland 1142	<b>Maersk Line</b> P: 0800 Maersk (623775) F: (09) 359 3488 PO Box 90 616 Victoria Street West Auckland 1142	<b>Pyramid Trucking Ltd</b> P: (09) 277 7885 F: (09) 277 7886 PO Box 76445 Auckland 2241
<b>AON New Zealand Ltd</b> P: (04) 819 4000 F: (04) 819 4100 PO Box 2845 Wellington 6140	<b>Hamburg-Sud New Zealand Ltd</b> P: (09) 377 3460 F: (09) 309 3003 PO Box 3551 Shortland Street Auckland 1140	<b>Milmeq Ltd</b> P: (03) 477 7485 F: (03) 474 0466 PO Box 5070 Moray Place Dunedin 9058	<b>Sealed Air (New Zealand)</b> P: (04) 237 6069 F: (04) 237 9905 Cryovac Division Private Bag 50901 Porirua 5240
<b>CentrePort Wellington</b> P: (04) 495 3800 F: (04) 495 3820 PO Box 794 Wellington 6140	<b>Hapag Lloyd (New Zealand) Ltd</b> P: (09) 488 3311 F: (09) 488 3322 PO Box 91536 Victoria Street West Auckland 1142	<b>Oceanic Navigation Limited</b> P: (09) 377 1165 F: (09) 377 1167 PO Box 9454 Newmarket Auckland 1149	<b>Scott Technology Ltd</b> P: (03) 478 8110 F: (03) 488 0657 Private Bag 1960 Dunedin 9054
<b>CoolTranz Ltd</b> P: 021 826 PO Box 16587 Christchurch	<b>Intralox Ltd</b> P: 0800 449 173 PO Box 50699 New Orleans, LA 70150-0699 United States of America	<b>Port of Napier</b> P: (06) 974 4400 F: (06) 974 4408 PO Box 947 Napier 4140	<b>Vero Marine Insurance Ltd</b> P: (09) 363 2600 F: (06) 363 2601 PO Box 1759 Shortland Street Auckland 1140
<b>Ecolab PTY Ltd</b> P: (07) 958 2333 F: (07) 958 2361 PO Box 10061 Te Rapa Hamilton 3241	<b>Jasol New Zealand</b> P: (09) 580 2105 F: (09) 571 4388 PO Box 11821 Ellerslie Auckland 1542	<b>Port Otago Ltd</b> P: (06) 472 7890 F: (06) 472 7891 PO Box 8 Port Chalmers 9050	<b>Wallace Corporation Ltd</b> P: (07) 889 7095 F: (07) 889 5522 PO Box 12 Waitoa 3341

**mia**



**Meat Industry Association**

Level 5, 154 Featherston St,  
PO Box 345, Wellington  
Tel: 64-4-473 6465  
Fax: 64-4-473-1731  
[info@mia.co.nz](mailto:info@mia.co.nz)  
[mia.co.nz](http://mia.co.nz)