

# 2013 ANNUAL REPORT

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# DIRECTORY

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### **PRINCIPAL BUSINESS**

Trade Association representing New Zealand meat processors, exporters and marketers

### **REGISTERED OFFICE**

Wellington Chambers  
Level 5, 154 Featherston St, Wellington

### **SOLICITORS**

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### **BANKERS**

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### **COMMUNICATIONS**

Food New Zealand  
Ali Spencer, Spencer PR

### **ANNUAL REPORT & CONFERENCE PUBLICATIONS**

Beef + Lamb New Zealand Inc.

### **PHOTOGRAPHS**

Provided courtesy of Beef + Lamb New Zealand Inc, Beef + Lamb New Zealand Ltd, Silver Fern Farms Ltd, Riverlands Ltd

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# FOREWORD

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The past year has been against a background of a difficult period for the red meat sector, following a season of unsatisfactory prices for farmers and unsatisfactory results for processors.

While the value of the industry's total exports did increase in 2012/13 compared to the previous year, this was largely because of increased export volumes resulting from drought-related slaughter.

The current conditions have been exacerbated by ongoing conversion of land from sheep and beef farming to relatively more profitable dairy farming, and a corresponding reduction in sheep and beef livestock numbers. This, coupled with the price volatility experienced last season, has led to calls for structural reform of the sector.

This is not the first time the meat industry has faced difficult circumstances - we faced the same situation in 2008, leading to the Red Meat Sector Strategy in 2011 - and the sheep and beef industry has been characterised by volatility for decades.

This volatility is caused by many different factors – including the weather and its influence on demand; the timing of supply as well as production volumes; the mis-match in timing between farmers selling stock to processors, and processors selling product to retailers and consumers in diverse markets; security of supply as well as certainty of earnings; the need to earn returns from the whole carcase and not just specialty cuts; competition from cheaper protein such as pork and poultry; the changing marketing environment in both traditional and developing markets; New Zealand's small scale as a producer in global terms and so on.

Much of the volatility we face is simply an inherent feature of the products we produce and sell. That said, the existing model, in which processors have little certainty in acquiring supply, and therefore cannot provide certainty of supply to overseas customers, not only results in a loss of value to the New Zealand end of the value chain, but exacerbates the volatility created by other factors.

The Red Meat Sector Strategy remains a relevant reference for any consideration of how we can reduce the volatility of the sector and improve its productivity and profitability. It was not intended to serve as a blueprint for reform of the sector, but rather to highlight those issues which are key to lifting sector performance – in-market cooperation; aligned procurement; and best practice production, processing and marketing, and the considerations which will deliver best results.

The message that emerges, again, from last season's experience is that although processors, each in its own way, may have to take the lead in promoting solutions, processors and farmers

will have to work together more closely to implement them. It is probably true that the key to dealing with short term volatility is the introduction of a longer term perspective in both procurement and marketing, and this will require collaboration between farmers and processors. But it will take time to build confidence in the potential for this perspective to generate sustainable profitability. Over-capacity in the industry may have a distracting effect on stable procurement and supply, but it is only one of the underlying factors behind inconsistent profitability which needs to be addressed.

We can however, take some satisfaction from a number of initiatives taking place in the sector.

These include the increasing shift to more convenient packaged cuts of meat; initiatives such as Farm IQ to develop product specifically tailored to consumer requirements and the evolution of branded packaging by a number of companies; the R&D initiatives aimed at increasing the retail shelf life and quality of premium chilled lamb; and the introduction of robotics in a number of processing plants.

Of note, too, is the launch during the year of the PGP programme by ANZCO, in addition to those already in place from Farm IQ and NZ Merino, and the Partnership for Profitability Programme initiated by Beef + Lamb Ltd with support from most of the major processors and the banking sector.

There have also been promising developments in a number of markets. Recently, there has been the signing of an economic cooperation agreement with Taiwan, under which tariffs on beef will be eliminated within two years, and on sheepmeat within four. Sheepmeat now has access to India, a market of enormous potential, though the tariffs remain high. And beef and sheepmeat exports to China in the past year have seen a dramatic increase on top of what was already strong growth in that market.

The developments in new markets have not been without their problems. There was the temporary curtailment of shipment clearances in China, and more recently China has required a higher level of administrative compliance detail in its market access requirements. This is understandable given the concern by Chinese authorities to combat fraud and ensure food safety and traceability of food. But it adds cost and establishing processes to meet these requirements has not been without its frustrations for our exporters.

During the year, industry has also continued to have beef access substantially blocked to Indonesia, another country with which New Zealand has an FTA, as a result of import quotas.

What these issues demonstrate is the need to work hard at gaining market access. Signing a Free Trade Agreement is not enough – ongoing work is needed to remove barriers and ensure trade flows smoothly. We should remember it has taken a long time to build up relationships and understandings with markets in the EU and US. It will take a long time to build those same understandings with China and other emerging markets.

MIA is of the view the government needs to carefully balance how it allocates its resources. While it is important to put resources into negotiating FTAs, it is just as important to allocate sufficient resources into the ‘day-to-day’ work of ensuring that the market access available from these agreements flows from reliable compliance at the New Zealand end and efficient administration of the entry regulations in our export markets.

The Ministry for Primary Industries (MPI) market access negotiating team is small. Many of them are very experienced and capable people who have important relationships with overseas authorities, but with the rapid extension of our exports into major new markets, a wider relationship base is now required. Much of MPI’s market access work is cost-recovered from industry, and MIA has been arguing for many years that this critical area for industry requires appropriate capability. We are pleased that the government has committed to increasing the capability of the MPI market access team.

As in previous years, MIA has also been active in a wide range of other areas on behalf of the industry, ranging from health and safety through to biosecurity and research and development initiatives.

There has been a significant focus on health and safety during the year, particularly with the government’s independent taskforce examination of workplace health and safety.

Here, MIA has been active via the MIA Health and Safety Forum, which brings together representatives from companies, government and the Meat Workers Union. A significant focus of the forum’s work during the year has been the development of health and safety guidelines for the industry.

Last year’s annual report noted frustrations with immigration policy which had the potential to restrict the industry’s ability to recruit halal slaughtermen. Industry frustration with the policy has continued this year, and MIA is looking to engage with government to develop a more efficient way of doing things, given the vital role that halal processing has in the industry’s business model.

Biosecurity remains a high-profile issue for both the meat industry and the wider primary sector, highlighted by a scare during the year involving the suspected importation of animal carcase parts with a shipment of animal feed.

During the year, MIA has been involved in a number of initiatives aimed at improving the state of readiness for a major biosecurity incursion, but continues to have concerns about the proposed Government Industry Agreements initiative, under which industry would share both costs and decision-making in biosecurity preparedness.

The MIA continues to coordinate a range of industry R&D projects in areas such as food safety and improving the quality and shelf-life of red meat.

The automation of sheep processing through the Ovine Automation Consortium is now well advanced, and there has been good progress on a number of other consortium projects during the year.

In conclusion, while it has been a challenging year for the red meat sector, during the year there has also been pleasing progress in a number of areas, which will help the sector continue to be well placed to supply consumers around the world with high quality, safe products.

Finally, we would like to acknowledge the contribution of Dan Coup to the MIA. After five years with the MIA in the role of Trade and Economic Manager, Dan has moved on to become CEO of Deer Industry New Zealand. We would like to thank Dan for his service to the MIA and the industry, and we wish him well in his new role.



**Bill Falconer**  
**Chairman**



**Tim Ritchie**  
**Chief Executive**





# RED MEAT SECTOR STRATEGY

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## PROGRESS TOWARDS THE RED MEAT SECTOR STRATEGY (RMSS)

The Red Meat Sector Strategy (RMSS) was launched by Prime Minister John Key in May 2011. It was developed in conjunction by Beef + Lamb New Zealand Ltd and the Meat Industry Association. The strategy, built on research and input from all parts of the red meat sector, identified a goal of growing the New Zealand red meat sector to reach an annual export value of NZ\$14 billion by 2025 – in effect, doubling the returns to our industry.

### *Strategy Recommendations*

The strategy's core message is that to shift the sector onto a path of sustainable profitability there needs to be behavioural change, in which producers and processors work together much more closely and collaboratively. The strategy does not provide any “silver bullets” or any single easy action - instead, the strategy highlights those issues which are key to lifting sector performance.

The RMSS recommendations are grouped within three key themes:

- **Coordinated in-market behaviour** – increasing the sector's focus on markets, and cooperating where appropriate to create sufficient scale in markets. Coordinated in-market behaviour means adapting our behaviour to meet the requirements of our customers, where consumer tastes are changing and new markets are emerging. It means improving the connections with markets and customers, so we are able to respond better to changing consumers.
- **Efficient and aligned procurement** – improving the value of relationships between farmers and companies by reducing transactional costs and improving the flow of value-creating information from the market to the producer. Aligned procurement is all about a committed partnership between farmer and processor to produce and deliver what the market, particularly the high end market, wants. And it is the key to managing market volatility.
- **Sector best practice** – improving sector productivity by ensuring all sector participants can make use of available information on how to improve performance. The strategy identified how significant gains can be made from simply increasing the adoption of existing knowledge and technologies.



### Strategy Implementation

MIA and B+LNZ have a Strategy Coordination Group (SCG) tasked with promoting, advising, monitoring and reporting implementation of the RMSS recommendations. The SCG comprises of Bill Falconer (MIA chairman), Mike Petersen (B+LNZ chairman), Tim Ritchie (MIA chief executive), Scott Champion (B+LNZ chief executive), and Katherine Rich (independent member). Paul Stocks (Deputy Director-General, Policy, MPI) and Graeme Milne (independent member) left the SCG in early 2013. Paul Stocks has been replaced by Deborah Roche (Deputy Director-General, Policy, MPI).

As noted in last year's annual report, while the SCG can monitor change and facilitate thinking, behaviour change across the sector – the strategy's core theme – has to be driven by MIA's members and by their farmer suppliers. The reality is behavioural change will not occur unless those who will benefit from change are prepared to invest in it – this is true for farmers, processors and exporters alike. This will take time.

The sector as a whole is working on a number of initiatives to further the goals of the RMSS. A number of Primary Growth Partnership (PGP) programmes align closely with the RMSS – the scale of investment in bringing about greater innovation in the red meat sector cannot be underestimated - \$200 million is being committed by the red meat sector, with another \$160 million from government on PGP programmes. On the processing front we have seen the introduction of new technology into plants, notably with the ovine automation technologies developed by a number of processors and facilitated by the MIA. There are several innovation projects either underway or under development aimed at increasing the shelf-life of chilled lamb in markets, improving processor productivity, creating higher value products from meat and bone meal, and ensuring New Zealand's reputation for safe food is maintained.

The SCG itself has undertaken several projects to investigate how the recommendations of the strategy can be advanced. The SCG looked at whether an online trading platform (similar in conception to GlobalDairyTrade for dairy products) was feasible (the nature and scale of the New Zealand dairy sector meant the online trading platform model is not easily transferable to the New Zealand meat industry). The SCG commissioned a report from AgResearch on how costs could be reduced in the livestock transport part of the value chain. The study showed there was a small loss of carcass yield and loss of meat quality due to length of time spent in transport, but information was lacking. This information will now feed into industry research and development projects on improving meat quality.

Because of the significance of behavioural change in the strategy, the SCG considered the value of a better understanding and regular survey of farmer/industry attitudes. It is pleasing the central importance of bringing about behavioural change has been taken up by the Red Meat Profit Partnership, an industry consortium including B+LNZ Ltd, processors (Alliance Group, ANZCO, Silver Fern Farms, Greenlea, Blue Sky Meats and Progressive Meats) and rural bankers, supported by the Government's Primary Growth Partnership initiative.

This programme links strongly to the Red Meat Sector Strategy – especially the recommendations of adopting best practice and more efficient and aligned procurement. The total investment for the programme will be \$65.3 million, of which the Crown provides \$32.4 million, farmers through B+LNZ Ltd provide \$19.7 million, and the partnering processing companies will provide \$13.2 million. The aim is to create a system that ensures improved delivery of decision support information for farmers. This will be done through a coordinated network including processors and those trusted advisors who interact with farmers every day across the country. The programme will also include farm benchmarking for better decision-making, training and development for improved uptake of technologies, common baseline Q&A systems for farmers, and tighter connections across the farm gate between farmer and processor.

There is a lot happening across the entire sector either directly aligned to the Red Meat Sector Strategy, or making a strong contribution to the strategy's goals. It is important the sector as a whole does not lose sight of the positive progress which is being made, often 'under the radar', and the fact reporting of volatile prices can crowd out a more longer-term understanding of what is going on in terms of market development and investment. The SCG is investigating how reporting of sector progress towards the RMSS goals can be improved.



# TRADING ENVIRONMENT

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## SUPPLY AND DEMAND VOLATILITY

Our industry functions in an inherently volatile environment. The New Zealand red meat industry sells a huge variety of different products, both edible and inedible, in highly competitive global marketplaces. Demand for all products is variable, with customers often able to substitute their product source or type.

The time-lag between production in New Zealand and consumption of the product overseas compounds demand volatility. Converting grass into meat takes time – on-farm the lag between a farmer's decision to produce and livestock delivery can be over a year for lamb and at least two years for beef. From processor to market there is more time – often several months between the livestock being slaughtered and reaching the customer overseas. This means that signals from the marketplace take time to feed back through the production system.

Unlike other manufacturers, our sector cannot simply hold supply materials and inventory and immediately adjust production when the price or demand in the market falls. Similarly, rapidly increasing production is not possible in response to good prices. When the price in market drops, it is not possible to simply drop supply in response – the result is that prices can drop even further and the resulting shocks are felt right down to the livestock suppliers. Other protein sources such as poultry have a much shorter production cycle and therefore better ability to adjust to marketplace changes. With our sector's long lead times it is difficult to precisely match market demand, especially for the restricted shelf life chilled product that cannot be held in stock.

Furthermore, the supply of livestock is not even and continuous, but follows grass growth, with supply being concentrated in summer and autumn months - on an annual basis livestock supply looks like a roller coaster ride. Even though some of our markets (especially Europe) have a seasonal pattern of demand that fits with our supply, there is almost always an "oversupply" of livestock at the peak and an "undersupply" during winter. These seasonal mismatches of supply and demand create seasonal pricing volatility.

Finally, prices and supply are variable due to the weather – both in terms of livestock suppliers' ability to supply to specification, in time and number but also willingness – green grass provides the supplier with flexibility, especially if they have better forward price expectations or wish to take livestock through to greater weights. Conversely, drought can lead to earlier and

lighter supply and potentially the slaughter of capital stock which can create short term supply glut followed by under supply in the subsequent season.

There are things that can be done to help reduce volatility. By differentiating our products and service from our competitors, including through creating branded products with unique and consistent attributes and products that are convenient, user friendly and fit for purpose we can help build customer loyalty and reduce switching to alternative products. New Zealand companies are already doing a lot of work in this area in key markets.

Suppliers that commit supply to processors allow processors to better plan their production and supply to the market, with positive long-term results for all participants in that value chain. Exporters can commit supply and develop longer-term relationships with retailers and end users, ensuring that supply is more closely married to expected demand. New Zealand companies enter into these sorts of relationships with retailers and end users in many markets.

Strategically the industry has to maintain a suitable balance of markets and not have too many eggs in one basket. Conditions in any one market can rapidly change and market access can be frustrated, as has recently occurred with China. Creating competitive tension between a number of markets is sensible risk management and will help reduce volatility.



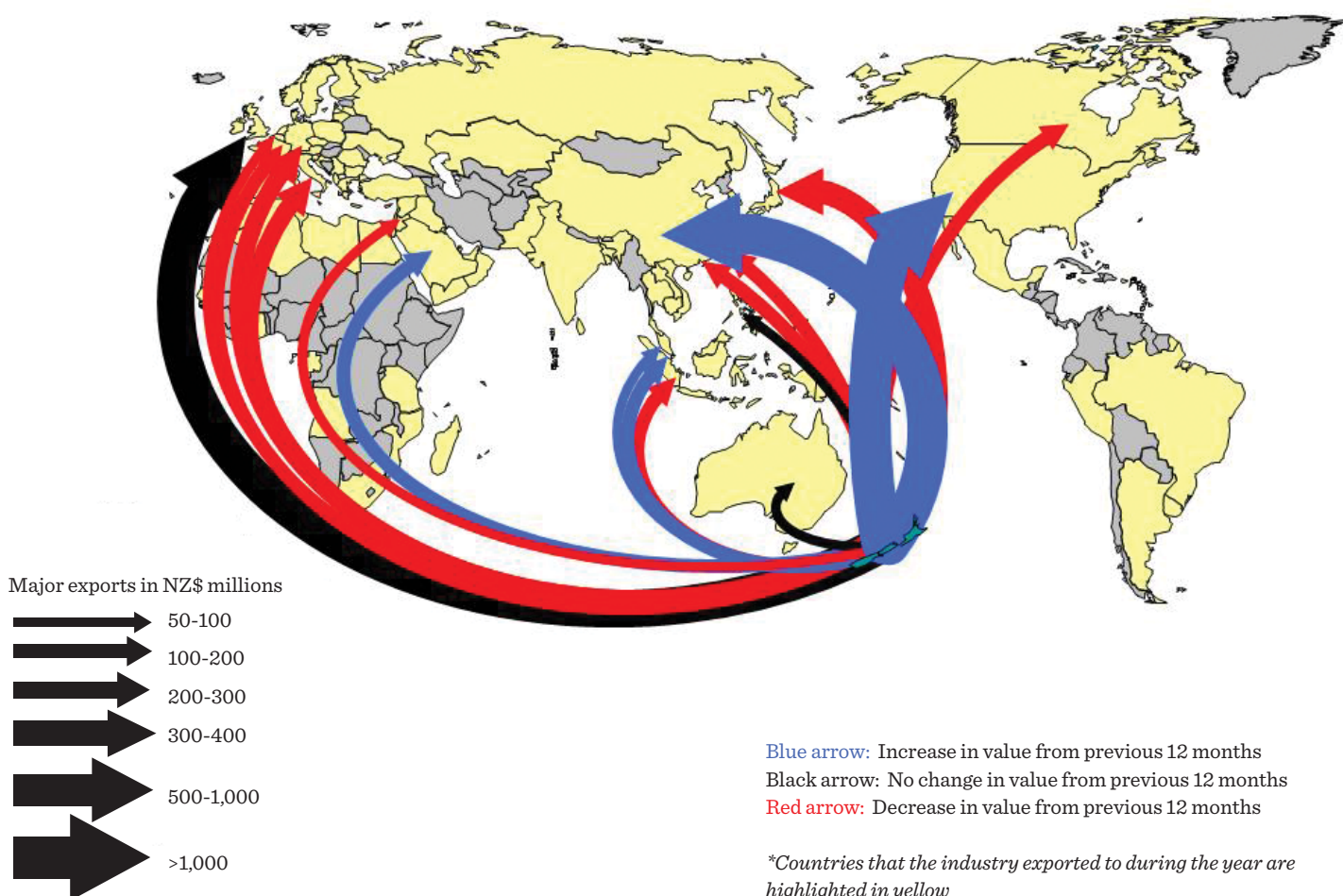
## GENERAL

For the year ended June 2013, New Zealand's exports of red meat and co-products were worth \$6.3 billion, nearly \$300 million more than in the previous year.

This increase can partially be attributed to the effects of the drought in the early part of 2013, which resulted in a significant increase in slaughter numbers compared to the previous year and a subsequent increase in export volumes, particularly for sheepmeat.

The industry exported products to 125 countries during the year, and major markets by value were the United States, China, the United Kingdom, Japan and Germany.

### MAJOR EXPORT DESTINATIONS FOR ALL NZ RED MEAT AND CO-PRODUCTS, 2012-13





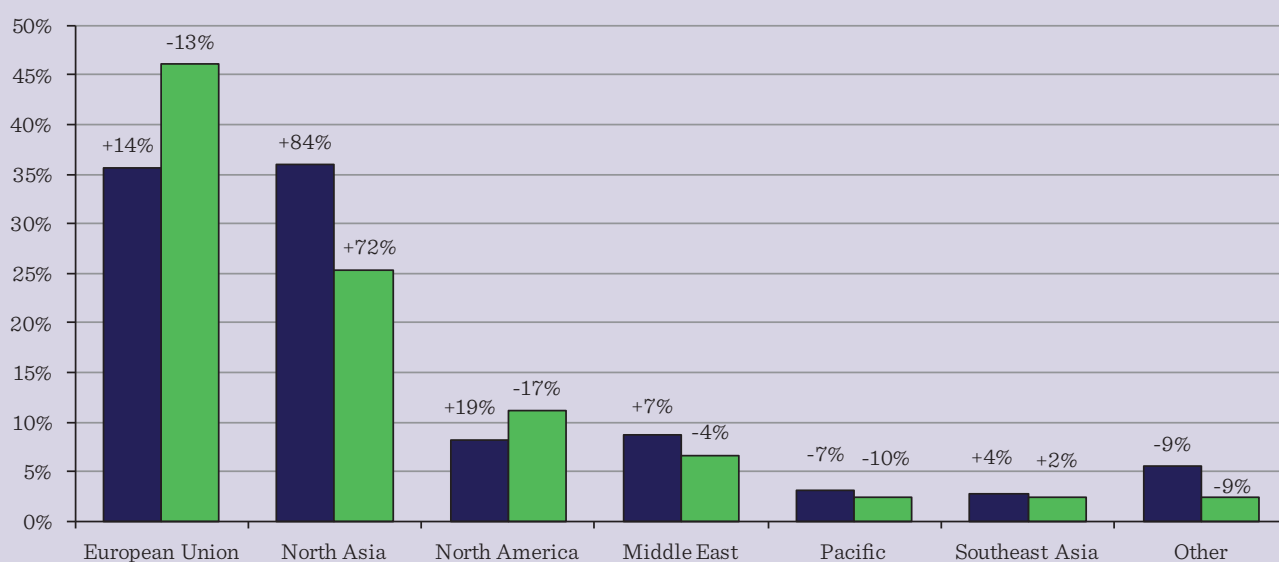
## SHEEPMEAT

### Overall exports

As noted previously, the drought resulted in an increase in the number of animals processed during the year, and the volume of sheepmeat exports in 2012/13 increased by 28% from the previous year to 398,154 tonnes.

Despite this increase in volume, the total value of sheepmeat exports was virtually unchanged from the previous year, up by just \$18 million to \$2.66 billion.

### NZ SHEEPMEAT EXPORTS BY REGION (FOR THE YEAR ENDING JUNE 2013)



Figures show % change from previous June year

■ Volume (tonnes) ■ Value

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



### European Union

The European Union (EU) is the industry's largest market by value for sheepmeat, with exports in the year ended June 2013 worth \$1.22 billion, down from \$1.40 billion in the previous year.

The volume of sheepmeat exports to the EU actually increased, up by 17,000 tonnes to 142,093 tonnes in 2012/13.

The major destinations within the EU remained the UK (75,710 tonnes worth \$537 million) and Germany (20,085 tonnes worth \$237 million).

A significant proportion (43%) of sheepmeat exports to the EU were high-value chilled cuts, and the EU was the major market for chilled product, representing some 71% of New Zealand's total chilled sheepmeat exports.

### North Asia

Sheepmeat exports to North Asia almost doubled over the year, from 77,913 tonnes (worth \$392 million) to 143,277 tonnes (worth \$674 million).

As in the previous year this growth was entirely due to the demand for meat in China, with exports to the other significant markets in the region (Taiwan, Japan and Hong Kong) remaining steady or declining compared to the previous year.

Sheepmeat exports to China grew by 120% from 56,212 tonnes to 123,189 tonnes in the year ended June 2013. The value of these exports increased 124% from \$247 million to \$554 million.

As a result of this growth, China overtook the United Kingdom to become New Zealand's largest individual market, by both volume and value. However, China was still almost exclusively a market for frozen cuts, with only \$349,000 worth of chilled cuts exported over the period.

Although the growth in sheepmeat exports to China during the year was spectacular, the industry did encounter a number of access issues during the year which disrupted exports. These are discussed in the market access section.

### *North America*

As in the EU, the volume of sheepmeat exports to North America increased, up by 5,168 tonnes to 32,370 tonnes in the year ended June 2013, but declined in value, down by \$59 million to \$297 million over the period.

North America remains an important market for high-value chilled cuts, with exports worth \$107 million in the year.

### *Middle East*

Like most other regions, sheepmeat exports to the Middle East increased in volume, and decreased in value in the year ended June 2013. Export volumes increased by 2,336 tonnes to 34,620 tonnes, and export values decreased by \$8 million to \$178 million.

Sheepmeat exports to the largest market in the region, Saudi Arabia, increased by \$7 million to \$91 million, but this was offset by a decline in the value of exports to two other major markets in the region, Jordan (down \$6 million to \$52 million) and Oman (down \$10 million to \$11 million).

### *Pacific*

There was a small decrease in the volume of sheepmeat exports to the Pacific during the period, down by 932 tonnes to 12,591 tonnes, and a moderate decrease in the value of these exports, down by \$7 million to \$66 million.

The major markets in the region were Papua New Guinea (\$25 million) and Fiji (\$14 million) followed by French Polynesia (\$6 million) and Samoa (\$5 million).

### *South East Asia*

Sheepmeat exports to Southeast Asia in the year ended June 2013 were virtually unchanged in both volume and value terms from the previous year, at 11,060 tonnes worth \$60 million.

The major markets in the region remained Malaysia (exports worth \$41 million) and Singapore (exports worth \$12 million).

### *International Situation*

The other major global sheepmeat exporter, Australia, also increased the volume of its exports in the latest June year, by more than 30% compared to the previous year, to reach a total of 344,695 tonnes, according to figures published by the Australian Department of Agriculture, Fisheries and Forestry. This increase was largely a result of dry conditions during the summer and limited pasture growth in autumn, which led to a significant increase in slaughter numbers.

Australia increased exports to its major market, the Middle East, by 22,633 tonnes to 108,077 tonnes. Like New Zealand, Australian sheepmeat exports to China also increased significantly over the year, more than doubling from 31,075 tonnes to 69,860 tonnes.

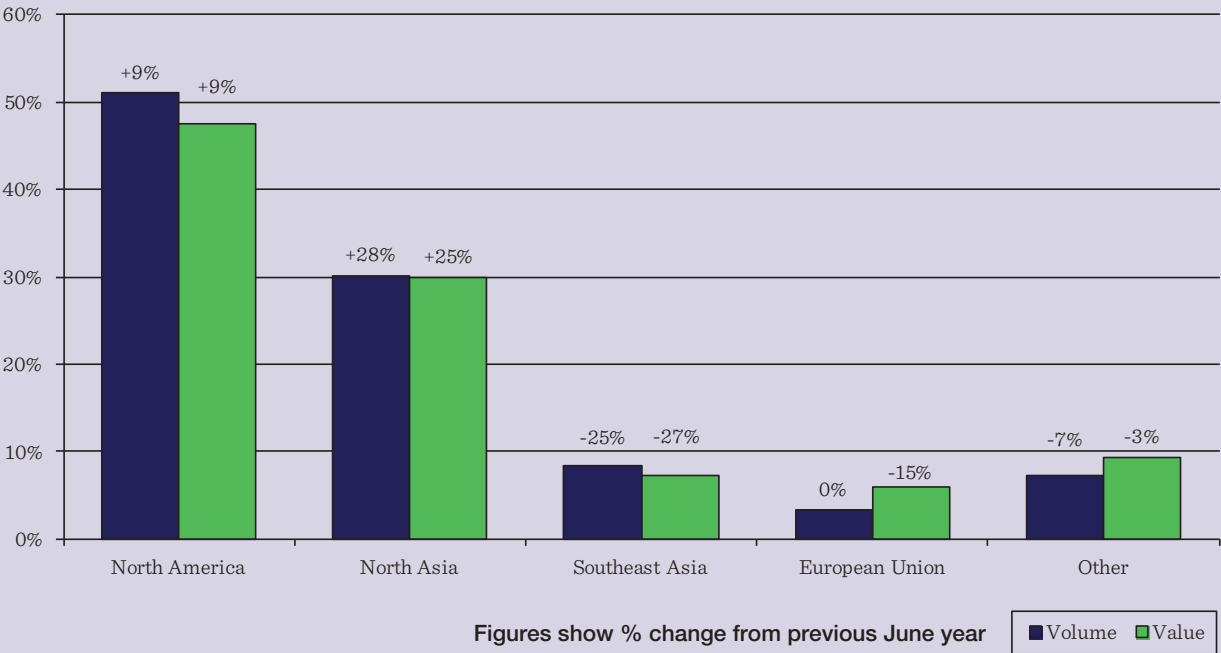
BEEF

Overall exports

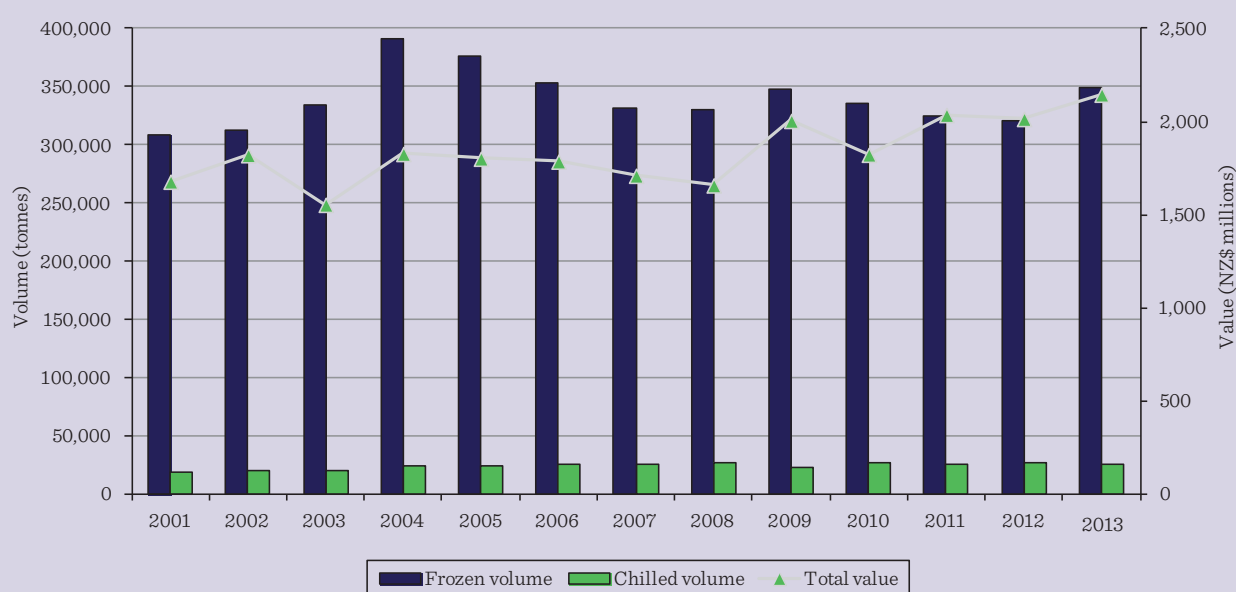
Total beef exports increased by 8% in the year ended June 2013, up by 28,221 tonnes to reach 374,755 tonnes.

The value of beef exports increased by 6.5%, up \$131 million to \$2.15 billion for the year.

NZ BEEF EXPORTS BY REGION (FOR THE YEAR ENDING JUNE 2013)



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

*North America*

Exports to North America, the industry's largest beef market, increased in both volume and value compared to the previous June year, growing by 16,430 tonnes to 190,967 tonnes and \$86 million to \$1.02 billion respectively.

The majority of beef exports to the region go into the United States, and US beef production was down in 2012/13, largely due to the ongoing impact of drought in key cattle rearing regions.

*North Asia*

Total beef exports to North Asia increased by 24,380 tonnes to 112,808 tonnes over the period.

While exports to the traditional beef markets in North Asia (Japan, Korea and Taiwan) were relatively unchanged from the previous year, the growth in exports to the region was almost entirely driven by the growth in exports to China, which increased from 4,541 tonnes in the previous year to 33,319 tonnes, and it surpassed Japan (30,808 tonnes) as the second largest beef market by volume in the region, and New Zealand's second largest beef market by volume overall.

Japan, however, remained the most valuable market in the region, with exports worth \$194 million, followed by China (\$172 million), Taiwan (\$128 million) and Korea (\$114 million). Japan was also New Zealand's largest market for chilled beef, with exports worth \$69 million in 2012/13, which accounted for 26% of total chilled beef exports.

### *South East Asia*

In contrast to North Asia, beef exports to South East Asia continued to decline, down by 25%, or 10,298 tonnes, to 31,473 tonnes in the year ended June 2013. The value of these exports declined by a similar amount, decreasing 27%, to \$157 million over the period.

This was mainly a result of the on-going quota restrictions in Indonesia, which was previously the largest market in the region. In the year ended June 2013, New Zealand exported 6,548 tonnes of beef to Indonesia, down 65% from 18,823 tonnes in the previous year, and 23,945 tonnes in 2010/11. This was the lowest volume of beef exports to Indonesia for a decade. It was overtaken by the Philippines (10,165 tonnes), and was only just ahead of Malaysia (6,360 tonnes) and Singapore (6,331 tonnes).

In value terms, beef exports to Indonesia decreased by 64% to \$34 million for the period, and were overtaken by both Singapore (\$43 million) and the Philippines (\$37 million).

### *European Union*

The European Union remained a relatively small beef market by volume, with exports of 12,242 tonnes, but was New Zealand's most valuable beef market on a per kilo basis. The overall FOB value of beef exports to Europe was \$10.39 per kilo, compared to \$5.73 per kilo for overall beef exports, and \$7.96 per kilo for the next most valuable region – the European countries outside the EU.

### *International Situation*

Australian beef exports reached 1.014 million tonnes in 2012/13, a record annual volume, up from 948,000 tonnes in 2011/12. According to Meat and Livestock Australia, following good growing conditions in recent years, dry conditions during the year in key beef producing regions underpinned a sharp lift in cattle slaughter, leading to record export volumes.

Like New Zealand, there was also a spectacular increase in Australian beef exports to China, which increased from 7,736 tonnes in 2011/12 to 92,278 tonnes in 2012/13.

Of the other major beef exporters, US beef exports remained constrained by lower production, but US exports into one of New Zealand's major markets, Japan, did grow as a result of Japan easing its BSE-related restrictions on beef imports from the United States and Canada to allow entry for beef from older cattle.

Although the positive test for an atypical case of BSE in Brazil in late 2012 resulted in restrictions being placed on Brazilian beef in a number of markets, overall Brazilian beef exports increased in 2012/13 compared to the previous year, to reach just over 1 million tonnes. This was partly a result of the depreciation of the Brazilian Real during the year, which contributed to the competitiveness of Brazilian beef globally.

India has grown to be the other major global beef exporter (primarily of buffalo beef), with exports of just over 1 million tonnes in 2012/13. India's major markets are in Southeast Asia (Vietnam and Malaysia), and the Middle East (Egypt and Saudi Arabia).



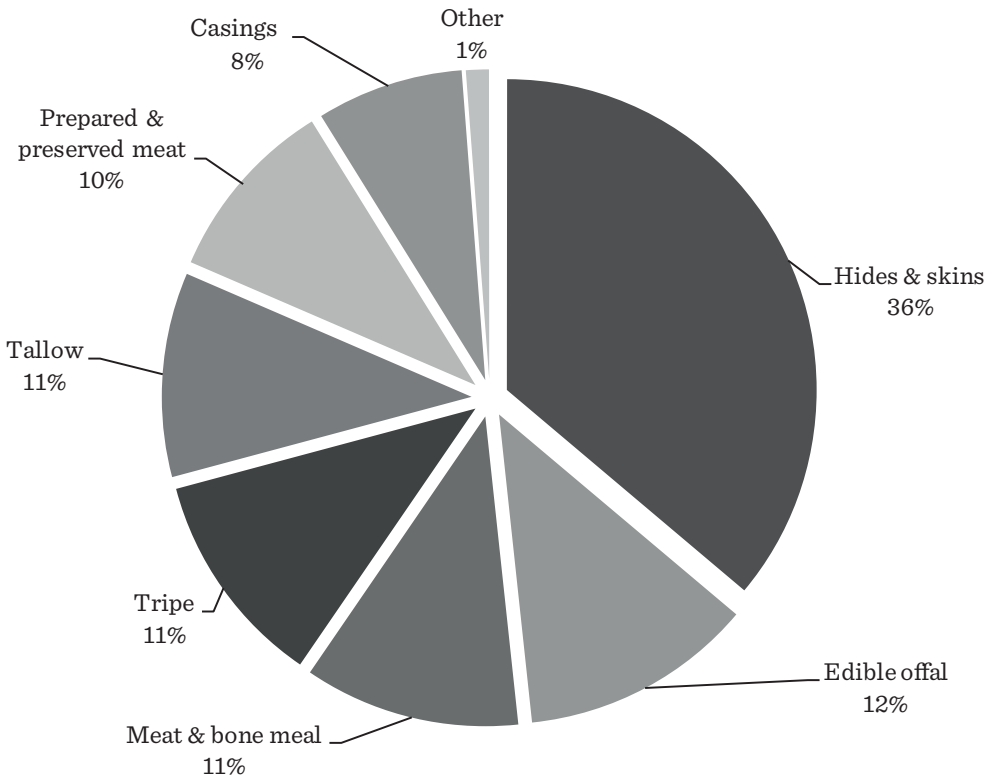


CO-PRODUCTS

Overall exports

Co-products such as tallow, meat and bone meal, hides and skins, edible offal and sausage casings make a significant contribution to maximising the value extracted from each carcase, and exports of these products were worth \$1.49 billion in the year ended June 2013.

NZ EXPORTS OF CO-PRODUCTS (BY VALUE FOR YEAR ENDED JUNE 2013)





### *Hides and Skins*

Hides and skins account for a significant proportion of co-product exports, and the value of these exports declined slightly, by \$7 million, or 1%, to \$539 million over the period.

The two major markets remained China (\$198 million) and Italy (\$172 million). While exports to China declined by \$19 million compared to the previous year, exports to Italy were steady, increasing by just over \$1 million. China remained the industry's major market for ovine pelts, and Italy was the major market for bovine hides.

The next largest markets for hides and skins were Korea (\$24 million), Australia (\$20 million), and Hong Kong (\$19 million).

### *Edible Offal*

Exports of edible offals, such as kidneys, livers and hearts, were steady in volume, but declined in value terms compared to 2011/12. While the volume of exports increased by 590 tonnes to 60,568 tonnes, the value of these exports declined by \$11 million to \$181 million.

The three largest markets remained Japan (\$38 million), Korea (\$28 million), and the United Kingdom (\$29 million). While exports to these markets were relatively unchanged from the previous year, exports to China continued to grow, increasing by \$3 million to \$17 million in 2012/13.

### *Tallow*

Exports of tallow increased in volume in 2012/13, by nearly 18,000 tonnes to 151,951 tonnes, but decreased in value, by \$10 million to \$159 million.

There was a significant change in the destination for tallow exports compared to the previous year. While in 2011/12 68% of tallow exports by volume went to China, this decreased to 42% (or 64,434 tonnes) in 2012/13, while exports to Singapore increased from 14% to 44% (70,976 tonnes). MIA understands the majority of tallow exports to Singapore were for biodiesel manufacturing.

### *Casings*

The value of casings exports increased to \$114 million in 2012/13, up from \$106 million in the previous year. The majority of these exports went to China (\$98 million), with the next largest markets being Japan (\$6 million), the United States (\$5 million) and Egypt (\$4 million).

### *Tripe*

New Zealand's exports of sheep and beef tripe increased in both volume terms, by 2,000 tonnes to 20,091 tonnes, and in value, by \$7 million, to \$83 million in 2012/13.

Hong Kong was the major market, taking 11,504 tonnes, worth \$40 million, followed by Korea, which took 1,928 tonnes worth \$16 million.

### *Meat and Bone Meal*

Exports of meat and bone meal (MBM) increased in both volume and value terms in 2012/13 compared to the previous year, up from 145,563 tonnes to 157,411 tonnes, and from \$139 million to \$168 million.

The major market for New Zealand MBM was Indonesia, which took 91,597 tonnes (worth \$81 million) in 2012/13, up from 70,505 tonnes (worth \$50 million) the previous year.

The next largest market was the United States, taking 24,042 tonnes (worth \$37 million) in 2012/13, largely unchanged from the previous year.

### *Prepared and Preserved Meat*

Exports of prepared and preserved meats (such as corned beef) decreased by 15 tonnes to 14,867 tonnes in 2012/13, and by \$12 million to \$144 million.

The major markets for these products were the United States (\$55 million), Australia (\$28 million), and Japan (\$18 million).

# ADVOCACY

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## GENERAL

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The principal role of the MIA is to advocate on behalf of its members, and to ensure the industry's views are incorporated in decision-making on the wide range of issues which affect the industry.

This is undertaken through formal channels such as submissions and participation on relevant advisory groups and committees, and through more informal channels, such as regular contact with officials. MIA works closely with government on industry issues and concerns, in particular the Ministry for Primary Industries (MPI) and the Ministry of Foreign Affairs and Trade (MFAT).

An important part of MIA's role is to ensure officials have a good understanding of the sector's strategic trade objectives, priorities and issues.

This is not always the case and was highlighted by the Red Meat Sector Strategy report, and MIA and B+LNZ therefore, last year, convened a high-level trade dialogue with senior MPI and MFAT officials to provide them with a better understanding of the sector.

A further dialogue meeting was held this year, at which MIA and B+LNZ provided senior officials a more detailed picture of the structure of the sector, and current trade trends, issues and priorities for the industry.

In addition to this meeting, MIA and B+LNZ also hosted a group of officials on a visit to a farm and processing plant, to provide them with a first-hand experience of the sector's operations.

### MARKET ACCESS

#### *General*

As the vast majority of what the meat industry produces is exported, maintaining and improving access to markets is vital, and MIA works closely with MPI and MFAT on market access and trade policy issues.

Given the ongoing lack of progress on the multi-lateral WTO trade agreement, the negotiation of regional and bi-lateral trade agreements provide an important path to improving access.

However, even when trade agreements have been negotiated and ratified, it is vital work continues to be undertaken to strengthen the relationship with trading partners, and improve access for exporters. In recent years, some of the major market access issues the meat industry has experienced have been in countries with which we have trade agreements in place.

MIA is of the view the government needs to carefully balance how it allocates its resources. While it is important to put resources into negotiating new agreements, it is just as important to allocate sufficient resources into the 'day-to-day' work of maintaining and improving access in important markets.

#### *Strategic Directions Group*

The Strategic Directions Group (SDG) is the principal point of contact between the MIA and the MPI on regulatory and other issues relating to the red meat sector. It is co-chaired by Carol Barnao (Deputy Director-General Standards, MPI) and Tim Ritchie (Chief Executive, MIA).

Much of the work of the SDG relates to the range of services to the red meat sector provided by MPI where the costs of those services are recovered from the sector. This includes:

- Setting of standards for meat processing;
- Negotiating on barriers imposed on New Zealand meat exports by overseas jurisdictions;
- Verifying meat processors have adopted processes which achieve both New Zealand and overseas agreed standards.

In addition to its cost-recovered services, MPI provides additional policy and regulatory services for the meat sector. SDG serves as an important conduit for information and sharing views on those services.

#### **Market access issues**

A significant focus for the SDG has been a variety of market access issues, such as overseas market access requirements for India, the ongoing issues in accessing the rapidly growing Chinese market, and a variety of other trade disruptions and barriers. The meetings provides a forum for frank discussions between MPI and industry on these important issues.

#### **Post Mortem Inspection Reform**

A major focus for the SDG has also been Post Mortem Inspection (PMI) reform that allows company employees, rather than AsureQuality inspectors, to inspect for non-food safety (i.e. quality) conditions. It is expected meat inspection reform will lead to considerable efficiency and productivity gains as company employees will be able to combine non-food safety inspections with the other roles they already undertake. Official inspectors will continue to carry out food safety related functions.

The first tranche of five plants have successfully transitioned to the new regime, and have passed EU reviews. The evidence to date reveals plants which have implemented PMI reform, food safety has not been compromised and, in fact, may have even improved.

Another 11 plants are due to transition in the second tranche from late 2013.

### Trade Agreements

Trade agreements have an important role in reducing tariff costs and other barriers to trade. In total, the industry pays tariffs of around \$400 million annually, and although difficult to quantify, non-tariff barriers are often just as costly, as they can prevent trade completely, impose significant hidden costs on exporters, and are often applied capriciously by importing countries (sometimes the first industry is aware of a new or altered requirement is when a consignment is held up at the border).

For the industry, the FTA with Korea remains one of the most important of the agreements which are currently under negotiation, particularly as Korea's FTA with the United States, a significant competitor for New Zealand in the market, has come into force. This provides US exporters with a competitive advantage through the introduction of the first step of tariff phase-outs.

While the initial tariff reductions are relatively small, delays in completing New Zealand's FTA will further increase the competitive advantage already being enjoyed by US exporters, as their tariffs continue to phase out. By 1 Jan 2014, US exporters will be paying a 32% tariff, while New Zealand will be paying 40%. Following Prime Minister Key's visit to Korea in July, negotiations will be restarted but the timeframe is as yet unclear.

Another important agreement under negotiation is the Trans Pacific Partnership, particularly with Canada, Mexico and Japan joining the negotiations. The inclusion of Japan was particularly welcome for the industry, as it is a major market for the industry, but also a market that imposes high tariffs on beef imports.

While the inclusion of these countries may prolong the conclusion of this agreement, the industry would not want the principles of negotiating a high quality comprehensive agreement sacrificed in order to conclude an agreement more quickly. Hopes of a comprehensive deal have been bolstered by the major US agriculture groups, including beef and dairy, writing to the US Trade Representative arguing for a "no exclusions" agreement.

New Zealand is also negotiating FTAs with Russia and India. While MIA understands the progress on both these negotiations has been somewhat difficult and slow, they are both potentially significant markets for the industry, and having high quality, comprehensive agreements with both countries would be of significant benefit to the industry. It is pleasing to note even

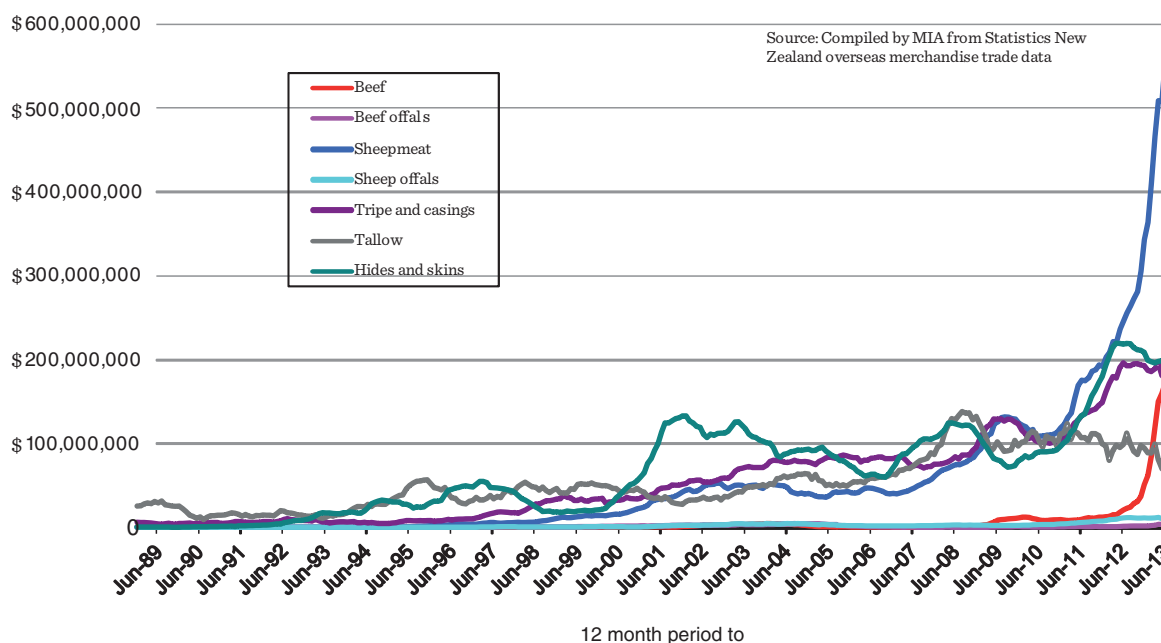
though the negotiations with India do not appear to be close to conclusion, improved access arrangements for sheepmeat into India has been discussed alongside these negotiations (see following page).

Negotiations for an Economic Cooperation Agreement between New Zealand and Taiwan were completed this year and the Agreement was signed in July. Taiwan is an important market for the industry, and MIA welcomes this extremely comprehensive and high quality Agreement. Tariffs on beef will be eliminated within two years, and on sheepmeat in four. This provides New Zealand producers with a major competitive advantage.

In late 2012, it was announced negotiations would begin for a Regional Comprehensive Economic Partnership (RCEP), which would cover the 10 members of ASEAN and the six countries with which ASEAN has FTAs (Australia, China, India, Japan, Korea, and New Zealand). The industry supports the objective of launching the RCEP negotiations to achieve a modern, comprehensive, high-quality and mutually beneficial economic partnership between RCEP partners.

## Other Issues

### EXPORTS TO CHINA



### China

The demand in China for New Zealand sheepmeat and beef has sky-rocketed over the last 12 months, with China becoming the industry's single largest market for sheapmeat by volume and value, and a major market for beef. However, this growth has been accompanied by a number of access issues.

Last year's Annual Report covered issues that the industry was experiencing, including delays in obtaining listing for premises wishing to export beef and tripe products (in particular) to China. During this year, the MIA continued to work with officials to progress this issue, including it being raised at ministerial level. However, although there were a small number of new premises listings for China during the year, the issue has remained largely unresolved.

Another major issue the industry encountered in China was the detention of consignments at the Chinese border in May.

MIA became aware in early May that exporters were having problems getting containers cleared for entry into China as a result of problems with the accompanying health certificates issued by MPI, and it subsequently became apparent the issue was affecting virtually all exports of sheepmeat and beef to China.

The issue appears to have arisen primarily as a result of miscommunication about the certificate changes resulting from the brand change from NZFSA to MPI, and also appears to have been related to other certificate changes that MPI had been negotiating separately with Chinese officials.

In total, more than 1,600 containers of New Zealand meat were held up at the border, at very significant cost to the industry.

An interim solution was agreed between New Zealand and Chinese officials to allow the detained consignments to be cleared by reissuing certificates for them under the old NZFSA brand. However, given the number of consignments affected, it has taken some time for the containers to be cleared.

Overall, it appears the surge in trade to China had not been fully anticipated by the Government. The resourcing for dealing with access issues with China within MPI, and other agencies required to deal with this growth in trade, has not kept pace. For several years industry has been making known its concerns to MPI that the MPI market access team lacked capacity to deal with the various issues and was worryingly becoming increasingly reliant on a few highly experienced and able market access counsellors.

We are pleased MPI has now committed to increase resources to its market access team and to ensure issues raised by industry are appropriately escalated and prioritised.

The Chinese premier, Li Keqiang, has vowed to enforce tough food safety regulations. As a result, Chinese regulatory authorities are cracking down on food safety, including fraud and traceability. For New Zealand meat exporters to China, this means we face an environment where Chinese officials will take a significantly less tolerant attitude to any certification and labelling mistakes.

The difficulties the industry encountered in China during the year have emphasised the need to regularly evaluate resourcing to deal with changing trade patterns, and to continue to develop relationships with key officials and decision makers in growing markets such as China, so that issues can ideally be avoided or addressed quickly if they do arise. More broadly, it shows that despite the signing of a Free Trade Agreement, developing markets require substantial and ongoing resource to reduce the technical barriers to trade.

### Indonesia

The Indonesian government's imposition of import quota restrictions continued to have an adverse impact, with New Zealand beef exports to Indonesia dropping to just over 6,500 tonnes in 2012/13, the lowest level in a decade, and some 20% of the volume of exports in 2009/10.

In early 2013, the United States announced it had requested consultation with Indonesia regarding Indonesia's import restrictions on horticultural products, animals and animal products. These consultations did not resolve the US concerns, and in mid-March the US announced it had requested the WTO establish a dispute settlement panel to examine Indonesia's import restriction.

Following the US announcement, the MIA discussed with government what steps New Zealand should take in response to the US action. At the time of writing the government had not announced what, if any, action it would take.

While the import restrictions were put in place by the Indonesian government to help the local industry meet the government's goal of self-sufficiency in beef, the local industry has not been able to meet the growing demand for protein in Indonesia, and this has resulted in significant increases in beef prices in Indonesia.

In the face of increasing beef prices, in late June the Indonesian government announced a number of measures aimed at stabilising beef prices ahead of the major religious festivals, but unfortunately these measures did not include the logical step involving removal of quota restrictions.

The MIA CEO visited Indonesia in November 2012 as part of a delegation accompanying Primary Industries Minister David Carter, and again in May as part of the ASEAN New Zealand and Export New Zealand Trade Mission to Indonesia where he spoke at a forum in Jakarta, reiterating that New Zealand view that food security is best ensured through an open economy and strong trade links rather than attempting self-sufficiency in all products.

### India

While the industry did experience a number of access issues in important markets during the year, there was also positive market access news.

For many years, export of meat to India has not been possible due to India's requirements for certification of farm freedom from a number of common diseases endemic in New Zealand (and in most other countries, including India).

In late 2012, MPI negotiated an arrangement with Indian officials to enable sheep and goat meat exports to India to commence, based on a national assurance system that will specifically exclude any farm, for a period of two years, which presents animals for slaughter showing systemic infection with one of the following diseases: Border's disease, tuberculosis, leptospirosis, ovine epididymitis, blackleg and caprine arthritis/encephalitis (i.e. a negative list approach whereby all farms have access unless specifically excluded).

This arrangement has significant potential for the industry, given the size of the market and the affinity for sheepmeat amongst a significant proportion of the Indian population. The industry appreciates the work undertaken by MPI in negotiating the arrangement.

### *Halal Market Access*

Exports of halal-certified meat to Muslim markets have formed a reasonably small, but important, part of the New Zealand meat industry's marketing mix since the 1970s. The most mature Muslim markets have been for sheepmeat in the Middle East, but halal beef exports to South East Asia have shown good growth over the last decade.

New Zealand's exports of meat and edible co-products to Muslim markets were just over \$411 million in 2012/2013. The industry's largest Muslim markets for halal-certified meat were Saudi Arabia, Malaysia and Indonesia. The industry also exported significant volumes of halal-certified meat to non-Muslim markets such as China, Singapore and South Africa, and in total, the industry exported halal certified meat to more than 70 countries.

For the last three years there has been government oversight of halal processing through the Halal Notice, administered by MPI. There were no significant changes to the Halal Notice during the year, although there was a new Approved Halal Organisation, the New Zealand Islamic Development Trust, recognised by MPI.

### **Halal Access in specific markets**

Following the introduction of the Halal Notice in 2010, the first Halal-specific overseas market access requirements (OMAR), for exports to Malaysia, were published in 2011. Subsequently, a delegation of Malaysia undertook an audit visit to New Zealand, which resulted in a number of new plants being approved to export to Malaysia. These were the first new listings since the majority of New Zealand processing plants were de-listed in 2005.

In late 2012, there was a further visit by Malaysian officials to audit more plants seeking listing for Malaysia. The majority of the plants visited were approved, which was a further positive step in regaining wider access to Malaysia.

During the year, following negotiations with Indonesian officials, MPI drafted a similar halal OMAR for Indonesia, on which it consulted with industry. The draft Indonesia Halal OMAR also includes standards for production of further processed halal meat products, including refined products such as gelatine. At the time of writing this OMAR had not been published.





## ANIMAL WELFARE

### *General*

During 2012 MPI released its review of the animal welfare system and proposals for an animal welfare strategy and significant reforms to the animal welfare regulatory system. The MIA was involved in public consultation with MPI and, working alongside other primary sector organisations made clear strong concern with many of the proposals put forward by MPI. We are pleased that MPI has made significant changes to its original proposal, as evidenced in the Animal Welfare Amendment Bill, which was introduced to Parliament in May 2013.

The Animal Welfare Amendment Bill seeks to create a regulatory regime that has greater certainty, including stronger and clearer enforcement powers for animal welfare inspectors. It is critically important New Zealand retains its excellent reputation for animal welfare, given customers expectations that animals should be treated in a humane fashion. It is therefore important that the animal welfare regulatory system has clear animal welfare standards, and enables animal welfare inspectors to be able to act against those who breach those standards and who may endanger New Zealand's overall good reputation.

The New Zealand economy depends on the use of animals – more than two-thirds of New Zealand merchandise exports are from the meat and dairy sectors. It is therefore pleasing the Bill also acknowledges that the potential economic impact of changes to animal welfare standards should be taken into account in developing animal welfare standards.

That said, the MIA has reservations about aspects of the Bill. MIA believes regulatory standards must be based on standards developed by the respected and independent National Animal Welfare Advisory Committee (NAWAC). However, the current Bill seeks to give the Minister excessive powers to create standards, without adequate involvement by the people who depend on the use of animals (under the current Bill, the Minister only has to “consult” NAWAC when making enforceable standards).

The MIA will be submitting on the Bill on behalf of its members.

### *Primary Industry Chief Executives' Animal Welfare Forum*

The purpose of the Primary Industry Chief Executives' Animal Welfare Forum is to:

- Be the forum of senior representatives across the livestock production sector who engage with the Minister and the Ministry for Primary Industries to agree a collective view on current or emerging issues;
- Provide industry oversight and governance to the Safeguarding our Animals, Safeguarding our Reputation Animal Welfare Programme and the Farm to Processor Animal Welfare Forum; and
- Promote collaboration across industries and between agencies regarding animal welfare (including identifying and resolving issues and well as promoting compliance and education).

The MIA Chief Executive is a member of this forum which met in November 2012 and May 2013 and discussed a number of matters including; a MPI commissioned Operational Research report 'What drives primary sector compliance with animal welfare legislation?'; the National Animal Welfare Strategy, the Animal Welfare Act Review and the establishment of the working group to look at the sharing of information on low level animal welfare incidents as proposed by the Farm to Processor Animal Welfare Forum.

### *Farm to Processor Animal Welfare Forum*

MIA is a member of the Farm to Processor Animal Welfare Forum, which is a cross industry group that addresses animal welfare matters.

The purpose of the forum is to share information and initiatives across the pastoral livestock production sector, and to improve the relationship between pastoral livestock production industry groups and MPI. It is also committed to the achievement of higher standards of animal welfare in the pastoral livestock production sector.

Because of the importance that the industry places upon animal welfare, there are now three MIA representatives on the Forum, Simon Gatenby, Gary Lindsay and Kevin Cresswell.

The forum met in August and December 2012 to discuss initiatives underway as part of the “Safeguarding our Animals, Safeguarding our Reputation programme”, the development of the New Zealand animal welfare strategy, and the codes of welfare.

In addition, MIA has participated in two animal welfare working groups. The first working group is looking at how information on low level incidents received by MPI can be shared with industry-good groups, in order to enable an assistance response to be initiated before an incident escalates to one that would require enforcement or compliance action. The second is looking at the development and publication of some simple key messages that all parties can use, to ensure that farmers are receiving consistent messaging from the animal products industries.

### *National Adverse Events Committee*

The National Adverse Events Committee (NAEC) is made up of representatives from a cross-section of government agencies and primary sector organisations, including MIA, and provides advice to government via MPI on issues arising from adverse climatic events or disasters affecting the rural sector.

The main issue the NAEC considered during the year was the widespread drought which affected much of the North Island and parts of the South Island in the early part of 2013. MIA provided advice on processing capacity during the drought.

At the height of the drought most processing plants around the country were working at full capacity, and the drought has highlighted the need for the industry to maintain a level of reserve capacity, in order for the sector as a whole to manage events such as this.

### PEOPLE AND SKILLS

#### General

Meat processing is the largest single type of manufacturing in New Zealand, and compared to most manufacturing in New Zealand is a large scale activity, involving some of New Zealand's largest companies. The industry employs approximately 24,000 workers, and is a major employer in the rural areas, and a major employer of Māori.

Attracting and retaining a competitive and appropriately skilled workforce continues to be a priority for industry. MIA activity during the year has focused on ensuring:

- The supply of halal slaughter persons to industry via a domestic recruitment programme, and, given the specialised nature of the position, by applying to and liaising with Immigration New Zealand to allow members to engage overseas based halal slaughterers to meet any shortfall of the MIA domestic halal recruitment programme;
- Meat qualifications offered by NZITO and other providers continue to remain relevant and effective; and
- Industry is kept informed and consulted on issues relevant to training of its workforce.

#### Immigration

Halal market access continues to be of critical importance to industry and highly regulated. Due to the shortage of New Zealanders with the appropriate skills and attributes required to undertake the role of a halal slaughter person, immigration issues arise in connection with ensuring industry has access to a sufficient labour pool.

The role of a halal slaughter person is highly specialised by virtue of the regulatory requirement that the individual undertaking the slaughter be Muslim. For a sustained period, the New Zealand labour market has been unable to provide sufficient numbers of appropriately skilled individuals to take on this role. Despite industry having a clear preference for employing New Zealanders, in these circumstances it must also rely on immigration policy to engage overseas-based individuals. For more than ten years the MIA has submitted and successfully obtained an annual Approval in Principle (AIP) from Immigration New Zealand (INZ) to enable its members to engage overseas-based halal slaughter persons. Once the AIP is confirmed the MIA also:

- Facilitates and manages the application for individual work visas issued pursuant to the AIP; and ensures compliance with the terms of the AIP including the repatriation of the halal slaughterers and keeping Immigration New Zealand informed of any changes to the employment status of the halal slaughter persons.

The AIP applications for the last two years have taken considerably longer to progress. The most recent AIP required the MIA to address several unfounded allegations and there were significant delays in decision making both within INZ and at Ministerial level. The delays meant interim visas had to be issued to those halal slaughter persons whose visas had expired while awaiting the outcome of the AIP. Accordingly greater MIA administrative resource was required to manage the latest AIP application.

INZ has indicated that it has concerns issuing further AIP's to the MIA because of the extended period industry has been granted this type of approval. This places at risk New Zealand's important and significant halal export business. A more appropriate means of industry engaging overseas based halal slaughterers to address the genuine sustained shortfall within the New Zealand labour market is required. Significant efforts have been made in the past by the MIA and other government agencies to establish a more streamlined immigration process, however due to a number of reasons these have failed. Accordingly over the next period MIA will be lobbying the Minister of Immigration to agree an alternative and more efficient process to ensure that where necessary industry continues to have timely access to halal slaughterpersons from overseas.

#### *NZITO Update and Proposed Merger with Primary ITO*

The MIA continued to work closely with the NZITO to ensure industry continues to be provided with appropriate training programmes and is kept informed about issues relevant to industry.

#### Industry Training Review

The MIA was heavily involved in the Industry Training Review initiated by the Ministry of Education in 2011 to re-examine the structure, operation and objectives of industry training. The Government released the key outcomes of the review in April 2013. These were generally positive and focused on the NZ Apprenticeship and Apprentice Re-Boot schemes that were developed to address youth unemployment. For the meat industry, the NZ Apprenticeship Scheme will effectively be a continuation of the current Modern Apprenticeship Scheme, however the maximum age limit will be removed. Funding rates for apprentices will remain relatively unchanged, but will be funded via a single fund rather than two. NZITO funding will also be increased slightly, the first increase in five years.



The MIA has also agreed to endorse the NZITO Apprenticeship Meat Boning Course as a means of providing additional backing to this cornerstone qualification for industry.

### Targeted Review of Qualifications (TRoQ)

The TRoQ initiated by NZQA in 2010 has continued to progress. The purpose of the review is to streamline the New Zealand qualification framework. NZITO has worked closely with industry to develop a high level qualification structure that identifies and integrates qualifications aimed at school leavers through to management, providing an 'educational pathway'. Once finalised and approved by industry, NZITO will be required to submit the frameworks to NZQA for pre-approval. The next phase will be the development of the qualifications themselves which will require technical input from industry.

The MIA will continue to work closely with the NZITO to ensure industry is kept informed and involved in the development of the framework and qualifications. The MIA is mindful that although it will be necessary for 'base' qualifications common across industries to be identified, particular needs of the meat industry will also need to be integrated into the framework and qualifications.

### Merger

The Government continues to strongly indicate rationalisation and scale up within the training sector is necessary. In an effort to promote efficiency within the sector, in 2012 the NZITO and Seafood Industry Training Organisation merged. In order to create greater rationalisation, merger discussions between NZITO and Primary ITO have commenced, with the intention to form one training organisation servicing the entire primary food sector. The MIA will ensure there is effective meat industry representation on the merged ITO, and that there is no interruption to the delivery of training outcomes for the meat industry.

### Food Innovation Training Trust

The NZITO initially established the Food Innovation Training Trust in 2009 to manage excess reserves over and above its immediate investment or operational needs. However, the proposed merger with the Seafood ITO in 2012 prompted a review of the Trust. It was agreed that prior to the merger, NZITO's historic reserves would be gifted to the Trust to benefit the original NZITO industry sectors – dairy and meat.

The purpose of the Trust reflects that of NZITO, and the original trustees of the Trust have now been replaced with the Chair and CEO of the MIA and DCANZ, along with one

independent trustee. It is intended individuals, groups or companies from within the dairy and meat industries will be able to apply to the Trustees for grants in connection with educational and training activities. It is anticipated the application process will commence in 2014.

### Health and Safety

In 2012 the Government appointed an independent taskforce to examine workplace health and safety legislation, regulation, incentives and enforcement and consider whether the system remains fit for purpose. The Government stated that it is working to achieve a 25% reduction in workplace deaths and serious injuries by 2020, and that the review is an important part of the strategy to accomplish this goal. In conducting the review the taskforce undertook public consultation, which the MIA participated in to ensure the interests of meat processors and exporters were heard.

The taskforce's report was released to the public in April 2013. One of the main recommendations of the report is currently being put into effect by the government, with the establishment of WorkSafe New Zealand. The MIA made submissions on the enabling legislation for WorkSafe NZ, expressing MIA's concern the criteria for appointment to the new organisation's governing board was too vague.

Major reform of the New Zealand health and safety system is likely to follow later this year. The MIA is taking an active interest in possible future reforms, as it is likely that health and safety reform will have significant impacts on members. This will be an area of ongoing work for the MIA in the forthcoming year.

A promising step for industry has been the willingness of the Medical Council to review how doctors write up medical certificates. It is a source of frustration to the meat processing industry that some doctors provide companies with medical certificates for staff on sickness leave that are either incomplete or fail to provide a diagnosis, or are back-dated. Some certificates state the worker may not work when the diagnosis may allow the worker to return to work undertaking different tasks. The MIA hopes the Medical Council Review will lead to a more rigorous regime for doctors writing medical certificates for workers seeking sickness leave.

### *Meat Industry Health and Safety Forum*

The Meat Industry Health and Safety Forum (MIHSF) comprises representatives from the New Zealand Meatworkers' Union, the MIA, member companies, ACC, the Ministry for Business, Innovation and Employment and NZITO. 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. This is particularly important at a time when government is undergoing significant reorganisation of health and safety functions and review of policy, and the Forum is an important vehicle for government agencies to explain these to industry, and to hear industry concerns.

The MISHF has focused on the preparation of Meat Industry Health and Safety Guidelines. It is expected the Guidelines will be completed later this year. These guidelines have been developed as a health and safety resource for people working in the meat industry in New Zealand. They will be easy to follow and refer to, and will address many of the challenges we have in the meat industry today. The guidelines will contain practical advice, responsibilities and sources of further information on health and safety.

### *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.

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, and is administered by Mercer (N.Z.) Ltd.

During the period the Scheme was temporarily closed to new members to allow the MISS offer documentation, including the Prospectus and Investment Statement, to be reviewed to ensure compliance with the requirements of the relatively newly established Financial Markets Authority. The updated documentation was registered with Companies Office in March 2013.

The Scheme's net investment return for the year was reported by the chairman of the trustees as "healthy" despite subdued economic growth, the ongoing European debt crisis and the state of the US economy. The Scheme provided an investment return of 9.9% for the year. The trustees agreed to allocate part of the reserve account to support a higher interest rate which resulted in a return of 10.7% being applied to members' accounts.

Scheme Overview for 2012/13:

- Members: 3056
- Employer Contributions: \$3.6m (after tax) to members' accounts
- Trustees paid out \$18.6m in benefits
- Fund size: \$110.7m.





### TECHNICAL

#### General

##### **MIA Carcase Trim Standard**

In 2012 the MIA developed the MIA Carcase Trim Standard, a voluntary industry-agreed standard to ensure a consistent standard of sheep and cattle carcase trimming across the participating meat processors.

The standard has been revised twice during the year to provide clarification on technical details, and to include a logo which complying companies can use.

The list of meat processors complying with the MIA Carcase Trim Standard is available on the MIA website, together with the details of the standards themselves.

##### **Shiga-Toxin Producing E.coli (STEC)**

New Zealand bulk manufacturing beef eligible for use by United States grinders has been sampled and tested for *Escherichia coli* O157:H7 since 1998, as part of routine production in all boning operations of US-listed premises. In June 2012, the USDA's FSIS implemented a routine sampling and testing regime for an additional six STEC serogroups O26, O45, O103, O111, O121 and O145.

To minimise the risk of product being detained at the US border, New Zealand processors in conjunction with MPI, implemented a testing programme to test for these additional six serogroups.

#### *MIA Technical Working Group*

The MIA Technical Working Group (TWG) is open to all member companies as a forum to consider technical issues with MPI, and as a technical consultation group. The TWG met in November 2012 and May 2013. Topics covered included:

- Meat code of practice;
- *E. coli* O157:H7 and non-O157 Shiga Toxin *E. coli* (n-STEC);
- Industry initiatives projects;
- Meat industry training;
- Animal welfare;
- MPI standards and market access matters;
- Unregulated meat;
- Quota audits and
- Other customer and market access issues.

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



### *National Animal Identification and Tracing*

In February 2012 the National Animal Identification and Tracing (NAIT) Act was passed into law and implementation dates were mandated as 1 July 2012 for cattle and 1 March 2013 for deer.

The purpose of the NAIT system is to minimise and manage the risk and impact in the event of a biosecurity incursion, and to provide customers and regulatory authorities in our export markets with increased confidence and surety of the integrity of New Zealand's meat and meat products. Following the 1 July 2012 implementation MIA played a supporting role in assisting NAIT Ltd and industry members in identifying and remedying start-up issues.

During the year, MIA, on behalf of members, submitted to NAIT Ltd on cost recovery and accreditation requirements.

MIA also continued to provide input through the Stakeholders Reference Group (SRG) which has an overseeing advisory role for NAIT.

NAIT Ltd merged with the Animal Health Board on 1 July 2013 to form OSPRI New Zealand. OSPRI has been set up to bring together existing expertise within the NAIT programmes and TBfree New Zealand and provide creative operational solutions for primary industries. MIA is represented on the OSPRI Stakeholders' Council by Tim Ritchie.

### *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, an organisation of key stakeholders who represent and communicate the interests of their industries to MPI. The group met three times in the year ending June 2013.

MPI is in the process of re-building the Animal Products E-Cert system. The current system is 15 years old, and it has now reached the point where it is difficult and expensive to maintain, support and enhance. In addition, the re-built system will host dairy certification. Go Live for the new AP E-Cert is scheduled for February 2014.

MPI continues to work with counterpart regulators in Australia, Canada, China, European Union, Mexico, Philippines and the United States to allow the use of electronic data exchange. It is anticipated once the re-built system is operational, electronic transmission of certificates (paperless certification) will be implemented for many of these countries.

## BIOSECURITY

### *General*

Biosecurity remains a high profile concern for the primary sector in general, highlighted by a scare in mid-2013 involving the suspected importation of animal carcase parts with a load of palm kernel expeller from Indonesia and Malaysia.

The animal parts were subsequently shown to be of New Zealand origin, but the issue highlighted the reality of the risks of biosecurity incursion.

MIA remains committed to working with others to improve New Zealand's biosecurity system, with a particular focus on the role of meat processors and renderers in a biosecurity response.

### *Exercises*

MIA was involved in two Food and Mouth Disease (FMD) incursion simulation exercises led by MPI in the last year.

Exercise Taurus 2012 sought to test the implementation of the 'Whole of Government' response system and MIA was invited to participate at the Response Leadership level. Exercise Capricorn sought to examine the utility of information tools such as NAIT and FarmsOnLine in the management of biosecurity incursion response, and MIA was involved as one of a number of invited primary sector groups.

### *Biosecurity Preparedness Improvement*

Exercises Taurus and Capricorn both formed components of MPI's programme to improve the 'Preparedness Portfolio'. This programme of work was commenced in response to a report released by the Office of the Auditor General that highlighted a number of deficiencies in MPI's approach to biosecurity preparedness.

MIA is involved in a number of initiatives that fall within this portfolio, most importantly as a member of the FMD Preparedness Working Group. This Group aims to work collaboratively to improve both government and industry's state of readiness for a major biosecurity incursion.

### *Government-Industry Agreements*

Discussion on the proposed Government-Industry Agreements (GIA) initiative, where industry and MPI would share both costs and decision-making in biosecurity preparedness and response, have continued for another year. During the year, MIA participated in the Joint Working Group that has produced a GIA Deed document, which sets out the high-level principles under which GIA signatories would work together.

Most of the detail of specific biosecurity arrangements for specific risk organisms would need to be negotiated and agreed between the Crown and relevant industries in separate documents known as 'Operational Agreements'.

MIA remains unaware of a strong and compelling business case for meat industry participation in GIA.

## SUSTAINABILITY ISSUES

Sustainability issues occupied a reduced portion of MIA activity during the year due to the government's decision to defer the entry of livestock emissions into the Emissions Trading Scheme (ETS). The MIA's main sustainability-focused work during the year has related to fresh water management, which has been an extremely active policy issue at both national and regional government level.

### *Climate Change*

MIA lodged a substantial submission on the Climate Change Response (Emissions Trading and other Matters) Amendment Bill in 2012, setting out its view that the imposition of ETS liabilities on livestock emissions would be counterproductive and damaging to the New Zealand economy.

Government amendments to the ETS legislation in late 2012 included the indefinite deferral of the application of ETS liabilities to livestock emissions. MIA members continue to bear the costs of the ETS as they affect the prices of energy for processing and transport fuels.

### *Freshwater Management*

Following the National Policy Statement (NPS) for Freshwater Management 2011 coming into effect on 1 July 2011 as part of the Fresh Start for Fresh Water package of reforms, regional councils have had an obligation to introduce measures which regulate activities that control freshwater resources. Specifically, councils must take action to ensure the quality of freshwater resources is "maintained or improved."

The NPS has resulted in a wide range of regulatory approaches being taken by regional councils, at a range of speeds. Significant, but distinct, water rules have been implemented, most notably in Canterbury, Otago, Manawatu and Waikato, with others certain to follow. MIA has a strong interest in new water regulations which may affect members' ability to use and discharge water, and may have serious cost or flexibility implications for livestock suppliers.

In March 2013, the Government released further proposals to reform freshwater management in New Zealand. 'Freshwater reforms 2013 and beyond' signalled proposals in two main areas - a collaborative planning option: an alternative to the current process, and greater central government direction, including a National Objectives Framework and consistent templates for councils.

Many of these proposals, including the introduction of a collaborative decision-making process, will be included in the government's reform of the Resource Management Act (RMA) to be introduced to Parliament later in 2013. The MIA generally supports the overall direction of these reforms however, it has concerns about the quality of the collaborative decision-making processes proposed.

MIA is actively participating in the recently established Land and Water Partnership, which seeks to provide a forum for primary sector groups to develop common policy positions.

## TRANSPORT

### *National Livestock Transport and Safety Group*

The National Livestock Transport and Safety Group (NLTSG) is a group coordinated by the Road Transport Forum to 'Identify safety issues relating to the operation of livestock transport within New Zealand, and to implement measures to address those issues'.

An ongoing concern for MIA members that has been raised at the MIA Health and Safety Forum is how to address the issue of transport operators walking around on top of stock crates. While some educational material has been prepared and distributed in conjunction with ACC, MIA believes further work is required. MIA has offered to work with the NLTSG to assist in developing and implementing further initiatives to stop the practice.

The Road Transport Forum has drawn the MIA's attention to the number of different livestock transport quality assurance systems that its members must comply with in order to deliver livestock to meat processors. MIA has noted that a NZ Livestock Transport Assurance programme is being developed by a number of MIA members with AsureQuality, and that an invitation for other processing company members to join this programme has been issued.

### *National Stock Effluent Working Group*

The National Stock Effluent Working Group (NSEWG) comprises representatives from MIA, B+LNZ Ltd, Federated Farmers, Dairy NZ, Road Transport Forum, Land Transport NZ, Automobile Association, NZ Police and regional councils. The goal of the group is to minimise the amount of stock effluent that spills on public roads with a focus of increasing awareness of the need to 'prepare stock for travel'.

The NSEWG met once in the year and agreed that after 15 years it has fulfilled most of its objectives. It will no longer need to meet as a formal committee, with each sector accepting responsibility to act and address any issues, and to work cooperatively at a local level to meet the aims of the National Code of Practice for the minimisation of stock truck effluent onto NZ roads.

### *New Zealand Shippers' Council*

MIA is a member of the New Zealand Shippers' Council, an association representing major cargo owners, both exporters and importers. Members of the Council account for the majority of New Zealand's annual exports by volume.

A significant focus of the Council's activity during the year has been the Commerce (Cartels and Other Matters) Bill. Following the recommendations of the Productivity Commission, the Minister instructed the Select Committee to consider transitioning international shipping to the competition regime governed by the Commerce Act.

In May 2013, the Select Committee reported back on the Bill, recommending that shipping be integrated into the Commerce Act, with a two year transition period to assist in implementing the change.

The Council has been working with officials to prepare guidelines for the container lines to assist them in complying with the proposed new legislation.

The Council's goal is to have simple, robust guidelines that provide sufficient flexibility to allow shipping companies to continue to provide services required by exporters, while at the same time ensuring international shipping to and from New Zealand operates in a competitive environment.

The Council is concerned any procedures put in place must allow for the sort of collaboration among lines that provides for efficient and responsive services which New Zealand exporters require, while at the same time deterring any anti-competitive practices. To date, the shipping lines have not been willing to engage with the Council in this process.

Another issue the Council has taken an active interest in during the year has been an International Maritime Organisation (IMO) proposal for the mandatory weighing of all containers before they are loaded onto ships to avoid safety issues associated with the overloading of containers.

A mandatory weighing requirement would simply increase costs for exporters without any real benefit, as most New Zealand exporters already have systems in place that allow them to record the weight of product being loaded into containers.

The Council has therefore been working with Maritime New Zealand officials to ensure that any new requirements include provisions to capture data from company systems, without having to weigh every container.





### LEGISLATION AND SUBMISSIONS

#### General

The Government's busy legislation programme continued during the year. However, some Bills have been relatively slow to progress through the house. Below is a summary of the Bills of most interest to industry.

#### Legislation

##### Employment Relations Amendment Bill

The Employment Relations Amendment Bill was introduced to the house in April 2013 and is intended to improve fairness and flexibility in employment relations. The key changes the Bill proposes are:

- Removing the obligation for collective bargaining to be concluded;
- Introducing break periods from collective bargaining and associated strike action;
- Removing the requirement that for the first thirty days of employment non-union member employees be employed on the terms of the collective employment agreement;
- Introducing a mechanism allowing employers to make specified pay deductions for partially striking workers;
- Requiring advance notice of strikes or lockouts;
- Providing employers more flexibility around the provision of rest and meal breaks;
- Extending an employee's right to request flexible working arrangements; and
- Introducing a number of requirements and warranties on companies in the event of employee transfers.

Following consultation with members, MIA submitted on the Bill, emphasising the strong support industry gave to the general intent of the Bill and noting a number of areas where further improvements could be made, such as introducing a mechanism that provides greater flexibility around the length of an imposed break from collective bargaining and clarifying whether an authority determination is required before collective bargaining can be considered concluded, noting that a formal determination should not always be necessary.

It is anticipated the select committee will report back in late 2013. The MIA will continue to ensure members are aware of the proposed changes and industry views are heard.

##### Health and Safety (Pike River Implementation) Bill

The Health and Safety (Pike River Implementation) Bill was introduced on 24 June 2013 following the Royal Commission on the Pike River coalmine tragedy, which concluded New Zealand's regulation of health and safety in the mining industry was ineffective.

The Bill has three parts:

1. The establishment of Worksafe New Zealand ("Worksafe"), a new workplace health and safety agency;
2. Amendments to the Health and Safety in Employment Act 1992 relevant to mining; and
3. The creation a new Mine Rescue Act 2013.

Of most relevance to industry is the establishment of Worksafe New Zealand. The new entity will function as a stand alone Crown entity dedicated to health and safety and will take on the operational functions currently undertaken by MBIE. The Bill sets out the objectives and functions of the new agency and the makeup of its governance board. Worksafe New Zealand will be responsible for not only monitoring and compliance but also to provide guidance and advice, and foster co-operation between employers and employees.

The MIA made a brief submission on the Bill focusing on emphasising the pro-active approach industry has taken to health and safety and the importance of key industries, including meat, having representation within the governance structure of Workplace New Zealand.

##### Holidays (Full Recognition of Waitangi Day and ANZAC Day) Amendment Bill

This Bill was passed on 17 April 2013. As a result, when Waitangi Day and ANZAC Day fall on a Saturday or a Sunday, and this is not otherwise a working day for an employee, the public holiday will be treated as falling on the following Monday. The first day affected by the Bill will be ANZAC Day 2015.



### Commerce (Cartel & Other Matters Bill)

The Bill amends the Commerce Act 1986 introducing criminal sanctions for hard core cartel behaviour and amends the provisions that govern penalties and jurisdiction.

Following the release of the Productivity Commission Report in April 2012, on international freight transport services, the Minister requested the Commerce Select Committee also consider transitioning international shipping and civil aviation to the competition regime governed by the Commerce Act. In September 2012, the MIA put forward submissions to the Commerce Select Committee with the following key points:

- Concerns around the Bill having the potential to chill pro-competitive behaviour such as collaboration and innovation, especially given the relative size of the New Zealand economy;
- The importance of introducing changes proportionate to the harm and prevalence of hard core cartel behaviour; and
- The need to ensure the mental elements of the proposed criminal offence clearly articulate the requirement for actual knowledge.

On 13 May 2013 the Select Committee released its report on the Bill and suggested some changes, including in respect of international shipping. The Committee's key recommendations included:

- Retaining the "collaborative activities" exemption, allowing companies to apply to the Commission to test whether a proposed collaboration would raise competition issues. This replaces the current joint venture exemption. The Bill has been amended to allow the Commission to revoke a clearance after a material change in circumstances.
- Integrating international shipping under the Commerce Act and introducing a two year transition period to assist in implementing the change. Accordingly shipping lines will be required to apply and obtain 'collaborative activities' clearance to continue arrangements that potentially breach the cartel provisions in the Bill; and
- Introducing an explicit exemption from the prohibition on cartel conduct for suppliers stipulating maximum resale prices.

### Submissions

Submissions (non-legislative):

- The Parliamentary Inquiry into Manufacturing (conducted by Labour, Greens, NZ First and Mana)
- Commerce Commission Review of its Authorisation Guidelines
- The Medical Council report on 'Writing Medical Certificates: a review of the standards for doctors'
- The Independent Taskforce on Workplace Health and Safety On Safer Workplaces Consultation
- Submission on NAIT regulations for infringement offences and regulations establishing NAIT information system access panel
- Submission on NAIT Scheme – Consultation Paper for a Reduction to Cattle Levies

### INDUSTRY REPRESENTATION

#### General

Part of MIA's advocacy role is undertaken through involvement in the Beef + Lamb New Zealand Ltd Meat Promotion Group (MPG) and Beef + Lamb New Zealand Inc.

The MPG is an industry forum in which B+LNZ Ltd engages with processors and exporters to develop strategies with the goal of increasing returns from New Zealand beef and lamb.

B+LNZ Inc promotes beef and lamb within New Zealand, and also undertakes research on a range of health and nutrition matters related to red meat. It is jointly funded by processors, retailers and farmers (through Beef + Lamb New Zealand Ltd).

The 2012/2013 period saw B+LNZ Inc reintroduce a successful Iron Maidens campaign, involving three top level athletes; Sarah Walker, Lisa Carrington and Sophie Pascoe. This campaign was in the form of TVC's and supported by point-of-sale, outdoor, online and print advertising.

During this period, B + LNZ Inc refreshed their free publication mEAT magazine and the latest issues received the most positive response yet, from both consumers and retailers. 220,000 copies of mEAT magazine are now distributed throughout the country per issue.

B+LNZ Inc. continued promotional work with The New Zealand Beef & Lamb Quality Mark and the Heart Foundation. Several events were also managed by B+LNZ Inc including Steak of Origin and The Glammies.

#### Red Meat Sector Conference

The third Red Meat Sector Conference, jointly organised by MIA and B+LNZ Ltd, was held in Auckland in July 2013, and was attended by more than 300 delegates.

Information about the conference, including the speaker presentations, is available on the MIA website ([mia.co.nz](http://mia.co.nz)) and the conference website ([redmeatsector.co.nz](http://redmeatsector.co.nz)).

#### Presentations to conferences and delegations

One of the ways in which MIA undertakes its advocacy work is by meeting with overseas delegations to provide them with information about the New Zealand red meat sector, and by providing an industry point of view at conferences and other events.

During the year MIA met with delegations from China, Korea, Indonesia, Canada, Finland and the United States. MIA also presented at the following conferences and events:

- The New Zealand Leather and Shoe Research Association Annual Conference
- 12<sup>th</sup> Annual Food Safety Forum
- New Zealand Forum in Jakarta, during the ASEAN New Zealand and Export New Zealand Trade Mission to Indonesia
- ASEAN New Zealand Combined Business Council AGM

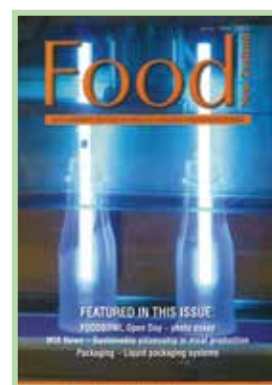
#### Food New Zealand publication

MIA is one of a number of organisations that contribute articles to Food New Zealand, the official publication of the New Zealand Institute of Food Science and Technology.

During the year, industry-related articles in Food New Zealand have covered topics such as a nutritional database of beef and lamb cuts, the NZITO merger, energy conservation and management programmes, and tracking and tracing technologies which are being used and developed in the sector.



mEAT Magazine  
(Beef + Lamb New Zealand Inc.)



Food New Zealand  
publication



# SERVICES

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

## RESEARCH AND DEVELOPMENT SERVICES

### *Meat Industry Research and Innovation Fund*

The Meat Industry Research and Innovation Fund (MIRIF) is being developed as a collaborative pan-industry research partnership with the Ministry of Business, Innovation and Employment (MBIE) that aims to increase the productivity and profitability of the NZ sheep and beef industry. The partnership will play an important role in achieving the goals of the Government's Economic Growth Agenda and the Red Meat Sector Strategy and their aims for the industry to double the current value of its exports to more than \$14 billion a year by 2025.

The fund will consist of four themes, which have been developed by processing companies as areas they wish to invest in, and which are closely aligned with the MBIE Biological Industries Research Fund investment priorities.

The first theme aims to *increase the quality and shelf-life of chilled meat*. Projects will increase the desirability of New Zealand chilled lamb for consumers, and mitigate product downgrade and discounting losses. Four projects under this theme are already established.

In the second theme, the MIRIF will *improve processing productivity* by supporting research on automated processing

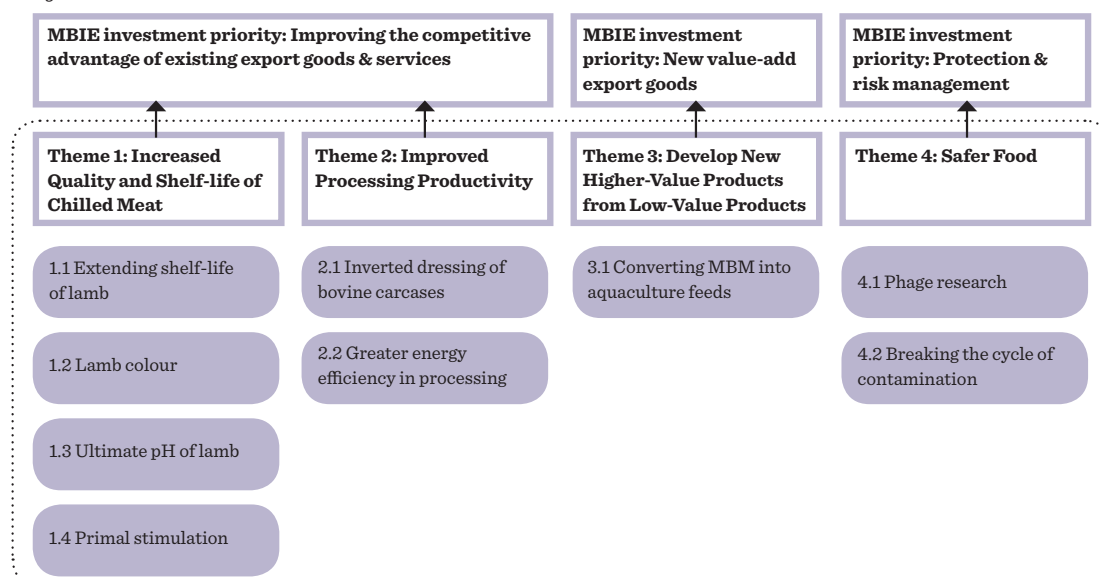
technologies that offer significant improvements in productivity. Automation of bovine processing using inverted dressing techniques at slaughter offers significant productivity potential. There are also considerable opportunities for greater energy efficiency in meat processing.

Research supported by the MIRIF will leverage what are relatively *low-value co-products into significantly higher-valued products*. For example, converting meat and bone meal (MBM) into feed for aquaculture offers significant benefits.

*Safer Food* is the driver for the fourth MIRIF theme. Currently, New Zealand exports more than \$900 million a year of beef to the US market - access that is dependent on being able to satisfy US customers and regulators that the meat exceeds their strict food safety requirements. Occupying a privileged food safety position in terms of access to the US beef market has significant flow-on effects in terms of being able to access other markets.

Rather than a single 'silver bullet', the MIRIF will constitute a number of different projects which can be realistically commercialised within 5-10 years. Each project in the fund will consist of a consortium of meat processing companies and research providers with a track record in meat industry innovation and the uptake of new technologies including AgResearch and Carne Technologies. Consortia must be of at least several investing processing companies to ensure that the benefits are spread across the industry rather than limited to a single company. Each consortium will match any MBIE funding on at least a 1-to-1 basis to ensure that companies are fully committed to the R&D and rapid commercialisation.

Diagram 1





### *MIRINZ Food Technology and Research Incorporated*

MIRINZ Inc is a MIA/B+LNZ Ltd research funding vehicle. MIA continues to take a leadership role in both the management and governance with management services (including legal, accounting and secretarial) supplied via a management services agreement. The MIA has two directors on the MIRINZ Inc board, Tim Ritchie and Colin Francis, who has retired and has been replaced by Tony Egan.

The MIA would like to take this opportunity to thank Colin for his time and contribution as a MIRINZ Inc director and Chairman.

Having invested in a range of technologies over a number of years, MIRINZ is now managing the IP to best advantage for the New Zealand Industry.

MIRINZ Inc continues to be used as an investment vehicle with investments in the following areas progressed during the 2012/13 year:

- Studies into inverted beef dressing
- Archiving of the old (pre 2000) MIRINZ reports

### *Ovine Automation Consortium*

The Ovine Automation Consortium, launched in 2009, is an ambitious (\$14.8 million over six years) initiative between nine meat companies, MIRINZ Inc (MIA/B+LNZ) and government that aims to bring about a step change in sheep processing efficiency through the use of automation.

The project brings together Alliance Group Limited, Silver Fern Farms Limited, ANZCO Foods Limited, Wilson Hellaby Limited, Crusader Meats NZ Limited, Taylor Preston Limited, Blue Sky Meats (NZ) Limited, Ovation NZ Limited and Progressive Meats Limited.



The Consortium is working with two research providers in developing the automation systems, Milmeq Ltd and Callaghan Innovation. In June, Callaghan Innovation and the Consortium won the Commercialisation Collaboration Award at the inaugural KiwiNet Research Commercialisation Awards. KiwiNet is a consortium of Universities, Crown Research Institutes and entities that seeks to increase the scale and impact of scientific and technology based innovation, with the aim of providing greater economic benefits to New Zealand.

Two systems, the auto evisceration and brisket cutting systems, have now been commercialised.

While momentum slowed slightly during the year due to the closure of ovine processing at Alliance Group's Maitua plant, which had been used as the development plant for a number of the new technologies, significant progress was made on the following systems being developed to remove the pelt from the carcass:

- Belly rip-down. A system to open the pelt from the brisket down to the crotch.
- Auto brisket roll. Technology that rolls the pelt back from the brisket.
- Combined leg and brisket roll. Technology that combines both the brisket roll function and the removal of the pelt from the forelegs.
- Sock splitting. A system that automatically splits the pelt down the back legs, reducing pressure on the pelt as it is removed from the carcass, while minimising contamination.
- Ultra-sonic Knife. A potential alternative technology for separating the pelt from the carcass using ultra-sonic cutting technology, with the aim of improving quality and operator safety.

It is planned the Consortium will bring a number of these technologies to market by the end of 2013.

### *Meat Research Fund*

MIA developed a model for meat industry investment in small, 'industry-good' innovation projects not of sufficient scale to justify establishment of stand-alone consortia. This small, 'pure industry-good' innovation mechanism is known as the Meat Research Fund (MRF).

The purpose of the MRF is to protect and enhance the profitability of MRF members, by commissioning research into and commercialising technologies that address meat quality, food safety, regulatory and worker welfare problems, as well as opportunities common across MRF members and considered to be 'industry-good' issues.

The MRF continues the work that has previously been undertaken by MIRINZ Inc. During the year the following syndicated projects progressed with year-two research following the success of the first year;

- Primal Stimulation Limited Partnership LP (Carne Technologies)
- Lamb Colour LP (AgResearch)
- Breaking the Life Cycle (AgResearch)

For these projects, MIA has secured Crown funding assistance from Callaghan Innovation and AgResearch. It is proposed to move the MRF projects into a partnership application with Ministry of Business Science and Innovation (see Meat Industry Research and Innovation Fund previously).

### *Industry Initiatives Fund*

The Industry Initiatives Fund supports whole of sector food safety and market access related research, and is jointly administered by MIA and the Ministry for Primary Industries. Current projects include: research into breaking the life cycle of E. coli O157:H7 and 'STEC7' bacteria; research into bacteriophages (phages are viruses which kill bacteria) for use as decontaminants; a chilled meat shelf-life bulletin; and research into high-frequency stunning.

### *Johnes Disease Research Consortium (JDRC)*

JDRC is an Unincorporated Joint Venture established in 2008 with a mandate to reduce the impact of Johnes' disease on-farm in New Zealand. The MIA sits as an observer on the Consortium board.

During the reporting period JDRC undertook a strategic review to evaluate the future role of the Consortium relevant to industry research priorities. The key outcomes of the review were:

- The establishment of an Expert Working Group (EWG) in 2013, initially as a sub-committee of JDRC; and
- Following the completion of current on-farm intervention studies, the disestablishment of the JDRC in 2016, with the EWG then acting as the primary vehicle for industry activity.

The conclusion was reached that, going forward, industry would benefit from the provision of technical information, rather than a body initiating further research. The EWG will be a pan-industry working party with its sole role being to act as an advisory body focused on providing expert review of technical information and scientific developments. The MIA Council endorsed the recommendations of the JDRC strategic review.

## MIA RENDERERS' GROUP

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

The Renderers' Group AGM was held in August 2012 in Hamilton. At the AGM the chairman highlighted the year's activity, including the market development project jointly funded by the Group and NZ Trade and Enterprise (NZTE), publication of the Industry Guidelines for Managing and Assessing Odour, a joint meeting with the Australian Renderers Association, training initiatives, quality, affiliations with other organisations and challenges for 2013.

Also at the AGM resignations were received from the executive from Neville Cross, Noel Dew and Nigel Lucas due to changes in their positions and responsibilities. Their contribution to the NZRG was acknowledged. Steve Dahlenburg, Matthew Spence and Stuart Taylor were elected to join Gordon Henderson (Deputy Chairman), Alan von Tunzelman and Geoff Young on the Executive. Two other meetings were held during the year which discussed matters such as:

- MPI verification of feed manufacturers with the ruminant protein regulations;
- Insoluble purities in tallow;
- Market access issues relating to Russia (access), Mexico (listings), EU (salmonella testing regime) and Thailand (specifications);
- Updates from the World Rendering Organisation and the Australian Renderers Association.

In April, New Zealand exporters of meat and bone meal (MBM) to Indonesia experienced problems obtaining the necessary import permits to enable clearance of the product at the Indonesian border. The problem was restricted to consignments that have avian and equine animal material included with ruminant based MBM.

After discussions between MPI, New Zealand Embassy officials and the Indonesian Director General of Animal Health, MPI advised that Indonesia would accept equine product but would not permit the import of avian product. This contravened an agreement made with the Indonesian authorities in 2007. MPI suspended the certification of all meals containing avian including feather meal. The Renderers' Group is disappointed that after five months, MPI has not been able to secure the resumption of trade.

During the year the Renderers' Group ran their second training workshop for experienced rendering operators, supervisors and suppliers to the industry. The workshop provided participants with in-depth knowledge of rendering and associated processes, and an opportunity to build networks with suppliers and others in the rendering industry.

The workshop provides an ideal opportunity for experienced/senior operators and supervisors to receive the core knowledge required for the National Certificate in Meat Processing (Rendering Level 4).

In 2011, the Renderers' Group obtained co-funding from NZTE for a market development project with the aim 'To increase the returns to New Zealand by selling rendered products into higher value applications and markets'.

Stage one of the project was successfully completed and identified there are considerable opportunities for New Zealand renderers to increase their returns and move up the value chain with the strongest opportunity being in aquafeeds.

Stage two of the project is progressing with a coalition of contributing members, with the objective of understanding what in-country capability exists to develop species-specific MBM formulations of aquafeed which will return increased profits to New Zealand renderers by acting as a high-value substitute for fish meal.

Plastic in raw material for rendering is an international problem. During the year the Renderers' Group together with Callaghan Innovation co-funded a scoping study to identify technologies that could be further investigated to reduce this problem.

The Renderers' Group is a member of the Fats and Proteins Research Foundation (FPRF) which is an international organisation that research into enhanced usage and development of new uses for rendered animal products. During the year the Renderers Group nominated and were successful in having Graham Shortland elected a Director of the FPRF Board and Mike North elected to the FPRF Research committee.



## HALAL SERVICES

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### *Slaughtermen Recruitment*

The New Zealand meat industry employs more than 200 halal slaughtermen during the processing season. MIA provides a service to participating processing members by assisting them in locating prospective New Zealand-based halal slaughtermen at the beginning of each season to fill any vacancies they may have.

A recruitment round was held in November 2012, with interviews taking place in Auckland, Hamilton, Wellington and Christchurch. Representatives from all certifying authorities and an industry representative interview candidates to assess their suitability from both a religious and work competency perspective. During this recruitment round 23 suitable candidates were found.

Even though the halal slaughtermen recruitment process has established itself as a robust and transparent model in the past few years, the small Muslim population in New Zealand means there are not sufficient halal slaughtermen available in New Zealand to fill all the positions, and industry does need to look outside New Zealand to ensure it has sufficient individuals available to undertake this important role.

In 2012/13, nearly half of the halal slaughtermen were overseas-based, and the Immigration section has highlighted the difficulties the industry has experienced in relation to the immigration arrangements for these individuals.

### *Halal Contract Management*

The MIA also coordinates contracts for halal approval and auditing services between Approved Halal Organisations (AHOs), the Federation of Islamic Associations of New Zealand, New Zealand Islamic Meat Management and Al Kauthar Halal Meat and Inspection, and participating processing member companies.

During the process of renewing these contracts during the year, MIA has been working to ensure that they properly reflect the requirements of the halal regulatory regime.

MIA also facilitated the contract between a new AHO, the New Zealand Islamic Development Trust, and processing companies.



## OVIS MANAGEMENT LIMITED

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

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

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

The company continues to promote education and awareness of *C. ovis* primarily to sheep farmers and dog owners in rural areas under the leadership of Project Manager, Dan Lynch.

### Prevalence Levels

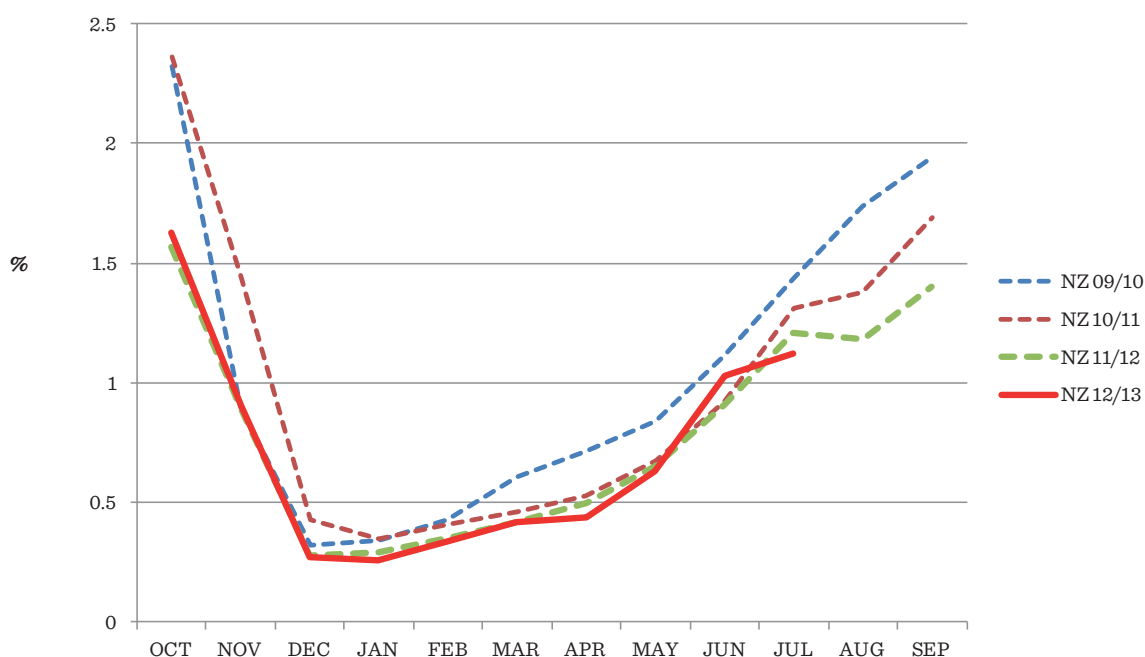
Prevalence data on sheep measles in lambs is provided to OML from 33 production plants throughout the country. As can be seen on the graph below the steady decline in prevalence has been maintained yet again with the national prevalence figure last season Oct 2011- Sept 2012 being 0.58 % compared to 0.64 % in the 2010/2011 year and 0.83 % the 2009/2010 year.

The decline in prevalence is due to a number of factors including:

- Industry ownership of the problem;
- Farmer ownership of responsibility for control;
- 4-weekly treatment of a high proportion of at risk dogs (treatment within the prepatent period of the parasite);
- The feeding of lesser quantities of sheepmeat to dogs, and
- The reduction of levels of infection in sheep resulting in a lesser risk to dogs which gain access to untreated meat.

OML encourages all farms to have an effective on farm programme that meets their needs, with dog treatment at the centre of their programme.

### NZ LAMB OVIS PREVALENCE OCT- SEPT



### Is there a risk of resistance to Praziquantel?

A cornerstone of sheep measles is monthly treatments of dogs with Praziquantel to prevent dogs shedding mature eggs.

Concern over developing resistance to anthelmintics has led to an increasing number of queries about the risk of resistance developing to praziquantel (PZQ). In response, OML commissioned Dr Bruce Simpson to carry out a review of science papers to see if any reports of resistance or concerns existed in relation to its use. His report concluded:

1. There is no evidence in New Zealand of *T. ovis* developing resistance to PZQ, despite its regular use in a high proportion of dogs for approximately 40 years.
2. Searches of the scientific literature have revealed no reports of PZQ resistance in cestodes and only one report of an investigation of a possible mechanism for development of such resistance.
3. The mechanism for activity of PZQ in cestodes is unknown.
4. Experimental studies indicate that enzymes required to metabolise PZQ are not present in the cestode (*Hymenolepis diminuta*), indicating that development of resistance through this process is unlikely in that species.
5. Whether the results from studies in (*Hymenolepis diminuta*) can be extended to *T. ovis* is unknown.

While no resistance is apparent OML is aware that, as with all drugs, there is a possibility of development of resistance. OML will keep alert to the possibility of resistance but will continue to promote monthly dog treatments as a key control option.

### Supplier Contact

OML seeks to create awareness and understanding of sheep measles amongst both farmers and dog owners, in particular those in rural areas.

An important part of the OML programme is contacting suppliers if their sheep measles prevalence levels exceed season thresholds. During the course of each season OML contacts such suppliers via mail at four monthly intervals. Last season 922 suppliers were contacted in this manner compared to 1,092 the previous year.

The thresholds have been developed to enable identification of farms likely to have, or have had, an infected dog present.

OML carries out farm visits to a number of the larger high prevalence properties each year. The visits provide an opportunity to have an in-depth discussion to identify risk factors which may be overlooked in day-to-day farm operations.

An increasingly used source of information for farmers and dog owners is the OML website ([sheepmeasles.co.nz](http://sheepmeasles.co.nz)). The website is being developed as a “one stop shop” for information on sheep measles. An FAQ section for farmers and dog owners is being added this year. A list of locations where praziquantel tablets can be obtained has also been added to assist people looking to purchase them if they are not a regular purchaser.

Among the freely available resources to farmers are restricted dog signs. They are placed by farmers mainly in locations accessed by the public. QR codes linking to the OML website are printed on the signs to enable access to additional information, by smartphone, for those encountering them. Website data shows 7% are originating from this source.

Each year OML attends major field days and a small number of A&P shows providing the opportunity to meet with farmers, review their prevalence and discuss control options. Other groups including those living in rural areas, such as rural contractors and hunters are also targeted at these events.

### Veterinary Contact

For the majority of farmers their veterinarian is their initial source of information regarding sheep measles. To ensure appropriate material is available OML distributes Veterinary Resource Packs to around 150 clinics throughout the country. The packs contain educational material and resources available to sheep farmers and dog owners.

Further support for clinics is by way of a newsletter emailed to 180 clinics and vets following the high prevalence mailouts. These updates contain local information that can be used in client newsletters.

### Johne's Management Ltd

OML has a service agreement to operate and maintain the Johne's Management Deer Database. This unique database receives information from each individual animal processed at the 14 current deer processing facilities across the country. This data allows research and a greater understanding of the impact and costs of the disease to individual farms and the deer industry.

OML and JML are working together to develop a low cost in-house database that will meet their needs in storage and management of processor data.





# AUDITOR'S REPORT

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## Independent auditor's report

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

#### Report on the Association and group financial statements

We have audited the accompanying financial statements of Meat Industry Association of New Zealand (Inc) ("the Association") and the group, comprising the Association and its subsidiaries, on pages 63 to 71. The financial statements comprise the statements of financial position as at 30 June 2013, the statements of comprehensive income and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information, for both the Association and the group.

#### *Councillors' responsibility for the Association and group financial statements*

The Councillors' are responsible for the preparation of Association and group financial statements in accordance with generally accepted accounting practice in New Zealand that give a true and fair view of the matters to which they relate, and for such internal control as the Councillors' determines is necessary to enable the preparation of Association and group 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 the Association and group financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Association and group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Association and group financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association and group's preparation of the financial statements that give a true and fair view of the matters to which they relate 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 Association and group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

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

Our firm has also provided other services to the Association and group in relation to taxation. Partners and employees of our firm may also deal with the Association and group on normal terms within the ordinary course of trading activities of the business of the Association and group. These matters have not impaired our independence as auditor of the Association and group. The firm has no other relationship with, or interest in, the Association and group.

#### *Opinion*

In our opinion the financial statements on pages 63 to 71:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the Association and the group as at 30 June 2013 and of the financial performance of the Association and the group for the year then ended.

23 August 2013  
Wellington

# FINANCIAL STATEMENTS

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The Councillors have pleasure in submitting the Annual Report of the Meat Industry Association of New Zealand (Inc) incorporating the financial statements and auditors report, for the year ended 30 June 2013. On behalf of the Council these financial statements were approved for issue on 23 August 2013.

|   |   |
|---|---|
| <br>Councillor<br>.....<br>23/8/13<br>Date | <br>Councillor<br>.....<br>23/8/13<br>Date |
|---|---|

### STATEMENT OF COMPREHENSIVE INCOME *for the year ended 30 June 2013*

|  |      | Group         |               | Association     |               |
|--|------|---------------|---------------|-----------------|---------------|
|  | Note | 2013          | 2012          | 2013            | 2012          |
|  |      | \$            | \$            | \$              | \$            |
| Operating revenue  |      | 2,197,952     | 2,161,689     | 1,834,462       | 1,827,644     |
| Operating expenditure                                      | 1    | 2,171,063     | 2,108,690     | 1,857,346       | 1,787,952     |
| <b>Operating surplus/(deficit) before other income</b>     |      | <b>26,889</b> | <b>52,999</b> | <b>(22,884)</b> | <b>39,692</b> |
| Other Income/(expense)                                     |      | -             | -             | -               | -             |
| <b>Operating surplus/(deficit) before financing income</b> |      | <b>26,889</b> | <b>52,999</b> | <b>(22,884)</b> | <b>39,692</b> |
| Financial income   |      | 15,197        | 13,856        | 11,512          | 10,882        |
| Financial expenses   |      | -             | -             | -               | -             |
| <b>Net financing income</b>                                | 2    | <b>15,197</b> | <b>13,856</b> | <b>11,512</b>   | <b>10,882</b> |
| Operating surplus/(deficit) before tax                     |      | 42,086        | 66,855        | (11,372)        | 50,574        |
| Income tax expense/(benefit)                               | 3    | -             | -             | -               | -             |
| <b>Net surplus/(deficit) for the year</b>                  |      | <b>42,086</b> | <b>66,855</b> | <b>(11,372)</b> | <b>50,574</b> |
| Other comprehensive income                                 |      | -             | -             | -               | -             |
| <b>Total comprehensive income for the year</b>             |      | <b>42,086</b> | <b>66,855</b> | <b>(11,372)</b> | <b>50,574</b> |

### STATEMENT OF CHANGES IN EQUITY *as at 30 June 2013*

|   |  | Group          |                | Association    |                |
|---|--|----------------|----------------|----------------|----------------|
|   |  | 2013           | 2012           | 2013           | 2012           |
|   |  | \$             | \$             | \$             | \$             |
| <b>Opening Balance</b>                  |  | <b>391,346</b> | <b>324,491</b> | <b>227,263</b> | <b>176,689</b> |
| Total comprehensive income for the year |  | 42,086         | 66,855         | (11,372)       | 50,574         |
| <b>Closing Balance</b>                  |  | <b>433,432</b> | <b>391,346</b> | <b>215,891</b> | <b>227,263</b> |



**BALANCE SHEET** *as at 30 June 2013*

|                                    |      | Group            |                  | Association      |                  |
|------------------------------------|------|------------------|------------------|------------------|------------------|
|                                    | Note | 2013             | 2012             | 2013             | 2012             |
|                                    |      | \$               | \$               | \$               | \$               |
| <b>Equity</b>                      |      |                  |                  |                  |                  |
| Accumulated funds                  |      | 433,432          | 391,346          | 215,891          | 227,263          |
| <b>Total Equity</b>                |      | <b>433,432</b>   | <b>391,346</b>   | <b>215,891</b>   | <b>227,263</b>   |
| <b>Represented by:</b>             |      |                  |                  |                  |                  |
| <b>Current assets</b>              |      |                  |                  |                  |                  |
| Cash and cash equivalents          | 4    | 680,960          | 725,880          | 452,400          | 555,195          |
| Trade and other receivables        | 5    | 590,795          | 477,081          | 567,596          | 456,288          |
| <b>Total current assets</b>        |      | <b>1,271,755</b> | <b>1,202,961</b> | <b>1,019,996</b> | <b>1,011,483</b> |
| <b>Current liabilities</b>         |      |                  |                  |                  |                  |
| Trade and other payables           | 6    | 542,413          | 619,740          | 502,845          | 576,417          |
| Employee benefits                  | 7    | 78,980           | 64,314           | 64,895           | 55,707           |
| Income in advance                  |      | 279,337          | 210,951          | 279,337          | 210,951          |
| <b>Total current liabilities</b>   |      | <b>900,730</b>   | <b>895,005</b>   | <b>847,077</b>   | <b>843,075</b>   |
| <b>Working capital</b>             |      | <b>371,025</b>   | <b>307,956</b>   | <b>172,919</b>   | <b>168,408</b>   |
| <b>Non current assets</b>          |      |                  |                  |                  |                  |
| Property, plant and equipment      | 8    | 81,388           | 90,696           | 61,953           | 66,551           |
| Intangibles (software)             | 9    | 4,796            | 2,638            | 4,796            | 2,248            |
| <b>Total non current assets</b>    |      | <b>86,184</b>    | <b>93,334</b>    | <b>66,749</b>    | <b>68,799</b>    |
| <b>Non current liability</b>       |      |                  |                  |                  |                  |
| Lease reinstatement provision      | 10   | 23,777           | 9,944            | 23,777           | 9,944            |
| <b>Total non current liability</b> |      | <b>23,777</b>    | <b>9,944</b>     | <b>23,777</b>    | <b>9,944</b>     |
| <b>Net Assets</b>                  |      | <b>433,432</b>   | <b>391,346</b>   | <b>215,891</b>   | <b>227,263</b>   |

## NOTES TO THE FINANCIAL STATEMENTS

Statement of significant accounting policies.

### i. Basis of reporting

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

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

The financial statements of the Association and Group are for the year ended 30 June 2013. The financial statements were authorised for issue by the directors on the 23 August 2013.

### ii. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), applying the Framework for Differential Reporting for entities adopting the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and its interpretations as appropriate to not for profit-orientated entities that qualify for and apply differential reporting concessions. The Group is a not for profit-orientated entity. The Group is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

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

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

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

### iii. Particular accounting policies

#### Principles of consolidation

The consolidated financial statements include the financial statements of the holding company the 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         | 25.2%    |
| Computer systems       | 10 - 48% |
| 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 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 Income Statement is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior periods.

No account is taken of deferred income tax.

**Revenue**

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

- b Revenue from services is recognised in the accounting period in which the services are rendered by reference to the stage of completion of the service contract.

- c Net financing income comprises of interest payable and interests received on call deposits and are recognised in the Statement of Comprehensive Income.

**Expenses**

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

**Employee Benefits****Long Service leave**

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

**1 Operating expenditure**

|  | <b>Group</b>     |                  | <b>Association</b> |                  |
|--|------------------|------------------|--------------------|------------------|
|  | <b>2013</b>      | <b>2012</b>      | <b>2013</b>        | <b>2012</b>      |
|  | \$               | \$               | \$                 | \$               |
| Amortisation of Intangibles (software) | 3,597            | 4,838            | 3,207              | 4,318            |
| Audit remuneration                     | 18,550           | 18,550           | 15,900             | 15,900           |
| Other professional services            | 7,195            | 5,683            | 5,945              | 4,083            |
| Contracts/consultants/projects         | 83,444           | 102,678          | 82,574             | 99,200           |
| Depreciation                           | 24,006           | 23,088           | 10,912             | 10,091           |
| Director's fees - Chairman             | 60,000           | 60,000           | 60,000             | 60,000           |
| Director's fees - Subsidiary Chairman  | 16,830           | 16,830           | -                  | -                |
| Director's fees - Subsidiary           | 2,000            | 1,500            | -                  | -                |
| Personnel expenses                     | 1,237,265        | 1,187,794        | 1,103,937          | 1,071,317        |
| Rental & leasing costs                 | 47,671           | 47,671           | 47,671             | 47,671           |
| Other operating expenses               | 670,505          | 640,058          | 527,200            | 475,372          |
| <b>Total operating expenditure</b>     | <b>2,171,063</b> | <b>2,108,690</b> | <b>1,857,346</b>   | <b>1,787,952</b> |

**Personal expenses**

|   | <b>Group</b>     |                  | <b>Association</b> |                  |
|---|------------------|------------------|--------------------|------------------|
|   | <b>2013</b>      | <b>2012</b>      | <b>2013</b>        | <b>2012</b>      |
|   | \$               | \$               | \$                 | \$               |
| Wages and salaries                                      | 1,222,599        | 1,192,050        | 1,094,749          | 1,065,396        |
| (Decrease)/Increase in liability for annual leave       | 13,782           | (5,130)          | 8,304              | 5,047            |
| (Decrease)/Increase in liability for long service leave | 884              | 874              | 884                | 874              |
| <b>Total personnel expenses</b>                         | <b>1,237,265</b> | <b>1,187,794</b> | <b>1,103,937</b>   | <b>1,071,317</b> |

**2 Net financing income**

|                             | <b>Group</b>  |               | <b>Association</b> |               |
|-----------------------------|---------------|---------------|--------------------|---------------|
|                             | <b>2013</b>   | <b>2012</b>   | <b>2013</b>        | <b>2012</b>   |
|                             | \$            | \$            | \$                 | \$            |
| Interest income             | 15,197        | 13,856        | 11,512             | 10,882        |
| Interest expense            | -             | -             | -                  | -             |
| <b>Net financing income</b> | <b>15,197</b> | <b>13,856</b> | <b>11,512</b>      | <b>10,882</b> |

**3 Taxation**

|   | <b>Group</b> |             | <b>Association</b> |             |
|---|--------------|-------------|--------------------|-------------|
|   | <b>2013</b>  | <b>2012</b> | <b>2013</b>        | <b>2012</b> |
|   | \$           | \$          | \$                 | \$          |
| <b>Reconciliation of effective tax rate</b>                       |              |             |                    |             |
| Operating surplus/(deficit) before tax                            | 42,086       | 66,855      | (11,372)           | 50,574      |
| Income tax using Company tax rate                                 | 11,784       | 18,719      | (3,184)            | 14,161      |
| Non-assessable income/non-deductible expenses at company tax rate | (25,599)     | (43,255)    | (27,022)           | (40,804)    |
|   | -            | -           | 5,105              | -           |
| Losses off set against subsidiary                                 | (11,286)     | -           | -                  | -           |
| Losses brought forward and utilised at Company tax rate           | (25,101)     | (24,536)    | (25,101)           | (26,643)    |
| Tax @ 28% (2011: 30%)   | -            | -           | -                  | -           |
| Prior year adjustment   | 25,101       | 24,536      | (25,101)           | 26,643      |
| Tax benefit of losses not recognised                              | -            | -           | -                  | -           |
| <b>Income tax expense/(benefit) per income statement</b>          |              |             |                    |             |

The Group has \$315,975 of tax losses to carry forward (2012: \$266,641). 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**

|                              | <b>Group</b>   |                | <b>Association</b> |                |
|------------------------------|----------------|----------------|--------------------|----------------|
|                              | <b>2013</b>    | <b>2012</b>    | <b>2013</b>        | <b>2012</b>    |
|                              | \$             | \$             | \$                 | \$             |
| Bank balances                | 68,349         | 172,203        | 39,403             | 150,920        |
| Call deposits                | 612,611        | 553,677        | 412,997            | 404,275        |
| <b>Balance as at 30 June</b> | <b>680,960</b> | <b>725,880</b> | <b>452,400</b>     | <b>555,195</b> |

**5 Trade and other receivables**

|                                      | <b>Group</b>   |                | <b>Association</b> |                |
|--------------------------------------|----------------|----------------|--------------------|----------------|
|                                      | <b>2013</b>    | <b>2012</b>    | <b>2013</b>        | <b>2012</b>    |
|                                      | \$             | \$             | \$                 | \$             |
| Trade receivables                    | 476,841        | 398,473        | 454,714            | 380,555        |
| Other Receivables and Prepayments    | 113,954        | 78,908         | 112,882            | 75,733         |
| <b>Balance as at 30 June</b>         | <b>590,795</b> | <b>477,081</b> | <b>567,596</b>     | <b>456,288</b> |
| Impairment loss deducted/(recovered) | -              | -              | -                  | -              |

**6 Trade and other payables**

|                              | <b>Group</b>   |                | <b>Association</b> |                |
|------------------------------|----------------|----------------|--------------------|----------------|
|                              | <b>2013</b>    | <b>2012</b>    | <b>2013</b>        | <b>2012</b>    |
|                              | \$             | \$             | \$                 | \$             |
| Trade Payables               | 391,629        | 424,435        | 357,310            | 386,875        |
| GST Payable                  | 20,409         | 24,129         | 19,073             | 22,730         |
| Halal Certification          | 106,057        | 148,673        | 106,057            | 148,673        |
| PAYE Payable                 | 24,318         | 22,503         | 20,405             | 18,139         |
| <b>Balance as at 30 June</b> | <b>542,413</b> | <b>619,740</b> | <b>502,845</b>     | <b>576,417</b> |

**7 Employee benefits**

|                                  | <b>Group</b>  |               | <b>Association</b> |               |
|----------------------------------|---------------|---------------|--------------------|---------------|
|                                  | <b>2013</b>   | <b>2012</b>   | <b>2013</b>        | <b>2012</b>   |
|                                  | \$            | \$            | \$                 | \$            |
| Liability for Annual Leave       | 71,468        | 57,686        | 57,383             | 49,079        |
| Liability for Long Service Leave | 7,512         | 6,628         | 7,512              | 6,628         |
| <b>Balance as at 30 June</b>     | <b>78,980</b> | <b>64,314</b> | <b>64,895</b>      | <b>55,707</b> |



## 8 Property, plant and equipment

|  |               | Group         |               | Association   |      |
|--|---------------|---------------|---------------|---------------|------|
|  |               | 2013          | 2012          | 2013          | 2012 |
|  |               | \$            | \$            | \$            | \$   |
| <b>Furniture and fittings</b>              |               |               |               |               |      |
| At cost                                    | 23,954        | 23,954        | 23,179        | 23,179        |      |
| Accumulated depreciation                   | 21,879        | 19,833        | 21,104        | 20,100        |      |
|  | 2,075         | 4,121         | 2,075         | 3,079         |      |
| Current year depreciation                  | 1,004         | 1,042         | 1,004         | 1,042         |      |
| <b>Leasehold improvements</b>              |               |               |               |               |      |
| At cost                                    | 73,499        | 73,499        | 73,499        | 73,499        |      |
| Accumulated depreciation                   | 20,065        | 13,891        | 20,065        | 13,891        |      |
|  | 53,434        | 59,608        | 53,434        | 59,608        |      |
| Current year depreciation                  | 6,174         | 6,174         | 6,174         | 6,174         |      |
| <b>Motor vehicles</b>                      |               |               |               |               |      |
| At cost                                    | 38,489        | 38,489        | -             | -             |      |
| Accumulated depreciation                   | 30,714        | 21,015        | -             | -             |      |
|  | 7,775         | 17,474        | -             | -             |      |
| Current year depreciation                  | 9,699         | 9,699         | -             | -             |      |
| <b>Computer hardware</b>                   |               |               |               |               |      |
| At cost                                    | 50,675        | 41,838        | 33,764        | 27,450        |      |
| Accumulated depreciation                   | 40,520        | 34,920        | 27,320        | 23,682        |      |
|  | 10,155        | 6,918         | 6,444         | 3,768         |      |
| Current year depreciation                  | 5,600         | 4,137         | 3,638         | 2,643         |      |
| <b>Office equipment</b>                    |               |               |               |               |      |
| At cost                                    | 87,264        | 81,403        | 21,066        | 21,066        |      |
| Accumulated depreciation                   | 58,249        | 77,786        | 21,066        | 20,970        |      |
|  | 7,949         | 3,617         | -             | 96            |      |
| Current year depreciation                  | 1,529         | 2,036         | 96            | 232           |      |
| <b>Total property, plant and equipment</b> |               |               |               |               |      |
| At cost                                    | 273,881       | 259,183       | 151,508       | 145,194       |      |
| Accumulated depreciation                   | 171,427       | 168,487       | 89,555        | 78,643        |      |
|  | <b>81,388</b> | <b>90,696</b> | <b>61,953</b> | <b>66,551</b> |      |
| Current year depreciation                  | 24,006        | 23,088        | 10,912        | 10,091        |      |

There is no impairment loss recognised during the year (2012: nil)

## 9 Intangible assets - Software

|  |                           | Group        |              | Association  |              |
|--|---------------------------|--------------|--------------|--------------|--------------|
|  |                           | 2013         | 2012         | 2013         | 2012         |
|  |                           | \$           | \$           | \$           | \$           |
|  | At cost                   | 41,206       | 35,451       | 39,906       | 34,151       |
|  | Accumulated amortisation  | 36,410       | 32,813       | 35,110       | 31,903       |
|  |                           | <b>4,796</b> | <b>2,638</b> | <b>4,796</b> | <b>2,248</b> |
|  | Current year amortisation | 3,597        | 4,838        | 3,207        | 4,318        |

## 10 Investments in subsidiaries

| Name of entity          | Principal activity  | % Interest held | % Interest held |
|-------------------------|---|-----------------|-----------------|
|                         |   | 2013            | 2012            |
| MIA Holdings Limited    | General Partner of Limited Partnerships undertaking applied industry research | 100             | 100             |
| Ovis Management Limited | Control of C. Ovis Cyst.  | 100             | 100             |

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

## 11 Lease reinstatement provision

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

## 12 Operating leases

Non-cancellable operating lease rentals are payable as follows:

|                         |   | Group          |                | Association    |                |
|-------------------------|---|----------------|----------------|----------------|----------------|
|                         |   | 2013           | 2012           | 2013           | 2012           |
|                         |   | \$             | \$             | \$             | \$             |
| <b>Operating leases</b> |   |                |                |                |                |
|                         | Not later than one year                           | 57,188         | 57,188         | 57,188         | 57,188         |
|                         | Later than one year and not later than five years | 157,267        | 214,455        | 157,267        | 214,455        |
|                         | Later than five years                             |                | -              |                | -              |
|                         | <b>Total</b>                                      | <b>214,455</b> | <b>271,643</b> | <b>214,455</b> | <b>271,643</b> |

**13 Capital commitments**

There are no capital commitments as at 30 June 2013 (2012: nil).

**14 Contingent liabilities**

There are no contingent liabilities outstanding as at 30 June 2013 (2012: nil).

**15 Related party information**

## i. Identity of related parties

The immediate holding entity is Meat Industry Association of New Zealand (Inc). All members of the group are considered to be related parties of Meat Industry Association of New Zealand (Inc). This includes the subsidiaries defined in note 10

In presenting the financial statements of the group, the effect of transactions and balances the subsidiaries and the holding entity have been eliminated

## ii. Related party transactions

Ovis Management Limited pays service fees of \$15,777 (2012: \$15,600) 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 \$4,271 (2012: \$5,167). This relates to service fee and office expenses paid by Meat Industry Association on Ovis Management Limited's behalf.

Meat Industry Association of New Zealand (Inc) provides management services to the four Limited Partnerships of which the Association's subsidiary, MIA Holdings Limited is the general partner. The Limited Partnership's have paid the Association service fees of \$7,296 (2012: \$37,905). As at year end, the Association has recognised a receivable from the Limited Partnership's for the amount of \$3,597 (2012: \$17,528), this relates to management service fee.

During the year ended 30 June 2013, Ovis Management Limited received fees and reimbursements from Johnes Management Limited in the amount of \$15,000 (2012: \$15,000).

## iii. Remuneration

Total remuneration is included in personnel expenses (see note 1).  
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 financial statements (2012: nil).

# PEOPLE

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## MIA COUNCIL

*WJ (Bill) Falconer*

Bill has been the Association's independent Chairman since 2000. Bill also represents the Association as a Director of Meat Biologics Consortium, Meat Biologics Research Ltd and a Trustee of the Food Innovation Training Trust.

*Tim Harrison*

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

*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.

*Fred Hellaby*

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

*Keith Cooper*

Keith is the Chief Executive of Silver Fern Farms Ltd and has been a Council member since February 2007.

*Craig Hickson*

Craig is the Managing Director of Progressive Meats Ltd and has been a Council member since 2003. Craig also represents the Association as a director on the Beef + Lamb New Zealand Ltd Board and New Zealand Meat Board.

*Grant Cuff*

Grant is the Chief Executive of the Alliance Group Ltd and has been a Council Member since 2004.

*Hamish Simson*

Hamish is the Chief Executive of AFFCO New Zealand Ltd and has been a Council member since February 2010.

*Tony Egan*

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

*Tim Ritchie*

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

*Simon Gatenby*

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



## MIA COUNCIL MEETINGS

The Meat Industry Association (MIA) Council held five ordinary meetings in the year ended 30 June 2013, in addition to the Annual General Meeting in September 2012. Attendance at the Council meetings held during the year is shown below.

| ★ = present | 4 Sep 2012          | 4 Dec 2012   | 12 Feb 2013    | 9 Apr 2013      | 11 Jun 2013      |
|-------------|---------------------|--------------|----------------|-----------------|------------------|
| WJ Falconer | ★                   | ★            | ★              | ★               | ★                |
| M Clarkson  | ★                   | ★            | ★              | ★               | ★                |
| K Cooper    | ★                   | ★            | Proxy: W Shaw  | Proxy: G Tyrell | ★                |
| G Cuff      | ★                   | ★            | ★              | ★               | Proxy: K Stevens |
| T Egan      | Proxy: J Vollebregt | ★            | Proxy: G Green | ★               | ★                |
| S Gatenby   | ★                   | ★            | ★              | ★               | Proxy: A Taylor  |
| T Harrison  | ★                   | ★            | ★              | ★               | ★                |
| F Hellaby   | Proxy: J Upton      | ★            | ★              | ★               | ★                |
| C Hickson   | ★                   | No proxy     | No proxy       | ★               | ★                |
| H Simson    | ★                   | Proxy: R Ogg | Proxy: R Ogg   | Proxy: R Ogg    | ★                |
| T Ritchie   | ★                   | ★            | ★              | ★               | ★                |

### *Annual General Meeting*

The Association's Annual General Meeting (AGM) was held in Wellington on 4 September 2012. Proceedings saw the unanimous adoption of the 2011 AGM minutes and the 2012 Annual Report, the motion to reappoint KPMG as the Association's auditor for the year ending 30 June 2013, and the election and confirmation of the MIA Council for the 2012/13 year.



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

### *Independent Chairman*

Bill Falconer

### *Association Council*

Mark Clarkson, Keith Cooper, Grant Cuff, Tony Egan, Simon Gatenby, Tim Harrison, Craig Hickson, Fred Hellaby, Hamish Simson

### **Association Directorships**

*American Chamber of Commerce in New Zealand:* Tim Ritchie

*Meat Biologics Consortium/Meat Biologics Research Ltd:*

Bill Falconer

*Beef + Lamb New Zealand Ltd/NZ Meat Board:* Craig Hickson,

Mark Clarkson

*NZITO:* Kerry Stevens, Carolyn Thomson

*Beef + Lamb New Zealand Inc:* Tim Ritchie

*New Zealand Shippers' Council:* Tim Ritchie

*Ovine Automation Ltd:* Tim Ritchie (Chairman)

*MIRINZ Inc:* Colin Francis (until (April 2013), Tony Egan (from April 2013), Tim Ritchie

*Food Innovation Training Trust:* Bill Falconer, Tim Ritchie

### **Wholly owned subsidiary Ovis Management Limited**

*Board:* Geoff Neilson (Chair until August 2012), Roger Barton (Chair from August 2012), Andy Dennis, Andrew Morrison, Tim Ritchie

*Staff:* Dan Lynch

### **Strategic Directions Group**

*Industry:* Tim Ritchie (Co-Chair), John Brader (replaced by Kerry Stevens from March 2013), Simon Gatenby, Gary Lindsay, Rowan Ogg, Neil Smith, Andrew McKenzie

*MPI:* Carol Barnao (Co-Chair), Steve Gilbert, Steve Hathaway, Tim Knox, Matthew Stone

### **Red Meat Strategy Coordination Group**

Bill Falconer (MIA chairman), Mike Petersen (B+LNZ chairman), Tim Ritchie (MIA chief executive), Scott Champion (B+LNZ chief executive), Paul Stocks (MAF deputy director general-policy, until early 2013), Deborah Roche (MPI deputy director general-policy, from February 2013), Graeme Milne (independent member until April 2013), and Katherine Rich (independent member)

### **Association Staff**

Tim Ritchie, Matt Conway, Dan Coup, Kevin Cresswell, Melissa Devine, (temporarily replaced by Jane Keef between December

2012 and August 2013), Paul Goldstone, Nadine King (until October 2012), Sarah Mann (from November 2012), Richard McColl, Michael Pran, Phil Houlding (from August 2013).

### *Sub-Groups and Committees*

#### **Technical Working Group**

The Technical Working Group is a large group containing representatives from all MIA members. (The *E.Coli* O157:H7 sub-group, the Livestock Transport Quality Assurance Working Group, and the Fat Claims Advisory Group have been consolidated into the Technical Working Group.)

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

Kerry Stevens (Chair), Mary Ann Davison, Jenny Sauer, Mike Rutherford, Peter Sugrue, Shane Fletcher, Carolyn Thompson, Paul Goldstone.

*NZITO:* Carl Ammon.

*ACC:* Barry Hislop.

*Ministry for Business, Innovation and Employment:*

Ona De Rooy.

*New Zealand Meatworkers Union:* Amanda Stephens

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

Bruce Rountree (Chairman), Alan von Tunzelman, Steve Dahlenberg, Matthew Spence, Stuart Taylor, Geoff Young, Gordon Henderson, Kevin Cresswell (MIA Representative)

#### **MIA Carcase Trim Standard Working Group**

Tony Egan (Chairman), John Brader, Phil Buck, Simon Gatenby, Fred Hellaby, Craig Hickson, Gary Lindsay, Rowan Ogg, Tim Ritchie, Kevin Cresswell

#### **MPI Peak Group for Sustainable Land Management and Climate Change**

Tim Ritchie



## MIA STAFF



*Tim Ritchie*  
Chief Executive



*Michael Pran*  
Accounting and Management  
Support



*Dan Coup*  
Trade and Economic Manager  
(Until July 2013)



*Melissa Devine*  
Executive Assistant to the Chief  
Executive and Chairman



*Richard McColl*  
Innovation Programme Manager



*Nadine King*  
In-House Counsel  
(until October 2012)



*Kevin Cresswell*  
Technical Executive



*Dan Lynch*  
Project Manager  
Ovis Management Ltd



*Matt Conway*  
Policy Analyst



*Paul Goldstone*  
Senior Advisor Strategy and Policy



*Phil Houlding*  
Trade and Economic Manager  
(from August 2013)



*Sarah Mann*  
Legal Counsel  
(from November 2012)

## MEMBERS OF THE ASSOCIATION

### Membership changes

In the year ended 30 June 2012, there was the following change to the Association membership:

- Garra International ceased to be a member
- Towers Thompson (New Zealand) ceased to be a member

|  |  |   |   |
|--|--|---|---|
| <b>Advance Marketing</b><br>P: (09) 307 3115<br>F: (09) 377 3141<br>PO Box 37 160<br>Parnell, Auckland 1151                | <b>Blue Sky Meats (NZ) Ltd</b><br>P: (03) 231 3421<br>F: (03) 231 3457<br>RD 1, Invercargill   | <b>Harrier Exports Ltd</b><br>P: (09) 369 5475<br>F: (09) 369 5480<br>PO Box 37921<br>Parnell, Auckland 1151  | <b>Silver Fern Farms Ltd</b><br>P: (03) 477 3980<br>F: (03) 474 1087<br>PO Box 941<br>Dunedin 9054                              |
| <b>AFFCO NZ Ltd</b><br>P: (07) 829 2888<br>F: (07) 829 2889<br>Private Bag 3301<br>Waikato Mail Centre<br>Hamilton 3240    | <b>Clover Export Ltd</b><br>P: (03) 208 7513<br>F: (03) 208 0496<br>PO Box 62<br>Gore 9740   | <b>Lanexco Ltd</b><br>P: (07) 578 1400<br>F: (07) 578 1500<br>PO Box 13096<br>Tauranga Central<br>Tauranga 3141                                     | <b>Tara Exports Ltd</b><br>P: (09) 625 4389<br>F: (09) 625 6047<br>PO Box 24 130<br>Royal Oak,<br>Auckland 1345                 |
| <b>Alliance Group Ltd</b><br>P: (03) 214 2700<br>F: (03) 214 2708<br>PO Box 845,<br>Invercargill 9840                      | <b>Columbia Exports Ltd</b><br>P: (09) 379 7161<br>F: (09) 307 0633<br>PO Box 2519<br>Shortland Street<br>Auckland 1140                    | <b>Lean Meats Oamaru Ltd</b><br>P: (03) 433 0078<br>F: (03) 437 0742<br>7 Redcastle Road<br>Oamaru 7400   | <b>Taylor Preston Limited</b><br>P: (04) 472 7987<br>F: (04) 471 1319<br>Private Bag 13 908<br>Johnsonville,<br>Wellington 6440 |
| <b>ANZCO Foods Ltd</b><br>P: (03) 358 2200<br>F: (03) 357 1770<br>PO Box 39 145<br>Harewood,<br>Christchurch 8545          | <b>Crusader Meats<br/>New Zealand Ltd</b><br>P: (07) 878 7077<br>F: (07) 878 7080<br>State Highway 30<br>Benneydale, RD 7<br>Te Kuiti 3987 | <b>Lowe Corporation Ltd</b><br>P: (06) 872 7700<br>F: (06) 872 7781<br>PO Box 444,<br>Hastings 4156   | <b>Te Kuiti Meat Processors<br/>Limited</b><br>P: (07) 878 6045<br>F: (07) 878 7787<br>PO Box 169,<br>Te Kuiti 3940             |
| <b>ANZPAC Foods</b><br>P: (09) 271 6022<br>F: (09) 271 6024<br>345 East Tamaki Road<br>Manukau,<br>Auckland 2013           | <b>Davmet New Zealand Ltd</b><br>P: (06) 835 8288<br>F: (06) 835 0300<br>PO Box 1149,<br>Napier 4140                                       | <b>Mathias International<br/>(Mathias Meats NZ Ltd)</b><br>P: (09) 356 8000<br>F: (09) 356 8001<br>PO Box 2109<br>Shortland Street<br>Auckland 1140 | <b>Universal Beef Packers Ltd</b><br>P: (07) 878 8926<br>F: (07) 878 8936<br>PO Box 408,<br>Te Kuiti 3941                       |
| <b>Auckland Meat Processors<br/>Ltd</b><br>P: (09) 276 0900<br>F: (09) 276 0986<br>PO Box 22 188<br>Otahuhu, Auckland 1640 | <b>Fern Ridge Ltd</b><br>P: (06) 834 3888<br>F: (06) 834 3886<br>PO Box 8948<br>Havelock North 4157  | <b>Ovation New Zealand Ltd</b><br>P: (06) 858 6390<br>F: (06) 858 8311<br>PO Box 504<br>Waipukurau 4242   |   |
| <b>Ballande New Zealand Ltd</b><br>P: (09) 638 9921<br>F: (09) 638 9941<br>PO Box 8986<br>Symonds Street,<br>Auckland 1150 | <b>Greenlea Premier Meats<br/>Ltd</b><br>P: (07) 957 8125<br>F: (07) 957 8126<br>PO Box 87<br>Waikato Mail Centre<br>Hamilton 3240         | <b>Progressive Meats Limited</b><br>P: (06) 873 9090<br>F: (06) 879 9176<br>PO Box 36,<br>Hastings 4156   |   |



## ASSOCIATE MEMBERS OF THE ASSOCIATION

### Membership changes

In the year ended 30 June 2012 there was the following change to the Association affiliate membership:

- Energy For Industry ceased to be an affiliate member

|   |   |  |  |
|---|---|--|--|
| <b>AgResearch</b><br>P: (07) 838 5576<br>F: (07) 838 5626<br>Private Bag 3123<br>Waikato Mail Centre<br>Hamilton 3240                 | <b>Hamburg-Sud<br/>New Zealand Ltd</b><br>P: (09) 377 3460<br>F: (09) 309 3003<br>PO Box 3551<br>Shortland Street<br>Auckland 1140        | <b>Oceanic Navigation<br/>Limited</b><br>P: (09) 377 1165<br>F: (09) 377 1167<br>PO Box 9454<br>Newmarket,<br>Auckland 1149      | <b>SCL Ltd</b><br>P: (09) 828 7080<br>F: (09) 828 7081<br>PO Box 45202<br>Te Atatu,<br>Auckland                              |
| <b>AON New Zealand Ltd</b><br>P: (04) 819 4000<br>F: (04) 819 4100<br>PO Box 2845<br>Wellington 6140                                  | <b>Hapag Lloyd<br/>(New Zealand) Ltd</b><br>P: (09) 488 3311<br>F: (09) 488 3322<br>PO Box 91536<br>Victoria Street West<br>Auckland 1142 | <b>Port of Napier</b><br>P: (06) 974 4400<br>F: (06) 974 4408<br>PO Box 947<br>Napier 4140                                       | <b>Vero Marine Insurance Ltd</b><br>P: (09) 363 2600<br>F: (06) 363 2601<br>PO Box 1759<br>Shortland Street<br>Auckland 1140 |
| <b>Bemis Flexible Packaging<br/>Australasia Ltd</b><br>P: (04) 232 0880<br>F: (04) 232 9726<br>PO Box 56 089<br>Tawa, Wellington 5249 | <b>Intralox Ltd</b><br>P: 0800 449 173<br>PO Box 50699<br>New Orleans, LA 70150-0699<br>United States of America                          | <b>Port Otago Ltd</b><br>P: (06) 472 7890<br>F: (06) 472 7891<br>PO Box 8<br>Port Chalmers 9050                                  | <b>Wallace Corporation Ltd</b><br>P: (07) 889 7095<br>F: (07) 889 5522<br>PO Box 12<br>Waitoa 3341                           |
| <b>CentrePort Wellington</b><br>P: (04) 495 3800<br>F: (04) 495 3820<br>PO Box 794<br>Wellington 6140                                 | <b>Jasol New Zealand</b><br>P: (09) 580 2105<br>F: (09) 571 4388<br>PO Box 11821<br>Ellerslie, Auckland 1542                              | <b>Pyramid Trucking Ltd</b><br>P: (09) 277 7885<br>F: (09) 277 7886<br>PO Box 76445<br>Auckland 2241                             |  |
| <b>Diversey New Zealand Ltd</b><br>P: (09) 278 2119<br>F: (09) 279 4286<br>PO Box 23 172<br>Hunters Corner<br>Manukau 2115            | <b>Maersk Line</b><br>P: 0800 Maersk (623775)<br>F: (09) 359 3488<br>PO Box 90 616<br>Victoria Street West<br>Auckland 1142               | <b>Sealed Air (New Zealand)</b><br>P: (04) 237 6069<br>F: (04) 237 9905<br>Cryovac Division<br>Private Bag 50901<br>Porirua 5240 |  |
| <b>Ecolab PTY Ltd</b><br>P: (07) 958 2333<br>F: (07) 958 2361<br>PO Box 10061<br>Te Rapa, Hamilton 3241                               | <b>Milmeq Ltd</b><br>P: (03) 477 7485<br>F: (03) 474 0466<br>PO Box 5070<br>Moray Place, Dunedin 9058                                     | <b>Scott Technology Ltd</b><br>P: (03) 478 8110<br>F: (03) 488 0657<br>Private Bag 1960<br>Dunedin 9054                          |  |

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