



**ANNUAL REPORT  
2022**



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# Chair and CEO Foreword

Two years ago, the Meat Industry Association (MIA) and Beef + Lamb New Zealand Ltd (B+LNZ) launched the Red Meat Sector Strategy, which refreshed our sector's goals for a vibrant and profitable New Zealand sheep and beef sector that excels for our people, animals and the environment.

It set out the critical priorities that our sector needs to focus on to achieve this goal. The strategy vision, "Growing Sustainable Value Together", captures succinctly three key priorities:

1. Growing the sector's profitability and value add,
2. Improving our sustainability credentials and environmental standing,
3. Working closely together in order to deliver for our sector and the communities we serve.

Following the launch of the strategy, our sector has faced a period of unprecedented disruption. In addition to the impact of the COVID-19 pandemic, the pace of regulatory and policy change has accelerated while we have also faced a shift in consumer attitudes and priorities.

Over the last year, some of the challenges we faced included increased costs, staff shortages and the ongoing logistics disruptions, which have impacted individual company revenues.

**Companies have continued to show their resilience as well as their ability to innovate and respond nimbly when challenges come their way.**

The impact of these challenges has been somewhat mitigated by very strong international demand and pricing for what we produce and export. 2021/22 was an exceptionally good year for red meat sector revenue, with the overall value of exports worth \$11 billion for the year, a 20 percent increase on 2020/21.

However, given the challenges, export volumes have been down five percent compared to last year and processors have not always been able to maximise carcass values. Strong global prices and a favourable New Zealand dollar have helped to mask the drop in volume and the impact of processing constraints and deliver the revenue values reported.

A significant proportion of this revenue, over \$4 billion, was generated from exports to China which have underpinned global prices for red meat, particularly beef. While China is a very significant market, diversification of markets and options remains a cornerstone of our sector. In 2021/22, the sector exported to 108 different markets around the world. While New Zealand meat exporters are very conscious of diversification, they cannot ignore the revenue that China is providing for their shareholders, their farmer suppliers and the wider New Zealand economy.

During the year, New Zealand finalised negotiations for Free Trade Agreements (FTAs) with two of the sector's most long-standing and important markets, the United Kingdom and the European Union (EU). While the FTA with the United Kingdom will ultimately lead to tariff and quota free access for all of the sector's exports into that market, the outcome of the FTA with the European Union was very disappointing for the sector, particularly for access for our beef.

We do recognise that the EU is protectionist and does not support free trade, which made for a challenging negotiation. Trade negotiators from the Ministry for Primary Industries (MPI) and the Ministry of Foreign Affairs and Trade (MFAT) deserve special mention for their tireless efforts. The EU deal does not provide the sector with meaningful new access into this important market, that could have allowed an increase in value of exports.

Domestically, the business and operating environment has been a significant focus for MIA during the year. There has been a growing collective awareness, concern and understanding of the need to respond meaningfully to the climate change challenge. This is being reflected through government policy and regulation, public discourse and consumer attitudes.

Every New Zealander is being asked to play their role, and as a consequence, consumers are now more discerning. They expect and demand a higher standard of care and commitment to environmental standards and our sector is no exception. There is a growing demand for sustainable products and consequently a notable shift in the way brands behave, produce, package and distribute products.

The good news is that New Zealand's red meat sector

is well placed to respond to these consumer drivers. We already lead the world in production efficiency and sustainability. The beef and lamb that we produce has some of the lowest carbon footprints in the world.

New Zealand is also world leading in efforts to account for emissions on farm, and also unique in trying to do so in partnership with the primary sector, through the initiative He Waka Eke Noa. Earlier this year, after several years of hard work and robust discussions, the primary sector (including MIA and B+LNZ) delivered a proposal to the government for a farm level levy that we believe incentivises real change that will result in meaningful emissions reductions.

We acknowledge there is always room for improvement. We may be ahead of some of our international competitors in terms of addressing environmental impacts and emissions, but we need to ensure we are continuing to improve and grow, using the best science and technology to improve our production systems (on farm and in processing) and reduce our footprint.

It is also important that we can clearly demonstrate the health and nutritional benefits of the meat that we produce. A key part of this work has been through the successful Pasture Raised Advantage Project, a research programme exploring the health and nutritional benefits of New Zealand pasture-raised beef and lamb, compared to grain-finished beef and plant-based alternatives, when eaten as part of a balanced diet.

Results from the research to-date have concluded that red meat is probably a better source of protein for the body than highly processed plant-based products that are promoted as meat alternatives.

The sector also invests in a range of other research projects, including automation on our processing plants. The sector is exploring the use of Artificial Intelligence to augment specific roles to increase efficiency and productivity. However, we still need our people to produce the wide range of cuts and products that we supply to customers around the world.

However, like many other New Zealand sectors we are struggling with a chronic workforce shortage. This shortage has wide ranging implications. It has an impact on the sector's revenue as it means that there are occasions when companies are not able to fully process and extract the maximum value from every carcass, but it also has an impact on workforce training, innovation and investment.

As well as the work that companies are doing themselves to attract and retain staff, MIA has been developing a Workforce Development Plan on behalf of the sector, demonstrating sector-wide commitment to growing meaningful employment opportunities, increasing diversity, capability, skills and qualifications of our people and promoting their health and wellness.

**While it has been another challenging year for the red meat sector, we have made some significant progress in achieving the goals of the Red Meat Sector Strategy. This Annual Report sets out the range of work our team has delivered and progressed.**

Finally, we would like to acknowledge the work of John Loughlin, who stepped down as MIA chair at the Red Meat Sector Conference in August. John was appointed chair in 2016 and during his time in the role he shepherded the industry through unprecedented challenges such as Covid-19 and New Zealand's drive to lead the world on agricultural emissions pricing. He played a key role in supporting the industry to work cohesively and contribute to the wider primary sector. John also oversaw the change in chief executives at the MIA and the establishment of a new team of talented individuals to support the industry during its next phase of evolution.

Nathan Guy was appointed as MIA Chair on 1 August 2022. Nathan is excited about his new role and looking forward to working closely with the Council and MIA on domestic and international issues and opportunities.



Nathan Guy, Chair



Sirma Karapeeva, CEO

# YEAR IN REVIEW



## Tim Ritchie



Tim Ritchie, chief executive of the Meat Industry Association from 2007-2020, passed away unexpectedly in December 2021.

Tim was from a farming family and graduated from Lincoln University with degrees in marketing and economics. His first job was in Treasury, but he moved on to the New Zealand Freezing Companies Association (the precursor of the Meat Industry Association) as their Secretary/Economist.

Tim went on to work in meat marketing in Europe and New Zealand, and as General Manager, P&O Containers, in New Zealand.

In the 1980s, he was appointed Managing Director of Advanced Foods of New Zealand (now Ovation). He held management positions with the Meat Board, and spent three years in Brussels advocating for New Zealand's red meat industry in Europe. He returned to take up senior roles at Meat & Wool New Zealand (now Beef + Lamb New Zealand).

In 2007, Tim was appointed as MIA chief executive. His very successful term as CEO saw MIA become an active and influential policy and advocacy body on behalf of the processing and exporting industry.

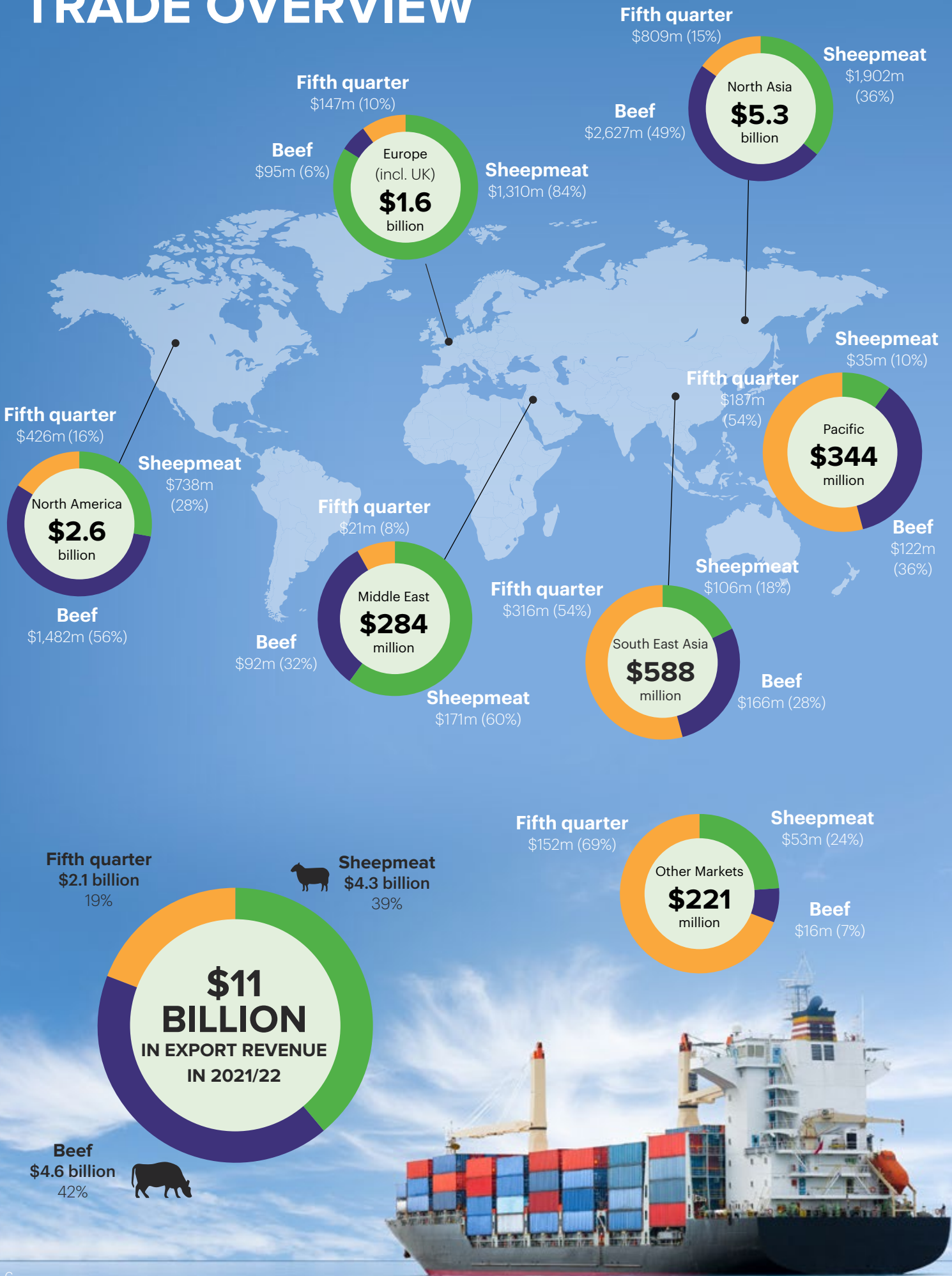
Tim was an architect of the Red Meat Sector Strategy in 2011 and developed a partnership approach for Government-industry policy.

Early on, Tim recognised the importance of China for the New Zealand red meat industry and he led the way in developing relationships with Chinese officials and businesses, including regular delegations to China. During this time, he also held a large number of governance positions for the meat processing and farming industry.

Tim juggled this prominent role as MIA chief executive with a close home life. Tim was married to Deb, and he was the extremely proud father of three children. He frequently travelled to his farm at White Rock Station in the Wairarapa.

**Tim was extremely highly regarded as a man who loved the sheep and beef industry and always believed that it had a great future. He was a man of tremendous integrity and always advocated from a principled position. His passing came as a shock and the industry will miss him greatly.**

# TRADE OVERVIEW







## Overall exports

2021/22 was an exceptionally good year for red meat sector revenue, with the overall value of exports worth \$11 billion for the year, which was a 20 percent increase on 2020/21<sup>1</sup>. The overall volume of exports was lower in 2021/22 compared to the previous year, so the increase in revenue was driven by high global meat prices.

China remained the sector's largest market, accounting for exports worth \$4.1 billion, or 37 percent of total sector revenue.

Even though the value of exports to China increased by 13 percent compared to 2020/21, its share of exports dropped from 40 percent in 2020/21, due to increases in the value of exports to other major markets in North America, North Asia and Europe.

The other major markets for the sector in 2021/22 were the United States at \$2.4 billion (up 27 percent from 2020/21), Japan at \$540 million (up 34 percent), the United Kingdom at \$502 million (up 20 percent) and the Netherlands at \$325 million (up 53 percent).

While overall export returns were exceptionally good during the year, the sector continued to face ongoing challenges such as increased costs, staff shortages and logistics disruptions, which affected individual company revenues.

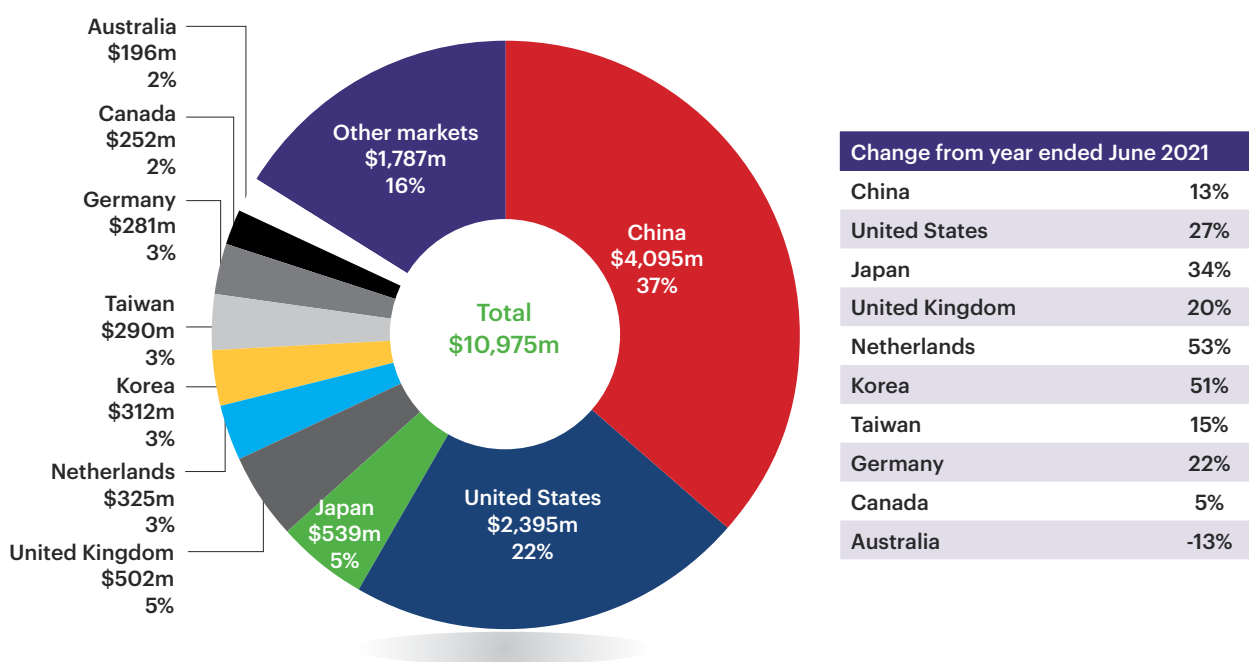
For example, there have been times during the year when many plants have not had enough staff available to fully process every carcass. This has meant that some products (such as offals) have been sent to be rendered rather than being saved for individual sale.

It is difficult to put an overall figure on this loss of value due to labour constraints but MIA understands that for example it has been up to \$200 per head for cattle at times during the year and MIA estimates that the overall loss of value for the industry due to staff shortages over the year has been up to \$600 million.

The ongoing logistics challenges have also had a significant impact on chilled sheepmeat exports to the sector's most distant markets in the United Kingdom and Europe. While prices for frozen product were very high during the year, companies were not able to recover the additional premium for chilled product because of these logistics challenges. The United Kingdom has traditionally been New Zealand's largest market for high valued chilled sheepmeat, but exports of chilled meat to the United Kingdom were the lowest that they have been for more than 20 years.

Despite these challenges, the sector still exported products to 108 different markets during the year.

**Top 10 overall red meat and co-product markets by value, 12 months ended 30 June 2022**



<sup>1</sup> Unless otherwise stated, all statistics are for the 12-month period ended 30 June 2022



## Beef

Beef was the standout category in 2021/22, with export volume up one percent to 484,769 tonnes, a new record for a June year. There was an even larger increase in the value of beef exports, up by 28 percent to \$4.6 billion for the year.

With the large increase in the overall value of beef exports, there was also a big increase in the average Free on Board (FoB) value<sup>2</sup> of beef exports in 2021/22, up to \$9.49 per kilo from \$7.46 per kilo the previous year.

This growth was largely driven by continuing demand for beef in China. The volume of New Zealand's beef exports to China grew by 12 percent to 210,224 tonnes and the value grew by 46 percent to \$1.9 billion. This was a record volume and value to China.

New Zealand was not the only exporter to benefit from China's demand for beef, with China importing 2.3 million tonnes of beef in total in 2021/22. A large proportion of these imports came from Brazil, but China also imported significant volumes of beef from Argentina and Uruguay. New Zealand was the fourth largest beef exporter to China behind the South American countries during the year, and ahead of Australia, which has been rebuilding its cattle herd and is also facing market access challenges into China.

With the increase in exports to China, there was a decline in the volume of exports to New Zealand's other major beef market, the United States, which was down 14 percent to 141,264 tonnes. However, because of the strong global beef prices, the value of exports to the United States increased by 11 percent to \$1.4 billion.

The drop in volume to the United States was also partly due to higher domestic beef production in the US, which has been driven by drought in major cattle-rearing areas.

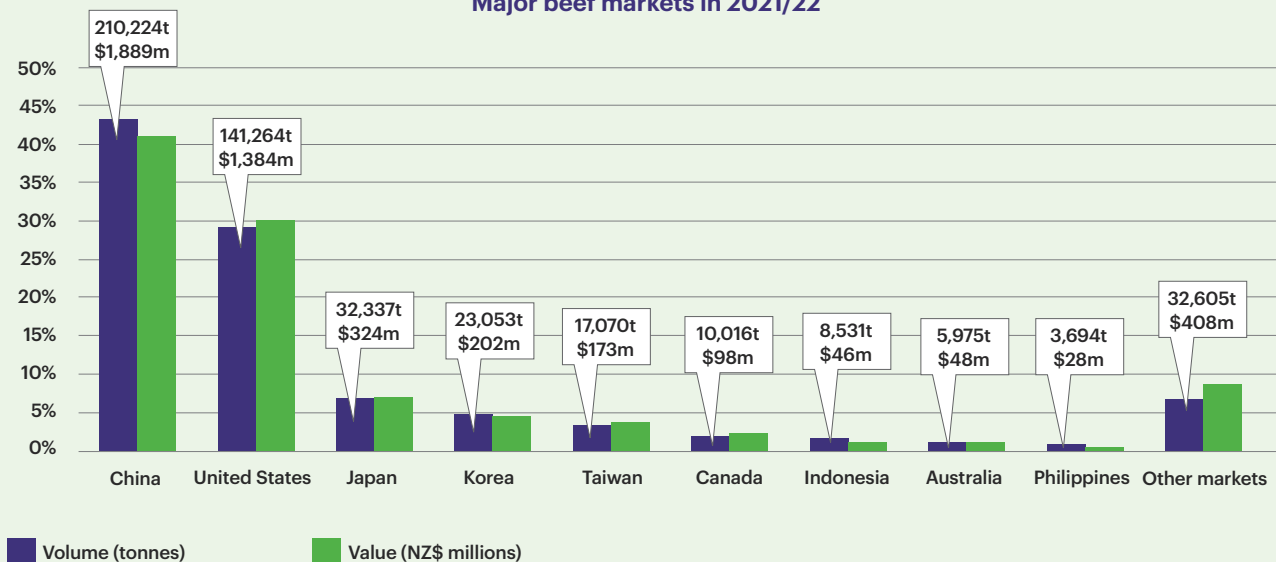
While 73 percent of New Zealand's beef exports went to China or the United States in 2021/22, there were also strong exports to the next three largest markets, Japan (\$324 million), Korea (\$202 million), and Taiwan (\$173 million).

Beef exports to Japan, in particular, have been growing steadily since the signing of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in 2018. In 2017/18, New Zealand's beef exports to Japan were 14,221 tonnes worth \$137 million and these have more than doubled to 32,337 tonnes worth \$324 million this year, highlighting the benefit of the CPTPP to the sector.

Chilled beef exports have not been as badly affected by the logistics disruptions as chilled sheepmeat exports, as chilled beef has a longer shelf life than chilled sheepmeat, and New Zealand's major markets for chilled beef have shorter transit times than the main markets for chilled sheepmeat.

The volume of chilled beef exports, 38,089 tonnes, was down only slightly (one percent) compared to last year's record volumes, and the value of chilled beef exports was up 19 percent to \$587 million. The major markets for chilled beef in 2021/22 were the United States (\$133 million), China (\$126 million) and Japan (\$97 million).

Major beef markets in 2021/22



<sup>2</sup>FoB value is the current market value of goods in the country of origin, including all costs necessary to get them on board the ship.



## Sheepmeat

The volume of sheepmeat exports in 2021/22 was 365,223 tonnes, down 10 percent from last year and the lowest volume of sheepmeat exports since 2011/12.

However, high prices for sheepmeat internationally meant that the value of exports increased by 12 percent in 2021/22 to \$4.3 billion, and the average FoB value for the year was \$11.82 per kilo, a 24 percent increase from 2020/21.

China remained the largest sheepmeat market, but both the volume and value of exports to China was down compared to last year. While China has continued to import large volumes of beef, imports of other meat, including sheepmeat and pork, declined during the year.

The drop in exports to China was made up for by increases in the volume and value of exports to other major markets in Europe and North America, in particular the United States.

Sheepmeat exports to the United States grew 18 percent by volume in 2021/22 to 32,475 tonnes and 62 percent by value to \$601 million. This was a record volume and value of exports to the United States.

Lamb is a high-end product in the United States, and this was reflected in the average FoB value of \$18.52 per kilo for the year, a 37 percent increase from the previous year.

While overall sheepmeat exports fared well during the year, the ongoing logistics disruptions had an impact on chilled sheepmeat exports, with only 41,910 tonnes exported in 2021/22. This was a drop of 22 percent compared to the previous year and the lowest annual volume of chilled exports for more than 20 years.

The main impact was on chilled exports to the United Kingdom, which were 52 percent lower than in 2020/21, at 7,196 tonnes for the year, and was the lowest volume of chilled exports to the United Kingdom in more than 20 years.

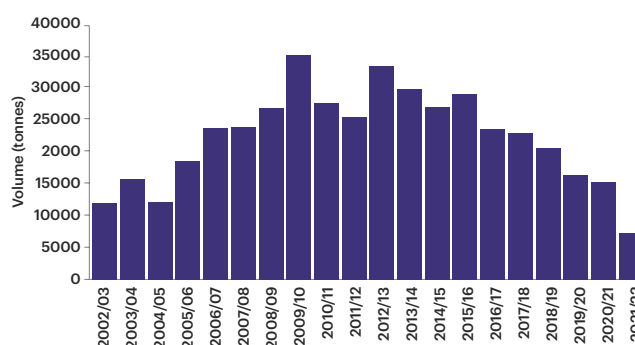
years. This was a significant drop in exports to what has traditionally been New Zealand's most valuable market for chilled sheepmeat.

This reflects the current challenges of shipping chilled meat halfway around the world, and the additional complications resulting from Brexit and not being able to easily move consignments across the channel if needed.

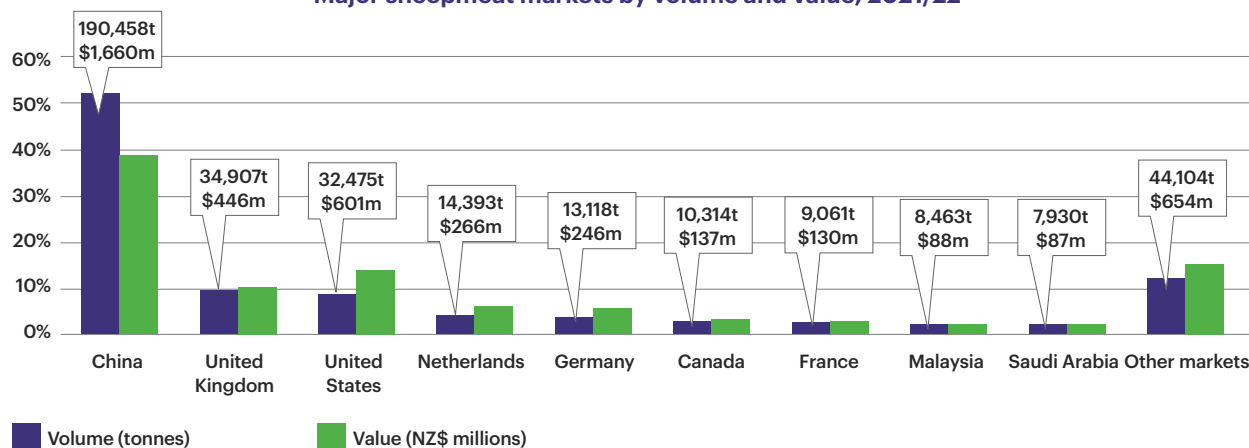
While there was a drop in the volume of chilled exports, high global prices for sheepmeat meant that the value increased by five percent, to \$798 million. The difficulties of shipping chilled product to the United Kingdom during the year and the strong demand in the United States meant that the United States overtook the United Kingdom as the largest market for chilled sheepmeat on an annual basis for the first time, taking 8,781 tonnes worth \$185 million during the year, compared to 7,196 tonnes worth \$103 million going to the United Kingdom.

The United States was the first country where the B+L+NZ Ltd Taste Pure Nature country of origin brand was launched, and the work that Taste Pure Nature has been doing during the year in conjunction with MIA member companies continues to build awareness and preference for New Zealand grass-fed red meat in the market.

Chilled sheepmeat exports to the UK



Major sheepmeat markets by volume and value, 2021/22





## The fifth quarter

The fifth quarter refers to all the parts of animal that are not meat. These products include bulk rendered products such as tallow and meal through to edible offals and high value ingredients for pharmaceutical use.

In the past MIA, has referred to these as co-products. However, this may give an impression that they are an ‘afterthought’ but given they make up 44 percent of animal’s live weight and are an important component of the revenue generated from every carcass, the fifth quarter provides a better description of their importance.

**Fifth quarter exports were worth \$2.1 billion in 2021/22. This was 19 percent of the total sector revenue for the year, and an increase of 24 percent on 2020/21.**

The major markets for fifth quarter exports in 2021/21 were China (\$547 million), the United States (\$409 million), Australia (\$147 million) and Indonesia (\$136 million).

The most valuable fifth quarter category in 2021/22 was casings and tripe, i.e. the stomachs and intestines of sheep and cattle. Exports of these products was worth \$374 million in 2021/22, a 19 percent increase on the previous year.

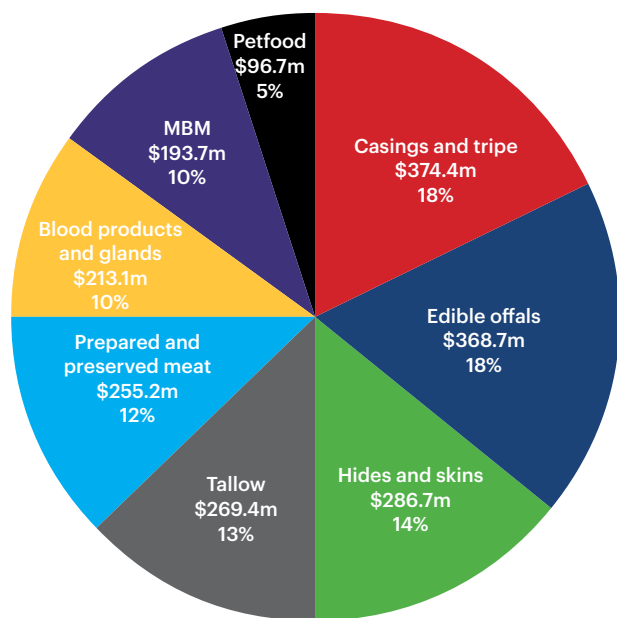
The major market for these products was China, which took 65 percent of exports (\$244 million) during the year.

Other important markets were Japan, Korea and Hong Kong. Tripe, in particular, has become a valuable product. Although the volume of tripe exports decreased by 18 percent during the year, there was an increase in the value, by five percent to \$180 million, and the average FoB value was up 28 percent to \$8.30 per kilo.

The next largest fifth quarter category, edible offals, also saw a drop in volume, down 13 percent to 55,483 tonnes. This partly reflects a smaller number of animals processed during the year, but is also partly a result of the staff shortages during the year which has meant that at times companies have not been able to save all the fifth quarter products during processing.

Exports of edible offals were worth \$369 million for the year, up 23 percent from 2020/21. The average FoB value of offal exports increased by 40 percent to \$6.63 per kilo, so there is a significant loss of revenue when products like offals and tripe are not able to be saved. As noted above, the overall loss of value from not being able to save these products such as offals has been up to \$600 million during the year.

**Fifth quarter exports by value,  
12 months ended 30 June 2022**



**The major markets for edible offals in 2021/22 were Japan (\$78 million), China (\$68 million) and the United States (\$47 million).**

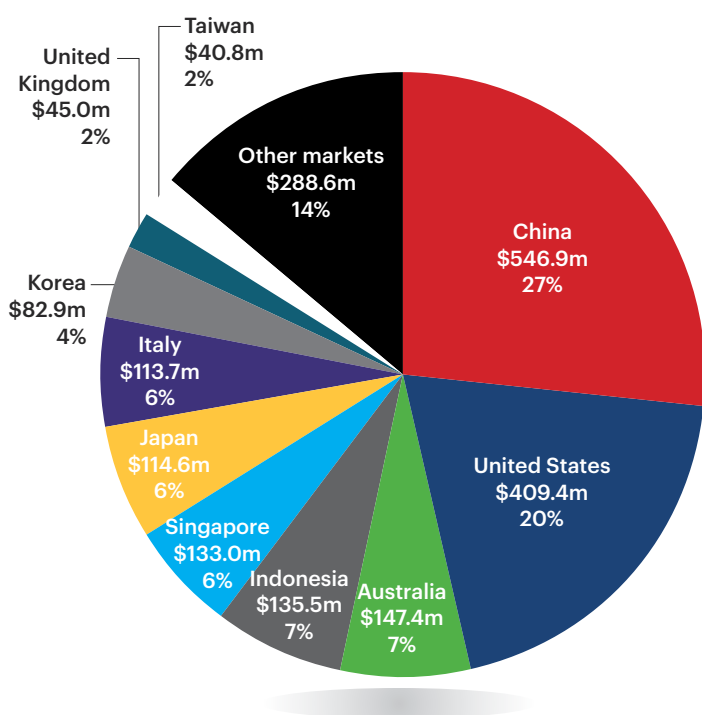
Another important fifth quarter category are beef hides and sheep pelts, which were worth \$287 million in 2021/22, a 49 percent increase on the previous year. This was largely due to a recovery in the two major markets, China (up 55 percent to \$125 million) and Italy (up 69 percent to \$100 million).

Other important fifth quarter categories include prepared meat products, which were worth \$255 million in 2021/22 (unchanged from 2020/21), blood products and glands for pharmaceutical use (up 23 percent to \$213 million), and petfood made from meat (down three percent to \$97 million).

### Rendered products

Any parts of a carcass that are not sold individually are sent to be rendered where they are turned into meat and bone meal (MBM) or tallow. As well as saving material from potentially being wasted, rendered products create an important additional revenue stream for the sector.

**Top 10 markets for the fifth quarter by value,  
12 months ended 30 June 2022**



New Zealand exported 163,28 tonnes of MBM in 2021/22, worth \$194 million (an increase of 19 percent on 2020/21).

New Zealand also exported 124,502 tonnes of tallow, worth \$269 million (an increase of 65 percent on 2020/21). The significant increase in the value of tallow exports is mainly due to an increase in tallow exports to the United States, worth \$139 million in 2021/22, and is providing good competition to Singapore where most of New Zealand's tallow exports have gone in recent years. Most of New Zealand's exports to these two markets are non-edible tallow, which is used for biofuels.

While some meat processing plants have rendering facilities attached, there are also independent rendering facilities and MIA has a Renderers Group that represents all producers and exporters of rendered products. During the year, the Renderers Group continued to work with MPI to maintain access into current markets, such as Indonesia for MBM, and improve access into new markets, such as the United States for tallow.

# Red Meat Sector Conference

## “Reinventing for Sustainable Value”

MIA and B+LNZ Ltd jointly hosted the Red Meat Sector Conference 2022 on Monday 1 August in Christchurch. The theme was “Reinventing for Sustainable Value”, recognising the growing collective awareness of a need to meaningfully respond to climate change and how this is being reflected in government policy and regulation, public discourse and consumer preferences. The conference programme was designed to encourage a discussion about “sustainable value” in terms of our environmental credentials and the consumer drivers demanding change, as well as the sector’s innovation, profitability and future.

The day before the conference, the Meat Business Women, together with MIA, B+LNZ Inc and B+LNZ Ltd, hosted a networking lunch as part of the programme. Over 60 women (and a few brave men!) working within the industry came together for a Master Class on “Leading through change”. Participants heard from Silver Fern Farm’s Chief Sustainability and Risk Officer Kate Beddoe, and Chief Financial Officer Vicki McColl about their experience and reflections on Silver Fern Farm’s strategic re-direction over the last few years and the move to a more sustainable future.

MIA also hosted 19 of our current MIA Scholars at the conference. The Scholars’ Workshop included presentations from Kyle Wehner from Silver Fern Farms Ltd and Arron Hoyle from BX Foods NZ talking about careers in the meat industry and product development.

Scholars undertook the great product concept challenge, where they were asked to design and create a brand for a new red meat-based product. Four impressive concepts were produced, that ranged from carbon friendly pet food, regenerative agriculture branded meat and a new meat patty including organ meat to improve nutritional value.

The winning concept, judged by Arron, Kyle and MIA CEO Sirma Karapeeva, was a tag for tracking carbon emissions for animals to support the ambition for a carbon positive red meat sector.

The conference itself had a packed programme of speakers across four sessions. The first session, titled “What does the future hold?” included a keynote address from Greg Smith, CEO of Bremworth and an innovation panel. Greg Smith’s presentation talked about the sustainability journey that Bremworth Carpets is on and

their strategic move to wool carpets. Greg reflected on the consumer drivers behind a more sustainable future and the process of repositioning the Bremworth brand to communicate the value and story.

The innovation panel included speakers from Spark 64, Australia Meat Processing Corporation and Gallagher Group where they talked about the role of AI, technology and innovation in improving efficiencies, productivity and helping to navigate challenges such as supply chains.

The second session was titled “Responding to Opportunities and Challenges”. The audience heard from an esteemed panel on the three big issues facing the red meat sector: labour, supply chains and economic uncertainty. The panel, facilitated by Catherine Beard (Business NZ), included Todd Charteris (CEO Rabobank), Kirk Hope (CEO Business NZ) and Todd Dawson (CEO Napier Port).

The second panel in the session focused on “Technology for climate change response” and included speakers Dr Sinead Leahy (NZAGRC) and Tim Edmonds (Simply Energy). Dr Leahy spoke about GHG mitigation through technology and some of the research currently being undertaken. Tim Edmonds focused on the opportunity for decarbonising process heat.

After lunch, session four focused on “Redefining Your Brand”. The audience heard from the Chair of the New Zealand Food and Grocery Council Mike Pretty about consumer drivers and trends in the retail sector. He provided insight into consumer spending and priorities, and some of the trends in consumer trends post Covid-19, including a greater focus on sustainability, wellness and convenience.

The audience then heard from Dr Frank Mitloehner (University of California Davis) about accounting for emissions and the different models of GWP100 and GWP\*.

The final session focused on “The Next Generation” and included a panel of young, up and coming leaders in the sector. The panel was set a question to discuss: “Is the sector doing enough to respond to climate change?”. They challenged the conference to be bolder, more inclusive of younger generations in leadership conversations and more inclusive of people and organisations outside of the industry as a means to get fresh thinking.




# The Red Meat Sector Strategy

An updated Red Meat Sector Strategy was launched in December 2020, refreshing our goals for a vibrant and profitable New Zealand sheep and beef sector that excels for our people, animals and the environment. The sector’s 2025 strategic priorities are set under three pillars:

- 1. Strategic Priority One: Market Position:** continue to grow the recognition of, and value from, our New Zealand pasture-based farm systems and the sustainable nutrition they create, all backed by robust assurance systems and evidence.
- 2. Strategic Priority Two: Innovation:** continue to invest, in partnership with the Government, in strategic projects to position the sector for the future. Investment in data and digital technology will be high priority.
- 3. Strategic Priority Three: Sustainability:** continue to invest in improving our environmental footprint and communicating progress to our consumers and the public.

This Annual Report highlights the range of work and initiatives that we have been progressing to deliver on the Red Meat Sector Strategy.

## Growing sustainable value together

OUTCOMES	Greater profitability, sustainability and resilience	Increased value for our customers and consumers	Greater social and economic benefits for Aotearoa	Enhanced integrity and reputation of the sector
2030 GOALS	<b>Sustainably profitable</b> Lift innovation, performance and productivity	<b>Premium value</b> Build a platform to create and capture value	<b>Vibrant communities</b> Provide economic growth and employment	<b>Trusted guardians</b> Guardianship of reputation, animals, water and land
2025 PRIORITIES	 <b>Market position</b> New market access Assurance Differentiation Product benefits and attributes	 <b>Innovation</b> Future processing plants Future farms Future products Data integration Traceability	 <b>Sustainability</b> People Reputation Environment Biosecurity Animal care	



# MARKET POSITION

**Market Position is Strategic Priority One of the Red Meat Sector Strategy 2020.**

The focus is to continue to grow the recognition of, and value from, our New Zealand pasture-based farm systems and the sustainable nutrition they create, all backed by robust assurance systems and evidence.



## Maintaining and Improving Market Access

As the red meat sector is export-focused, sending over 90 percent of what it produces to more than 100 countries, open and predictable access to a wide range of markets is vital.

A significant part of MIA's work is related to trade and market access. This work covers activities ranging from supporting the government in FTA negotiations through working with our member companies and the government on technical market access issues.

During 2021/21, much of MIA's market access work related to maintaining access into China and supporting the government in the negotiations for Free Trade Agreements (FTAs) with the United Kingdom and European Union.

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### China

In 2021/22, China was once again the sector's major market, accounting for 37 percent of exports worth \$4.1 billion.

Despite calls for New Zealand exporters to diversify and reduce their reliance on China, the ongoing demand for protein in China has provided significant export returns for the sector and the New Zealand economy over the last year.

New Zealand meat exporters are very conscious of being too reliant on one market, but they cannot ignore the revenue that China is providing for their shareholders, their farmer suppliers and the wider New Zealand economy.

While China does take a large proportion of the sector's exports, it is also important to emphasise the work that the New Zealand government and exporters have done over the last 20 years to open and develop new markets so that there is flexibility in case of disruptions in one particular market.

Although China has continued to provide significant revenue for the red meat sector, there are areas where access can be improved such as updated listings and new protocols for products such as processed meats. Unfortunately, progress on these issues continues to be slow due to Covid-19.

China's 'zero-Covid' policy and strict requirements for exporters of cold-chain products such as meat have created challenges for the processing companies.

However, MIA, MPI and the companies have all worked closely together to ensure that New Zealand meat being exported to China has complied with these requirements, and New Zealand has not experienced processing plant suspensions that have occurred in other countries.

There has been progress during the year on the MIA co-operation work with China, in particular the Meat Hygiene Co-operation Programme. This will involve New Zealand working with China in areas related to meat processing including, microbiological and chemical residue monitoring, and meat inspection training.

An initial meeting between the two sides took place at the beginning of March. The New Zealand representatives included MIA, MPI, AsureQuality, Silver Fern Farms, and on the Chinese side there were representatives from the Ministry of Agriculture and Rural Affairs' Slaughtering Technology Centre and Department of International Cooperation and from the China Meat Association (CMA).

MIA is working with MPI to finalise the terms of reference and the work programme for the year ahead. As part of the ongoing cooperation work, MIA will also be supporting the CMA conference in November, working with the New Zealand embassy in Beijing to ensure that New Zealand is represented at the conference both in-person and virtually.



## Free Trade Agreements

During the year, New Zealand finalised negotiations for FTAs with two of the sector's long-standing and important markets, the United Kingdom and the European Union.

Finalisation of these two agreements means that when they enter into force 73 percent of the sector's trade will be covered by FTAs.

While it is pleasing that these negotiations have finally concluded, the outcome for the red meat sector is very different in the two FTAs.



### United Kingdom FTA

In February, New Zealand signed a comprehensive FTA with the United Kingdom (UK) that will provide significant benefits for the red meat sector, particularly the increased access for New Zealand beef.

While New Zealand already has good access for sheepmeat into the UK through the WTO quota, access for beef is very limited and the FTA provides the sector with significant new access.

In the first year of the FTA, New Zealand will have a duty-free beef quota of 12,000 tonnes, significantly more than our current access. This will increase to 38,820 tonnes in year ten, after which beef exports will be tariff-free, although there will be a safeguard mechanism in place from years 11-15.

Based on 2021/22 export volumes, the potential tariff savings in the first year will range from \$2-\$5 million, which is a reasonably significant tariff saving for a relatively small export volume. Given that exports will increase with the new quota access, the actual value of the tariff savings will likely be much larger in the first year alone.

More importantly, the new beef quota provides commercially meaningful access into the market and will allow New Zealand exporters to develop longstanding relationships with customers for beef in the same way that they have done for sheepmeat.

However, there are some aspects of the FTA that are not ideal. For example, the requirement that 90 percent of the WTO sheepmeat quota is filled before exporters can access the new sheepmeat quota under the FTA is problematic. As value-added processed sheepmeat products have been included in the new FTA sheepmeat quota, they will likely miss out on any tariff savings until the 15-year transitional period has ended.

This is disappointing, but overall the UK FTA provides the red meat sector with very good access to the UK and will ultimately lead to tariff and quota free access for all of the sector's exports.

## European Union

While the UK FTA provides very good outcomes for the red meat sector, the European Union (EU) FTA concluded at the end of June was very disappointing for our sector.

While New Zealand has good access into the EU for sheepmeat through the WTO quota, the current access for beef is very limited with only a small WTO quota of 1,100 tonnes and very high out of quota tariffs of up to 50 percent.

In 2021/22, New Zealand exported 3,845 tonnes of beef to the EU. The significant volume of exports outside the quota highlights the value of the market, showing that importers are prepared to pay the high tariffs and that consumers are seeking out product with animal welfare and environmental credentials like New Zealand meat. The fact that the starting quota is less than New Zealand's current export volumes also puts in perspective the disappointing FTA outcome for beef.

The new quota starts at 3,333 tonnes when the agreement enters into force and rises to 10,000 tonnes after seven years.

As the new FTA quota is calculated on a carcass weight equivalent (CWE) basis, and 99 percent of New Zealand's beef exports to the EU are in boneless form, the actual useable quota volume on a product weight basis is even smaller, around 2,570 tonnes on entry into force rising to around 7,715 tonnes after seven years.

To put the new quota into perspective, it is less than two percent of New Zealand's annual beef exports and only equals around 0.2 percent of EU beef production and consumption.

The EU FTA was an opportunity to provide commercially meaningful access to an important market for high value products, and meet the European demand for sustainably produced, high quality and safe meat without providing any threat to domestic producers. But the limited beef quota does not allow for this.

**MIA understands that the negotiations were difficult and would like to thank the officials who have worked very hard to understand the sector's requirements and advocate for them in the negotiations.**

MIA would also like to acknowledge the very good outcomes on maintaining the Veterinary Agreement and the provisions on animal welfare, both of which will help to address any non-tariff barriers that arise.

However, MIA is disappointed that the New Zealand government agreed to sign a less than comprehensive FTA that does not provide the sector with meaningful new access into this important market, particularly at a time when the government is telling exporters that they must look to diversify export markets and increase value of exports. This was a significant lost opportunity to do exactly this.

### Other markets and market access

While MIA's focus during the year has largely been on China, Europe and the UK, work continued on maintaining and improving access into a range of other markets.

Much of this work related to halal processing which is a key part of the industry's business model. Nearly all New Zealand's export processing plants are approved to undertake halal processing, as it gives them the flexibility to export cuts from nearly every carcass to Muslim and non-Muslim customers around the world.

**Halal certified exports accounted for 44 percent of red meat and edible co-product exports by volume, worth around \$3.5 billion, in 2021/22. These halal-certified exports went to 64 countries during the year.**

However, halal processing can be complex as it involves additional religious requirements on top of the food safety requirements. Also, while the Codex

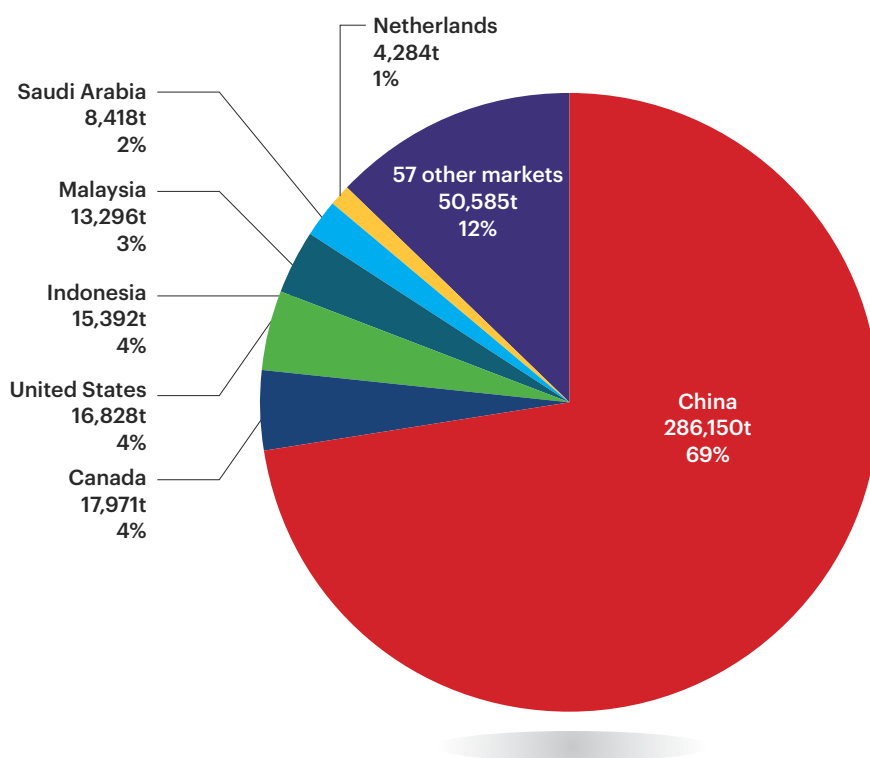
Alimentarius Commission (Codex) has established international standards for consumer health protection and international trade, there is no similar international standard for halal production and trade.

This means that halal requirements can vary significantly from country to country and can often change with very little notice. MIA and the processing companies work closely with MPI to resolve halal issues when they arise and to respond to concerns by overseas halal authorities.

During the year, this halal-related work has included managing new requirements for exporting to Egypt and ensuring that exports to Malaysia could continue if there were Covid-related staff shortages in Malaysian-listed plants, where there are additional staffing requirements.

Finding suitable halal staff, particularly halal butchers, is challenging for the industry as New Zealand has a very small pool of suitable domestic candidates. Appropriate immigration settings can help to address this challenge, and the work that MIA has been doing in this area is outlined further on in the report.

**Major markets for halal certified exports (volume, tonnes), 12 months ended 30 June 2022**



## New markets

As noted above, more than 73 percent of the red meat sector's trade will be covered by FTAs when the UK and EU FTAs enter into force, even if these FTAs do not provide full access for the sector into a market.

The red meat sector has been a strong supporter of the New Zealand government's focus on negotiating comprehensive, high-quality trade agreements. This approach has served New Zealand and the sector very well, delivering market access that has allowed the sector to diversify our exports, develop strong commercial relationships and grow markets around the world.

However, with an extensive network of FTAs behind us and a more challenging geo-political environment, it would appear that we are at a point of inflection. Beyond the delayed GCC-New Zealand FTA, there is not the same "pipeline" of FTAs under negotiation as there has been in the past and negotiations for comprehensive, high-quality agreements with trade partners such as the United States and India are likely to be difficult.

Furthermore, as the EU FTA has demonstrated, the New Zealand government appears to have moved away from

the principle of negotiating comprehensive FTAs and has been prepared to sacrifice sensitive items such as meat and dairy products in order to get a deal over the line.

For continued success in agreeing facilitative trade arrangements and opening doors to new (and existing) markets, the sector recognises that a new approach may be required. This may entail moving away from comprehensive deals to a more pragmatic model that sees "mini deals" concluded in order to bank the access that is politically possible and park really difficult issues for an ongoing work programme that, in slower time, expands access.

A new approach will also necessarily require a more concerted and resourced effort to address non-tariff barriers in markets where an FTA has been agreed but market access challenges remain.

Both aspects will require greater political investment from both government and industry to meaningfully build relationships, goodwill and understanding in order to facilitate conversations that deliver commercially significant outcomes.

## Differentiation

"Achieving in-market differentiation of our products based on our grass-fed advantage, quality attributes and New Zealand provenance"

MIA's work in this area is focused on research to ensure that New Zealand maintains its reputation for outstanding food safety and meat quality.

## Food Safety Science Research

MIA's investment in food safety science research continues through the New Zealand Food Safety Science Research Centre (NZFSSRC). MIA has been a member of the NZFSSRC, a virtual centre of excellence for Food Safety research in New Zealand, since 2015. Via its membership, both MIA and its members have access to co-funding for research projects and a seat on the NZFSSRC Industry Advisory Group.

In the past year, NZFSSRC supported projects have included:

- Ongoing monitoring of the literature and developments related to the risk of foodborne transmission of Covid-19. Version 7 of the Covid-19 review report was published in May 2022

and is available on both the [MIA](#) and [NZFSSRC](#) websites. There remains no evidence that food is a source or transmission route for SARS-CoV-2.

- Rollout of the revised Process Hygiene Index (PHI) model to industry. The updated model is now hosted on a secure network which can be accessed by MIA member companies.
- Review of recycled packaging, focusing on the risk to food safety from non-intentionally added substances, which increase with the number of times the cardboard and plastic packaging is reused. Reports from the review are available for members on the [MIA website](#).

## Emerging Risk Identification System (NZFSSRC)

In 2021, the NZFSSRC, with support from MIA and in collaboration with the dairy, horticulture, seafood, and poultry sectors, started a two-year trial, developing and implementing an Emerging Risk Identification System (ERIS) for New Zealand. The system carries out horizon scanning to identify new or changing risks that may impact food safety. The information provided through ERIS is aimed at supporting participating members to prioritise their food safety research and thus increase their ability to proactively protect consumers and market access.

The ERIS process begins with food safety risks being triaged by experts to identify issues of relevance for

food producers in New Zealand. For issues that are considered relevant, confidential briefing notes that provide a preliminary assessment of risk are prepared for the industry-based ERIS action group to review and decide on next steps. To date, just over 100 risks have been identified and added to the ERIS database, most of which require no further action, but are under a watching brief by the team.

Monthly updates from the ERIS are available to members on the [MIA website](#).

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## Meat Quality

As previously reported, a programme of work to investigate extending the shelf life of chilled lamb to 120 days has shown that a significant number of failures for naturally contaminated product held at -1.5°C are often due to the influence of minor less well-known pathogens such as Clostridia or Shewanella species. Meat quality R&D has been investigating the development of active packaging to extend shelf life and minimise spoilage

due to these pathogens by incorporating antimicrobial agents into coatings on plastic films. While some inhibition of spoilage has been observed with the chosen antimicrobials, coating technology is not sufficiently developed to produce films that are robust enough to hold and deliver the active material to the product over extended periods.



## Smarter Hurdles Technology (MIA Innovation Limited)

It is well known that treatments (or “interventions”) currently used to remove bacterial contamination from carcasses are not 100 percent effective and do not completely remove all the bacteria from the surface of the meat. A programme of work has been underway since 2019 to:

- Explore if it is possible to achieve 100 percent kill of bacteria using known treatments
- Identify the best set of treatments (“hurdles”) to minimise bacterial contamination
- Investigate the mechanisms that makes bacteria resistant to treatment

This study has found that working in laboratory settings with pure cultures of bacteria, it is possible to reduce bacterial counts to zero by using back-to-back treatments. The order of those treatments is critical for achieving maximum effectiveness. Understanding the science behind the process, by identifying the genes involved, has helped to achieve this result.

In 2022, work has focused on transferring these laboratory findings to treatment of carcasses, where results can be harder to replicate. Preliminary indications are that there may be some promise in using back-to-back treatments for maximum reduction of bacterial counts on carcasses. Further work is needed to confirm this finding in an industrial setting.

## Nutritional Science - Pasture Raised Advantage

The Pasture Raised Advantage (PRA) is a \$2 million research programme exploring the health and nutritional benefits of New Zealand pasture-raised beef and lamb, compared to grain-finished beef and plant-based alternatives, when eaten as part of a balanced diet. The research aims to provide robust scientific data about the benefits of including pasture-raised meat in the diet, to provide a counterpoint to data in the scientific literature focused on grain-raised production systems. The research team includes experts from the University of Auckland, AgResearch, Massey University, Riddet Institute and the University of Otago.

Initial laboratory studies using advanced methods to analyse the products clearly showed differences in the composition of varying meat cuts and between pasture versus grain production systems. The work confirmed that an animal's diet influences the nutrients found in meat, particularly the fats. Pasture-raised meat tends to have higher levels of fats that are more beneficial for health than grain-finished meat. Researchers also saw significant differences between meat and the plant-based alternative used in the study, where the composition of the highly processed plant-based alternative reflected the ingredients it was made from and tended to be poorly digested when compared to meat.

### The final two stages of the research, two human clinical trials, are now largely complete.

The first clinical trial, run in late 2020, included thirty participants aged 20-34 years who were fed breakfast on four different days and their blood, digestive symptoms and mood monitored for four hours immediately following the meal. Breakfast was a burrito that contained a single serving of a different protein each day; pasture-raised beef, grain-finished beef, lamb and a plant-based alternative - served in random order to each participant across the four days.

The first significant publication of results from the clinical trial appeared in the international journal "Current Developments in Nutrition" in June 2022. Significant differences were seen in the type and amounts of amino acids that come from the digestion of the protein of red meat compared to the protein of the processed meat alternative. The amino acids from red meat were of greater biological value and better absorbed by the body



than those from the plant-based alternative. Researchers have concluded that red meat is probably a better source of protein for the body than highly processed plant-based products that are promoted as meat alternatives.

The second clinical trial, looking at the longer-term impacts of eating a diet that includes moderate amounts of red meat, finished collecting samples from participants in June 2022. Over 10 weeks, 80 participants followed either a flexitarian diet containing pasture-raised beef and lamb or a vegetarian diet that included various plant-based alternatives. In addition to chemical and blood measurements for nutrients, researchers used a dietary app to collect food diaries and monitored the impact of the diets on physical responses in the body, such as weight, sleep and exercise. They also monitored psychological and well-being factors such as mood and satisfaction to understand the full impact of the diet on an individual's health.

This is the first clinical trial of its kind to compare the effects of flexitarian and vegetarian lifestyles on a range of outcomes of people's health and wellbeing. Researchers are hoping it will fill some gaps in understanding about the nutritional value of pasture-raised red meat in a balanced diet.

Results from this trial are due in late 2022-early 2023.

This work was jointly funded by MIA Innovation Ltd and B+LNZ Ltd, with support from High-Value Nutrition National Science Challenge, and the Ministry of Business, Innovation and Employment.

**Further information is available on the MIA and B+LNZ websites.**



### STAGE 1:

November 2019 - November 2020

Deep dive nutritional analysis of the foods including lipidomics, metabolites and potential bioactives of emerging importance led by Dr. Emma Bermingham of AgResearch

STAGE  
01

### STAGE 3

February 2020 - September 2021

Examine how the nutrients from a meal comprising the contrasting foods are absorbed and utilised by the body in males aged 20-34 years led by Dr Andrea Braakhuis of the University of Auckland.

STAGE  
03

### STAGE 2:

November 2019 - March 2021

Advanced analysis on how these contrasting foods are digested by the body led by Dr Mike Boland and Dr Lovedeep Kaur of the Riddet Institute.

STAGE  
02

STAGE  
04

### STAGE 4

November 2020 - November 2022

A 12 week clinical trial observing the impact on health and well-being outcomes of 40 couples aged 20-34 years eating meals with the contrasting foods led by Dr Andrea Braakhuis of the University of Auckland.



# INNOVATION

A woman wearing a white lab coat and a yellow hard hat is shown in profile, looking down and to the right. She is holding a black flashlight in her right hand, which is illuminated. The background is dark and textured, possibly a cave or a laboratory setting. The overall lighting is dim, with the flashlight providing a focused beam of light.

## **Innovation is Strategic Priority Two of the 2020 Red Meat Sector Strategy.**

New Zealand is a world leader in on-farm and processing plant technologies, which underpin the success of the sector. The focus is to continue to invest, in partnership with the Government, in strategic projects to position the sector for the future.

The meat industry's consistent record of investment in R&D over many years, has produced innovative approaches and methods to maintain the sector's competitive edge in global markets. Significant levels of funding and in-kind contributions to collaborative projects from industry and government partnerships have added value to the industry in the areas of product safety and integrity, the development of new products, increasing automation and processing efficiencies and improving compliance and animal welfare.

With the accelerating pace of technological and scientific advancement across the globe, the emergence of new technologies and information that can be developed or adapted to support growth of the red meat processing sector continues to grow. That knowledge and technology has the power to improve market position, yield, productivity, and profitability for meat processors.

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## MIA Innovation Limited

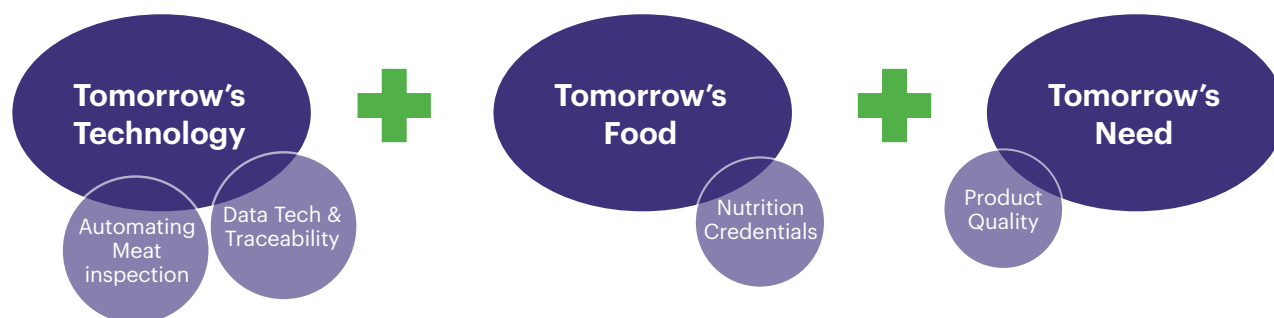
MIA Innovation Limited, the research arm of MIA, is responsible for the bulk of the MIA's science-based R&D investment. The entity was established in 2015 to manage a cohesive, coordinated programme of sustained investment in collaborative R&D to drive sector growth. Its portfolio includes research in meat quality, processing technologies, food safety and nutrition projects.

The \$8.4 million eight-year R&D programme was undertaken with support from industry and government, with 50-50 government co-funding for the Meat Industry Research and Innovation Fund (MIRIF) Partnership

programme from the Ministry of Business, Innovation and Employment (MBIE). That research programme ends in December 2022.

With that research programme drawing to a close, a new programme of R&D, the Tomorrow Programme, has been developed by MIA Innovation as the platform for a renewed programme of coordinated investment in R&D, to ensure the goals of the Sector Strategy are met. The plan contains new science for the sector, but also builds on and incorporates learnings from the MIRIF.

## Tomorrow Programme



The Tomorrow Programme describes a seven-year investment plan for collaborative Research and Development (R&D) for the red meat processing sector. The plan seeks to position industry so that all processors can capture the benefits of incorporating new red meat science and emerging technologies into their businesses, raising the overall position of the sector, while providing a platform which individual companies can customise

and build technology solutions upon. The plan outlines a pathway of R&D to support the implementation of that vision.

Following a consultation process with industry, the plan has been endorsed by the MIA Council. MIA Innovation is now working with stakeholders to refine the plan and secure funding to implement the research in 2023.

## Exoskeletons

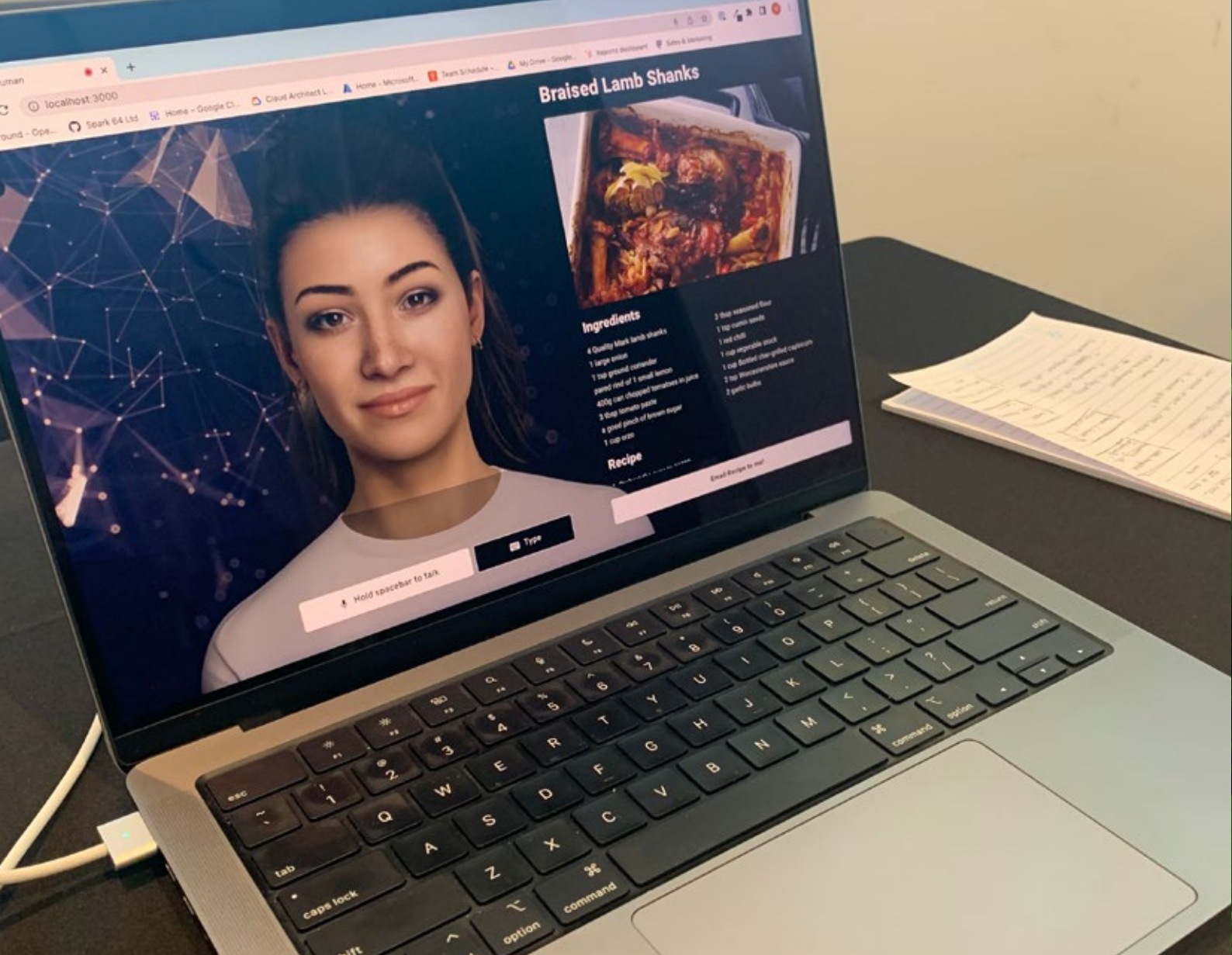
Exoskeletons are wearable technology designed to reduce musculoskeletal stress and fatigue on workers, particularly those undertaking repetitive or stressful activities such as lifting heavy weights or working at height. The technology has been imagined since the late 1960's but only recently deployed in industry, such as automotive, machinery, construction, and aerospace industries, to improve health and safety and worker efficiencies. The technology is still relatively new to food processing.

MIA has been working with Alliance Group and Silver Fern Farms to investigate the utility of exoskeletons as a processing aid for meat workers. Most of the focus of the project has been on the companies engaging with workers about the acceptability of suits. The trial has found that the model of exoskeletons looked at have the potential to aid workers, but only for selected tasks. When applied to the right task, there were noted drops in musculoskeletal stress measurements for users. However, there were tasks for which the suits were not suitable. These exoskeletons are designed for tasks where upward support is needed, with little side to side motion, which is not how a meat worker generally operates. The suits were also found to be too bulky to work comfortably in tight working spaces prevalent on meat processing production lines. As a



result, these models are unlikely to be deployed by meat processors for routine operations.

While this particular design of exoskeleton is not suitable, exoskeleton technology is still in its infancy for production environments and it is expected that the next generation of suits will have addressed these design issues, potentially making the technology a viable solution for aiding workers on meat processing lines. MIA Innovation continues to monitor these developments.



## Artificial Intelligence

The power of Artificial Intelligence was on display at the 2022 Red Meat Sector Conference in Christchurch, on the MIA-B+LNZ Ltd Technology stand, where Spark64 demonstrated a prototype “digital human”, trained to answer questions about red meat and recipes.

A key project within the Tomorrow Programme is the use of artificial intelligence to augment or assist in identifying common visual defects on carcasses and offal during meat inspection processes. Work is expected to begin in this project in 2023, with preliminary R&D plans currently under review. As a first step to understanding this technology MIA Innovation engaged Spark64, a NZ-based emerging technology company, to build and train a first-generation AI system to recognise five specific cuts of lamb on a conveyor belt using go-pro cameras. Work to improve the accuracy of the AI has been delayed in 2022 due to Covid-19 preventing access to processing plants to gain the necessary training data for the system, but we anticipate the accuracy of the prototype to improve once this work is complete.

# SUSTAINABILITY

**The three pillars of economic, social and environmental sustainability together form Strategic Priority Three of the 2020 Red Meat Sector Strategy.**

MIA has been active across all three areas during the year.



## People

“Growing meaningful employment opportunities, increasing diversity, capability, skills and qualifications of our people and promoting their health and wellness.”



**23,812**

Employed in meat manufacturing

### Development of the workforce into the future

The most common challenge faced across all New Zealand sectors today is access to a workforce with the right skill set. New Zealand’s increasing urban and aging population, partnered with changing attitude towards work, are all contributing factors for the challenges in attracting and retaining talent. Changing consumer demands, emphasis on value-added products, a higher degree of automation and general advances in technology are all increasing the demand for higher skill or specialist skill set. Competition for labour is intense, with low unemployment, closed borders, the immigration reset and Covid-19 recovery, all culminating in the chronic workforce shortage evident today.

Individual businesses have done a lot to address workforce challenges. We are continuing to build on this momentum and together we will achieve greater outcomes in partnership with government agencies. MIA has been developing a Workforce Development Plan on behalf of the sector, demonstrating a sector-wide commitment to meeting the Sector Strategy goal.

### The priorities of the plan are:

1. Understand and articulate the workforce needs and trends, these are defined across short-, medium-and long-term horizons.
2. Attract a diverse workforce.
3. Develop capabilities and increase access to training for all employees.
4. Transition the sector to become more agile in adopting modern workplace practices to increase retention and diversity.
5. Increase the sector’s ability to adopt workforce innovations and tools of tomorrow.

This will be a collaborative journey, an adaptive response to the current and emerging sector workforce needs. Detail of the targeted and sector specific actions are in draft now. The vision for a sustainable and skilled workforce will inspire and empower our people, who in turn will create returns in productivity value for individual companies, the sector as a whole and our communities.

Growing meaningful employment opportunities, increasing diversity, capability, skills and qualifications of our people and promoting their health and wellness.



## Industry Training

Prior to the impact of Covid-19, New Zealand meat processors trained 5,000 workers per year, with an 83 percent pass rate. However, numerous factors have resulted in a significant reduction with engagement in formal training and qualifications. The system of training delivery, time away from the production line to complete theory content and the requirement of assessment verification by third parties, have demonstrated that the

nature of delivery needs to change to be more flexible and accessible to employees.

MIA is working with PrimaryITO and Hanga Aro Rau to ensure that service delivery from vocational education bodies continues to improve post Reform of Vocation Education (RoVE).

## MIA Scholarship Programme



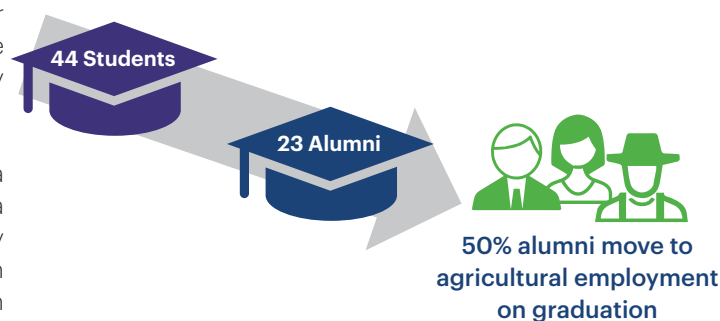
In 2018, MIA established the MIA Scholarships Fund with the support of a grant from the Food Industry Training Trust (FITT). In its four years of operation, the scholars fund has supported 44 students, 21 of whom are currently enrolled. Of the 23 who have graduated, at least half of those students gained employment within meat companies or related agricultural roles immediately following their scholarship. The students come from a wide range of disciplines, from engineering and science to international marketing, commerce, law, process design and industrial innovation.

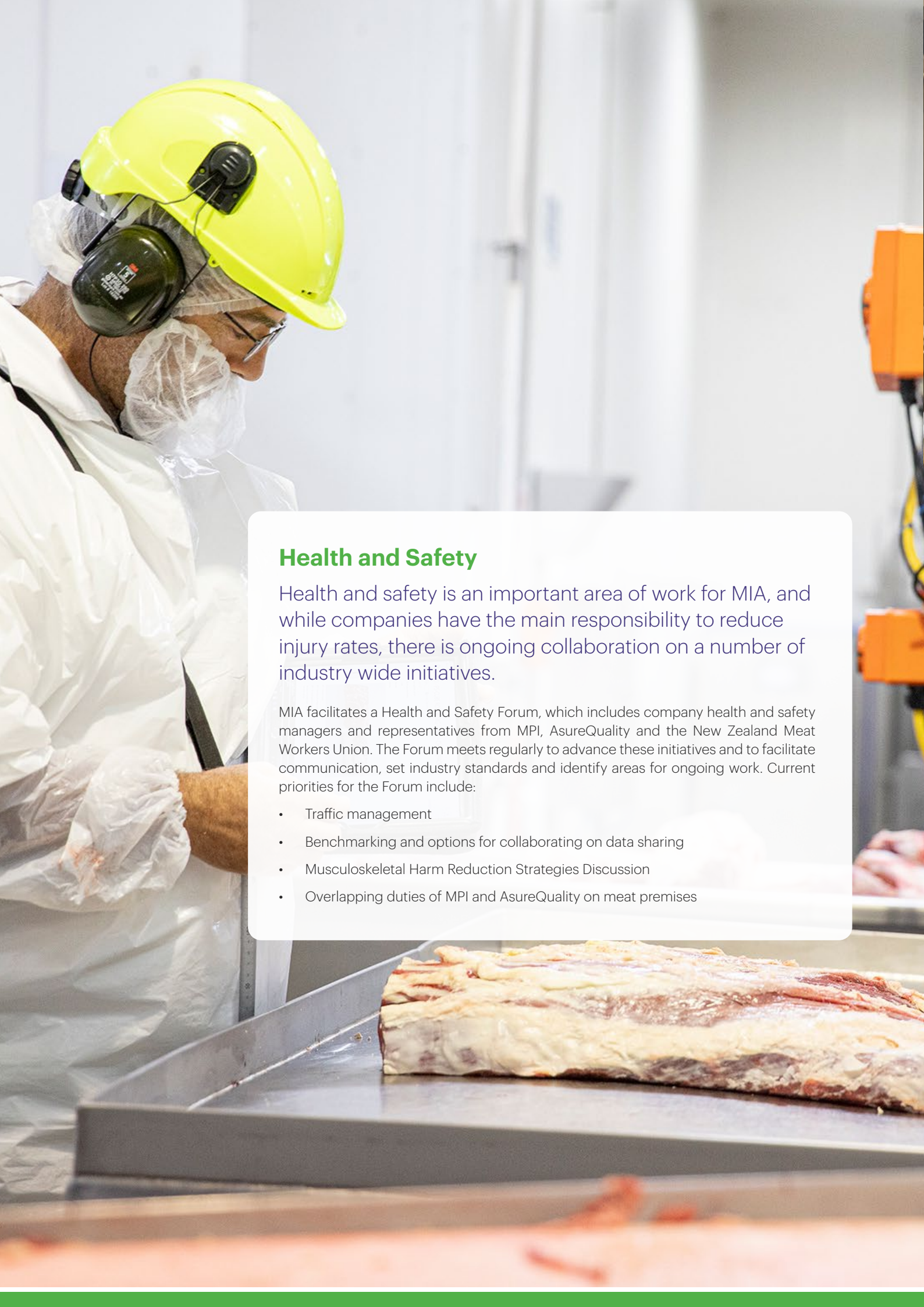
With targeted promotion of the scholars' programme from MIA and word-of-mouth promotion from scholars themselves, the scheme has become increasingly popular and now attracts over 40 applicants per year. The calibre of applicants has been exceptional, both academically and in their extracurricular activities.

The scholarship package for students includes a mentoring programme. This programme is building a community around the scholars, providing opportunity for engaging not only with each other, but also with industry leaders and other experts. In 2022, MIA again

hosted the current scholars at the Red Meat Sector Conference in Christchurch where they participated in their own workshop before attending the conference.

Feedback about the programme from the current students and alumni has been consistently positive. The scholarship and relationships established through mentoring programme are often credited by the students with providing direction and motivation to seek a career in the processing sector. Testimonials from both past and present students are available on the MIA website highlighting the value of the scheme for supporting the introduction of talent into the industry.





## Health and Safety

Health and safety is an important area of work for MIA, and while companies have the main responsibility to reduce injury rates, there is ongoing collaboration on a number of industry wide initiatives.

MIA facilitates a Health and Safety Forum, which includes company health and safety managers and representatives from MPI, AsureQuality and the New Zealand Meat Workers Union. The Forum meets regularly to advance these initiatives and to facilitate communication, set industry standards and identify areas for ongoing work. Current priorities for the Forum include:

- Traffic management
- Benchmarking and options for collaborating on data sharing
- Musculoskeletal Harm Reduction Strategies Discussion
- Overlapping duties of MPI and AsureQuality on meat premises





## Immigration

Labour shortages are still an ongoing issue for the meat industry, like many other sectors in New Zealand.

Immigration can play a part in addressing labour shortages, and the Government has assisted the industry by various visa extensions such as the granting of the 2021 Resident Visa, guidance on how piece rates may be used to calculate pay rates for visas and a border exception for 650 meat processing workers. All 650 places were taken up by red meat processors, which highlights the labour shortage in the meat industry.

It is unclear how the 2021 Resident Visa will impact upon labour supply in the coming years because once those migrants become residents, they may choose to change their employer, industry or location.

The shortage of domestic halal butchers remains an ongoing challenge for the meat industry. In the last financial year, halal processing added approximately \$3.5 billion of value and halal certified products made up 44 percent of total exports by volume. The meat industry will continue to lobby for a specific visa for halal butchers, given their importance to the whole meat industry.

As part of the industry efforts to recruit halal butchers, in July 2022 MIA organised recruitment and training of suitable candidates in Fiji to take up roles in New Zealand.

The meat industry welcomes the Government's new Accredited Employer Work Visa (AEWV) that commenced in July 2022, as well as the re-opening of the border that will allow the grant of working holiday visas again and implementation of the industry sector agreement.

### Industry Sector Agreement

In August 2022, the Government announced the new industry sector agreement to access up to 320 migrant workers each year for entry-level red meat processing roles at \$24.00 per hour. This will be replaced with a Pacific labour mobility programme from October 2024.

Migrants taking up these places will receive seven-month visas and the wage threshold will be updated each year to reflect changes in the median wage to maintain its relative value (that is, 86 percent of the median wage).

In return, the Government may expect the industry to attract and retain more domestic workers, retain, train and upskill domestic workers and invest in technology. The industry is already committed to training and employing New Zealanders first and works closely with the Ministry for Social Development and regional agencies to recruit people from local communities to work in plants.

MIA is working with MBIE and MPI to design and implement the allocation system for the places.

## Reputation

“Strengthening New Zealanders’ trust in, and connection with, the red meat sector.”

### Trust and Reputation

Within the sustainability pillar of the 2020 Red Meat Sector Strategy, “strengthening New Zealanders’ trust, and connection with the red meat sector” is a key strategic priority.

MIA, B+LNZ Ltd and B+LNZ Inc have worked closely together to gather market intelligence and develop a strategy which aims to regain the social license to operate as a sector. We propose doing this through utilising consumer insights to create a multi-faceted marketing and communications strategy that targets a specific consumer group and is underpinned by a programme of activities and messages that are consistent, cohesive and targeted.

This will involve assessing current activities and tweaking them to ensure they support this strategic focus, but it will also include new initiatives that will provide consumers with the information and messaging that allows them to feel confident in their choice to eat beef and lamb.



## Sheep and Beef Sector Economic Contribution

**92,000**

New Zealand jobs



**10%**

Taranaki Manawatu/  
Whanganui regional  
economy & employment



**4.7%**

of total national employment



**12%**

Otago & Southland regional  
economy & employment



**\$4.6b**

in household income



Nearly **\$12b**  
in industry value added





# ENVIRONMENT

“Enhancing the sector’s environmental position  
in New Zealand and globally.”

## He Waka Eke Noa

New Zealand meat processors and exporters are committed to He Waka Eke Noa (HWEN) - the Primary Sector Climate Action Partnership and are working constructively with all HWEN partners to achieve our common goal. The programme has been a major priority for MIA during the year to ensure we have the right policy settings to help us get the best returns for the sector through a pricing system that demonstrates to New Zealanders and to our global customers our commitment to producing environmentally-sustainable red meat.

Avoiding the ETS and putting in place a permanent and credible price on farm emissions that minimises costs is critical. A credible HWEN pricing and reporting system will also buttress the work on trust and reputation and will back our story with science and modern farm management practices.

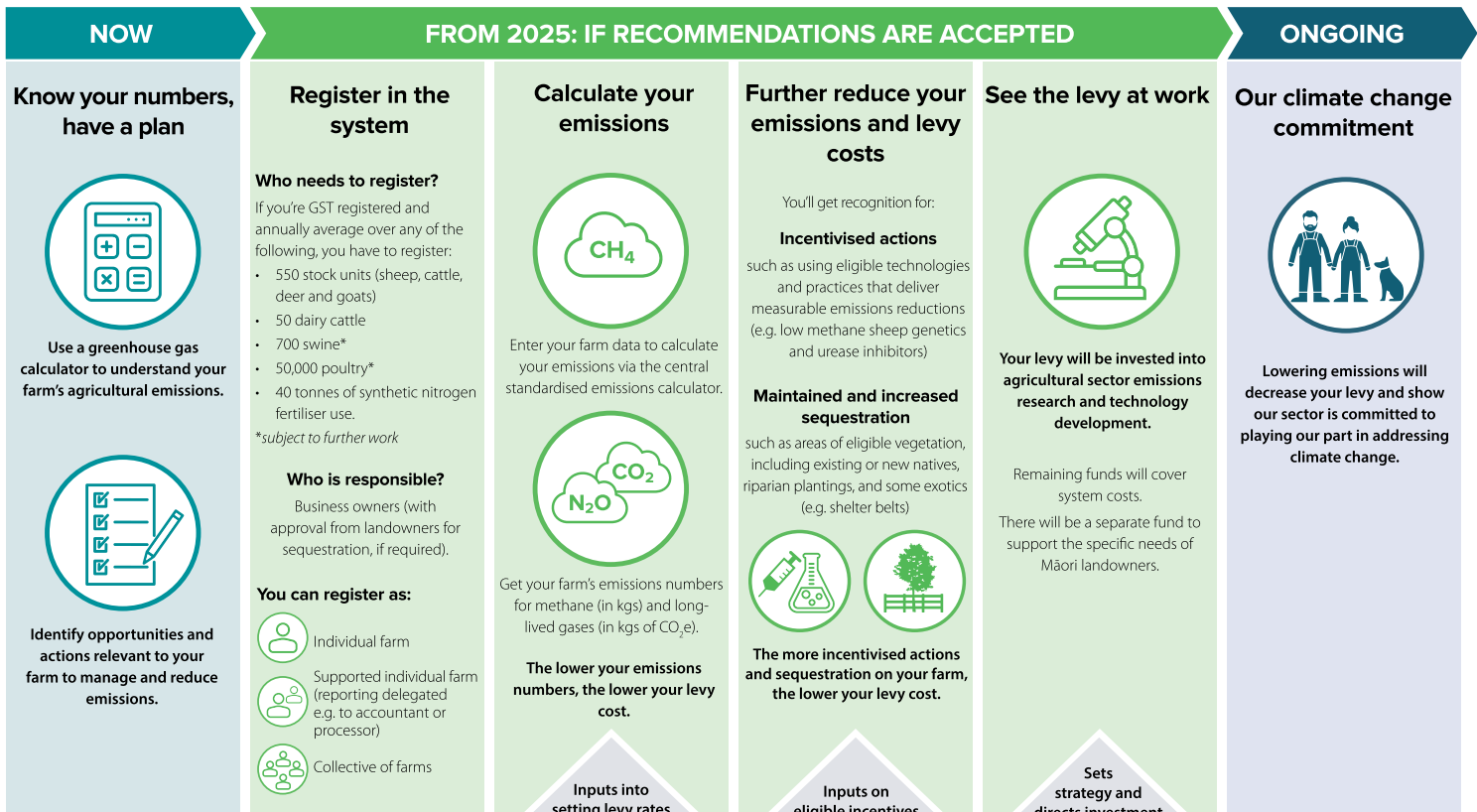
The HWEN report with recommendations for pricing agricultural emissions was submitted to the Government at the end of May 2022, and the report was publicly launched in June.

HWEN recommended agricultural emissions are priced through a farm-level, split gas levy with built-in incentives to reduce emissions and sequester carbon from 2025. This approach will enable sustainable food and fibre production for future generations while playing a fair part in meeting our country's climate commitment.

The HWEN partners believe the recommendations are robust and credible, deliver on farmer feedback and meet the Government's environmental outcomes.

## What He Waka Eke Noa is recommending

How you would measure, manage and reduce on-farm emissions under a farm-level split-gas levy



**A PARTNERSHIP APPROACH** A System Oversight Board, with primary sector and Māori agribusiness representatives

**He Waka Eke Noa**  
Primary Sector Climate Action Partnership

The HWEN recommended system would enable each farmer and grower to clearly see the direct impact of their on-farm decisions and would give them incentives for using new technologies and practices as they become available, while also providing financial recognition of on-farm carbon sequestration.

A simplified version of a farm-level levy will start in 2025, transitioning to a full farm-level levy in 2027. This will mean mandatory reporting on 2024/25 emissions and pricing of 2025/26 emissions.

The expectation is that this approach will lead to additional methane emissions reductions of between 4.4 and 5 percent on top of already-expected reductions.

Together, current and new on-farm actions, added to reductions from the waste sector, will achieve the target of 10 percent reduction in methane by 2030.

The report and other background material can be found on the He Waka Eke Noa website.

The Government is considering the recommendations alongside advice from the Climate Change Commission before making decisions this year on how agricultural emissions are to be priced from 2025.

In the meantime, the HWEN Partners have identified areas for further work on policy design details and will be

**In summary, the key recommendation are:**

1. Agricultural emissions will be priced through a farm-level, split-gas levy with built in incentives to reduce emissions and sequester carbon;
2. The money collected in the levy will be used to fund the system and to invest in research and development of new practices and technologies to reduce emissions;
3. A Systems Oversight Board with sector representatives will be established to have input into setting the levy and investing the funds;
4. An independent Māori Board will be established to work alongside the Systems Oversight Board; and
5. A dedicated fund will be established to support opportunities and need the needs of Māori landowners.

progressing this work alongside government while the recommendations are being considered.

Work will also continue to support farmers and growers to know and understand their emissions (to know their number) and the opportunities to reduce them (develop farm plans). This also includes supporting participation and registration by farmers and growers to be ready to participate in the pricing system from 2025. This will help to ensure that farmers and growers are as well prepared as possible to contribute a fair part in meeting our country's climate commitments.



## Red meat sector climate change strategy

In addition to the work on HWEN, MIA is working with B+LNZ Ltd to develop a red meat sector climate change strategy and action plan. The strategy is under development and in broad terms will provide a framework to ensure that the sector is resilient and successful given the impacts of climate change. The areas of focus that are being developed include, but are not limited to:

- The impact of land use change on the sector
- Promoting the value of New Zealand red meat as an environmentally sustainable product, as we move to "net zero" global warming

- The active role that the sector is playing, and the actions being taken to support emissions reductions

In the development process, we expect to have a series of outcomes that target policymakers, the public, and our sector stakeholders to ensure that the sector moves forward with addressing climate change in a scientifically credible way that also builds its resiliency.

## Biosecurity

“Supporting world class biosecurity protection systems and preparedness.”



### Foot and Mouth Disease Preparedness

FMD is an animal health disease with no significant health impacts on humans. FMD spreads quickly and before infected animals show symptoms. As such, many farms could be infected by FMD before we find the first case in New Zealand.

An outbreak of FMD would have a major impact on susceptible animals, our primary sector and the economy because:

- it reduces agricultural productivity
- it can be very painful for infected animals
- all trade in animal products would be stopped and rural businesses (such as farms, farm contractors, animal processors, and transporters) would be affected
- it would severely impact exports of dairy, red meat and pork products for months or even years after the outbreak, as we would no longer be regarded as FMD-free by trading countries.

New Zealand's heavy reliance on exports of animal products makes us uniquely vulnerable to FMD. While the risk of an incursion is considered low, the impact would be severe. MPI estimates that an FMD incursion could cost the economy \$16 billion over four to five years with significant impacts on regional economies, employment and agriculture-related services.

The recent outbreak of FMD in Indonesia has spurred an increased focus to ensure New Zealand is well prepared and taking every practical step possible to prevent FMD entering the country.

MIA, alongside other primary industry groups, is supporting MPI's FMD taskforce to improve readiness for FMD in the unlikely event that there is an outbreak. Among other things, the taskforce will develop protocols on issues such as stock in transit and resumption of trade once the disease has been eradicated.

MIA is also reviewing and updating our own industry biosecurity emergency plan to ensure we are well prepared for any eventuality. We are also working with B+LNZ Ltd to keep farmers updated and to provide advice to farmers on what they can be doing as part of a response.

## Biosecurity Business Pledge

In November 2019, Agriculture Minister Damien O'Connor jointed 58 companies and private sector organisations, including DCANZ and dairy companies, MIA and meat companies, ZESPRI, Auckland Airport, North Port, Countdown, Mainfreight and a range of Food and Fibre Leaders Forum organisations, to launch the Biosecurity Business Pledge.

The purpose of the Pledge is to mainstream biosecurity as a core part of BAU activity for all New Zealand businesses regardless of whether they are in the primary sector or not. This recognises that everyone has a role to play in good biosecurity and it should be embedded in the business risk management of each organisation. In joining the Pledge, companies commit to building awareness of biosecurity and proactively promoting good biosecurity in their operations and with their suppliers, customers and stakeholders.

Since its inception, the Pledge membership has also grown to over 160 companies, largely due to a broader understanding of the value of the work it is doing.

Over the last year, the Pledge has been successfully activated through:

- Two forums and five webinars featuring 15 peer-to-peer learning presentations from businesses and a similar number of presentations from Biosecurity New Zealand;
- The establishment of regular member update newsletters;
- Development and publishing of member case studies and online sharing tools; and
- The Steering Group developing a structured programme of activities based on member feedback.

The Steering Group has also completed a needs and gap analysis to assess what tools and knowledge is necessary to support Pledge signatories to enshrine good biosecurity systems in their businesses. The analysis has resulted in three projects:

1. The guidance for Boards and senior executives.
2. Developing a library of policy and contract clauses relevant to biosecurity to make it easier for companies to create this hardwiring.
3. Developing some common biosecurity related collateral that companies can use in engaging with stakeholders (like the common collateral that exists within the NZ Story, but biosecurity specific).

MIA continues to actively promote and support the Pledge and is represented on the Steering Group.

**We're working together to keep trade and the economy flowing.**



**Foot-and-mouth disease is only one threat to our on-farm biosecurity.**



SCAN TO LEARN MORE



**We're proud to be part of the Biosecurity Business Pledge - it takes all of us to manage risk and protect New Zealand.**



## Animal Welfare

“New Zealand has some of the highest animal welfare standards in the world and we are committed to maintaining this reputation.”

New Zealand takes animal welfare seriously and the New Zealand system for ensuring high animal welfare standards is well regarded internationally. MIA works closely with other organisations in the primary sector to ensure that we maintain this reputation.

MIA is a member of the MPI-led Farm to Processor Animal Welfare Forum. Unfortunately, due to Covid-19 the forum has struggled to meet regularly. However, animal welfare remains a priority for MIA and its members who have

continued to engage on areas of concern including heat stress, back rub, and end of life solutions for dairy animals.

MIA members have recognised that due to labour constraints, we need to develop a training programme for animal welfare to ensure that our workforce has the highest understanding of animal welfare regulations and practical delivery of high-quality animal welfare outcomes. It is expected that this programme will be available late 2022.

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### Bobby calves

The industry has a goal of ensuring that the welfare of bobby calves is safeguarded during transportation and lairage prior to processing. Despite continuing to operate under the shadow of Covid-19, nearly 1.9 million bobby calves were processed in the 2021 season, with a calf mortality rate of just 0.04 percent.

This was the same as in the 2020 bobby calf season and continues to consolidate the gains made in previous seasons, noting that the mortality rate in 2008 was 0.68 percent.

Since 2016, the implementation of the animal welfare regulations has provided an increased focus on fitness of calves for transport, safe loading and unloading facilities, safe transport, including shelter and hours of transport, and time off feed before processing.

All these aspects have helped to consolidate the gains in bobby calf mortality and represents an excellent result.

With the changes to Fonterra’s supply agreements effectively banning on farm euthanasia of viable calves, there is an expectation that this will lead to a considerable lift in calf numbers in 2023.

This will require a commensurate lift in processing capacity given current labour constraints are expected to spill over into the 2023, and planning is underway to ensure that we can effectively process the increased volume while maintaining the current high level of animal welfare standards.







## Ovis Management

Ovis Management Limited (OML), a wholly owned subsidiary of MIA, provides a minimal cost programme promoting the control of *Cysticercus ovis* (Ovis, or sheep measles) among sheep farmers and dog owners in rural areas. OML is operated out of Halcombe, Manawatu, by project manager Michelle Simpson.

The current low levels of Ovis prevalence in New Zealand, less than 0.5 percent, reflect the commitment from sheep farmers to maintaining on-farm control.

### Social Media

In recent years, OML has been using social media platforms to promote Ovis awareness. Current social media platforms include Facebook, Instagram, LinkedIn, and YouTube. OML has worked with groups such as Walking NZ, the Department of Conservation, Fish & Game, Hunting HQ and district councils to promote the information available on the OML website.

The goal is to raise awareness of those bringing dogs into the countryside around sheep farms and the need to ensure they do not contribute to pasture contamination. It allows niche messages to be targeted to specific groups at certain times.

### Marketing

The OML marketing strategy includes regular and proactive methods to target our audience multiple times through multiple channels. These channels include radio advertisements, rural media outlets, digital platforms, events and collaborating with key stakeholders.

### Supplier contact

OML has several programmes in place to maintain and create awareness on sheep farms, which are key sites to prevent infection. While outside dogs contribute to infection levels, they can only do so by having access to sheep measles infected meat, and as a result, a focus on farms remains at the core of any awareness programme including:

- Mailouts or emails to suppliers with high Ovis prevalence levels.
- Visits to farms that have high prevalence levels that supply more than 2,000 lambs for processing.
- End of season prevalence level summaries to suppliers as requested
- Regular alerts to suppliers who have had high prevalence levels in the previous two years.
- Notification by processing plants to OML of lines that have significant levels of Ovis. OML forwards the reports to the suppliers along with Ovis resource material.

### Veterinarians

OML provides resources to around 200 vet clinics across the country. Repeated surveys indicate that vets are the main source for farmers looking for information around dog treatments and control of sheep measles. OML also attends events in conjunction with vet clinics, provides resources when required for use in in-store displays, and sends bi-annual newsletters to clinics, giving updated prevalence data and advising of available resources.

### Reducing prevalence

A recent survey performed found that 73 percent of farmers have 'at least heard' of OML and 58 percent of farmers indicated having 'knowledge' about sheep measles. Only 23 percent of farmers believe that sheep measles is 'a problem' in New Zealand.



# FINANCIAL REPORTS

Special Purpose Financial Statements  
for the year ended 30 June 2022

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## Directory

for the year ended 30 June 2022

<b>Principal Business:</b>	Trade Association representing New Zealand Meat Processors, Exporters and Marketers
<b>Registered Office:</b>	Wellington Chambers Level 5 154 Featherston Street Wellington
<b>Incorporation Number:</b>	217685
<b>IRD Number:</b>	26-974-542
<b>Auditors:</b>	KPMG 10 Customhouse Quay Wellington
<b>Solicitors:</b>	Burrowes & Company 24 Johnston Street Wellington
<b>Bankers:</b>	Bank of New Zealand 222 Lambton Quay Wellington
<b>Business Location:</b>	Wellington

# Independent Auditor's Report

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

## Report on the audit of the special purpose incorporated society and group financial statements

### Opinion

In our opinion, the special purpose incorporated society and group financial statements of Meat Industry Association of New Zealand (Inc) (the incorporated society) and its subsidiaries (the group) on pages 44 to 52:

- i. present, in all material respects the incorporated society's and group's financial position as at 30 June 2022 and its financial performance for the year ended on that date in compliance with the incorporated society's rules.

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

- the incorporated society and group balance sheets as at 30 June 2022;
- the incorporated society and group statements of comprehensive income and changes in equity for the year then ended; and
- notes, including a summary of significant accounting policies.



### Basis for opinion

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

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

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

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



### Emphasis of matter – Basis of Accounting

Without modifying our opinion, we draw attention to the accounting policies to the incorporated society and group special purpose financial statements, which describes the basis of accounting. The incorporated society and group special purpose financial statements are prepared to meet the requirements of the incorporated society's rules. As a result, the incorporated society and group special purpose financial statements may not be suitable for another purpose.



### Other information

The Councillors, on behalf of the incorporated society and group, are responsible for the other information included in the entity's Annual Report. Our opinion on the incorporated society and group special purpose financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the incorporated society and group special purpose financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the incorporated society and group special purpose financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Use of this independent auditor's report

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



## Responsibilities of the Councillors for the incorporated society and group special purpose financial statements

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

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



## Auditor's responsibilities for the audit of the incorporated society and group special purpose financial statements

Our objective is:

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

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

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

A further description of our responsibilities for the audit of these incorporated society and group special purpose financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/>

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

KPMG  
Wellington

7 September 2022

## Councillors' Report

### for the year ended 30 June 2022

#### Introduction

The Councillors have pleasure in submitting the Annual Report of the Meat Industry Association of New Zealand (Inc) incorporating the special purpose financial statements and auditors report, for the year ended 30 June 2022.

On behalf of the Council these special purpose financial statements were approved for issue on 7th September 2022.



Councillor Chair

7 September 2022



Councillor

7 September 2022

## Statement of Comprehensive Income

### for the year ended 30 June 2022

	Note	Group		Association	
		2022 \$	2021 \$	2022 \$	2021 \$
Operating revenue		2,948,121	3,683,859	1,956,725	2,022,601
Operating expenditure	1	3,036,471	3,736,753	2,024,232	2,094,383
<b>Operating surplus/(deficit) before other income</b>		<b>(88,350)</b>	<b>(52,894)</b>	<b>(67,507)</b>	<b>(71,782)</b>
Other Income/(expense)		128,247	131,500	119,722	131,500
<b>Operating surplus/(deficit) before financing income</b>		<b>39,897</b>	<b>78,606</b>	<b>52,215</b>	<b>59,718</b>
Financial income		2,057	1,662	1,169	969
Financial expenses		-	-	-	-
<b>Net financing income</b>	2	<b>2,057</b>	<b>1,662</b>	<b>1,169</b>	<b>969</b>
<b>Operating surplus/(deficit) before tax</b>		<b>41,954</b>	<b>80,268</b>	<b>53,384</b>	<b>60,687</b>
Income tax expense/(benefit)	3	-	-	-	-
<b>Net surplus/(deficit) for the year</b>		<b>41,954</b>	<b>80,268</b>	<b>53,384</b>	<b>60,687</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>41,954</b>	<b>80,268</b>	<b>53,384</b>	<b>60,687</b>

## Statement of Changes in Equity

### for the year ended 30 June 2022

	Group		Association	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Opening Balance</b>	1,023,058	942,790	651,133	590,446
Total comprehensive income for the year	41,954	80,268	53,384	60,687
<b>Closing Balance</b>	<b>1,065,012</b>	<b>1,023,058</b>	<b>704,517</b>	<b>651,133</b>

## Balance Sheet

### as at 30 June 2022

	Note	Group		Association	
		2022	2021	2022	2021
		\$	\$	\$	\$
<b>Equity</b>					
Accumulated funds		1,065,012	1,023,058	704,517	651,133
<b>Total Equity</b>		<b>1,065,012</b>	<b>1,023,058</b>	<b>704,517</b>	<b>651,133</b>
<b>Represented by:</b>					
<b>Current assets</b>					
Cash and cash equivalents	4	2,929,844	3,557,275	1,677,493	1,829,040
Trade and other receivables	5	512,636	545,533	472,262	517,063
<b>Total current assets</b>		<b>3,442,480</b>	<b>4,102,808</b>	<b>2,149,755</b>	<b>2,346,103</b>
<b>Current liabilities</b>					
Trade and other payables	6	1,265,763	1,807,031	1,195,983	1,271,175
Employee benefits	7	99,285	189,461	93,452	149,948
Income in advance		1,009,263	1,059,323	115,147	233,533
<b>Total current liabilities</b>		<b>2,374,311</b>	<b>3,055,815</b>	<b>1,404,582</b>	<b>1,654,656</b>
<b>Working capital</b>		<b>1,068,169</b>	<b>1,046,993</b>	<b>745,173</b>	<b>691,447</b>
<b>Non current assets</b>					
Property, plant and equipment	8	56,272	31,572	18,773	15,193
Intangibles (software)	9	5,886	-	5,886	-
<b>Total non current assets</b>		<b>62,158</b>	<b>31,572</b>	<b>24,659</b>	<b>15,193</b>
<b>Non current liability</b>					
Lease reinstatement provision	11	65,315	55,507	65,315	55,507
<b>Total non current liability</b>		<b>65,315</b>	<b>55,507</b>	<b>65,315</b>	<b>55,507</b>
<b>Net Assets</b>		<b>1,065,012</b>	<b>1,023,058</b>	<b>704,517</b>	<b>651,133</b>

# Notes to the Special Purpose Financial Statements

## Statement of significant accounting policies

### (i) Basis of reporting

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

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

The special purpose financial statements of the Association and Group are for the year ended 30 June 2022. The financial statements were authorised for issue by the directors on the 7th September 2022.

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

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

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

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

### (iii) Particular accounting policies

#### Principles of consolidation

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

#### Property, plant and equipment

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

Depreciation of property, plant and equipment is

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

Furniture and fittings	8 - 20 percent
Leasehold improvements	8.4 percent
Motor Vehicles	21 percent
Computer systems	10 - 67 percent
Office equipment	17.5 - 36 percent

#### 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	36 - 40 percent
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#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

#### Trade and other receivables

Accounts receivable are stated at cost less impairment losses.

#### Trade and other payables

Trade and other payables are stated at cost.

#### Goods and Services Tax

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

#### Taxation

The tax expense recognised in the Statement of Comprehensive Income is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior periods.

No account is taken of deferred income tax.



## Revenue

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

Revenue amounts received and receivable from MBIE, Industry Initiative Fund (collected by the MPI) and direct from industry partners is recognised in profit and loss on a systematic basis in the same periods as expenses are recognised with the balance recorded as income in advance.

- 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 received on call deposits is recognised in the Statement of Comprehensive Income.

## Scholarships revenue and expense

MIA applies for grants from the Food Innovations Training Trust (the "Trust") to fund the MIA Scholarship program and teaching agribusiness to students. These grants are recognised as revenue to the extent that the scholarships/teaching grants have been expensed in the period. MIA expects any remaining funds to be paid out in future periods or returned to the Trust and recognises a liability for this amount. The scholarships cover multiple years of study however future payments are contingent on scholars passing their current year of study.

## Expenses

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

## Employee Benefits

## Long Service leave

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

## 1 Operating expenditure

	Group		Association	
	2022 \$	2021 \$	2022 \$	2021 \$
Amortisation of Intangibles (software)	92	2,332	92	-
Audit remuneration	40,071	36,100	23,976	21,600
Other professional services	6,650	6,100	3,500	3,350
Contracts/consultants/projects	778,802	1,568,971	268,147	424,952
Depreciation	16,045	19,166	7,086	9,973
Director's fees - Chairman	75,000	75,000	75,000	75,000
Director's fees - Subsidiary's Chairman	20,000	18,000	-	-
Director's fees - Subsidiary	18,750	22,500	-	-
Personnel expenses	1,589,356	1,541,813	1,297,121	1,269,098
Rental & leasing costs	65,843	67,179	65,843	67,179
Other operating expenses	425,862	379,592	283,467	226,627
<b>Total operating expenditure</b>	<b>3,036,471</b>	<b>3,736,753</b>	<b>2,024,232</b>	<b>2,094,383</b>

## 2 Net financing income

	Group		Association	
	2022	2021	2022	2021
	\$	\$	\$	\$
Interest income	2,057	1,662	1,169	969
Interest expense	-	-	-	-
<b>Net financing income</b>	<b>2,057</b>	<b>1,662</b>	<b>1,169</b>	<b>969</b>

## 3 Taxation

	Group		Association	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Reconciliation of effective tax rate</b>				
Operating surplus/(deficit) before tax	41,954	80,269	53,384	60,687
Income tax using Company tax rate	11,747	22,475	14,948	16,992
Non-assessable income/non-deductible expenses at company tax rate	(24,688)	(21,249)	(15,226)	(22,734)
Losses off set against subsidiary	-	-	325	6,968
Losses brought forward and utilised at Company tax rate	-	-	-	-
Tax @ 28%	(12,941)	1,226	47	1,226
Tax benefit of losses not recognised	12,941	(1,226)	(47)	(1,226)
<b>Income tax expense/(benefit) per income statement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Group has \$540,038 of tax losses to carry forward (2021: \$539,831). The availability of losses to carry forward is subject to the Association continuing to meet the requirements of the Income Tax Act, and agreement of tax losses by the Inland Revenue Department.

## 4 Cash and cash equivalents

	Group		Association	
	2022	2021	2022	2021
	\$	\$	\$	\$
Bank balances	307,077	738,323	89,435	117,307
Call deposits	2,622,767	2,818,952	1,588,058	1,711,733
<b>Balance as at 30 June</b>	<b>2,929,844</b>	<b>3,557,275</b>	<b>1,677,493</b>	<b>1,829,040</b>

## 5 Trade and other receivables

	Group		Association	
	2022 \$	2021 \$	2022 \$	2021 \$
Trade Receivables	450,472	399,848	410,376	391,990
GST Receivable	-	20,414	-	-
Other Receivables and Prepayments	62,164	125,271	61,886	125,073
<b>Balance as at 30 June</b>	<b>512,636</b>	<b>545,533</b>	<b>472,262</b>	<b>517,063</b>
Impairment loss deducted/(recovered)	-	-	-	-

## 6 Trade and other payables

	Group		Association	
	2022 \$	2021 \$	2022 \$	2021 \$
Trade Payables	1,167,447	1,295,015	1,118,396	763,652
GST Payable	30,446	31,566	24,643	31,566
Halal Certification	21,872	445,720	21,872	445,720
PAYE Payable	45,998	33,730	31,072	30,237
<b>Balance as at 30 June</b>	<b>1,265,763</b>	<b>1,807,031</b>	<b>1,195,983</b>	<b>1,271,175</b>

In addition to the Scholarship funding liability of \$506,407 at 30 June 2022, MIA has committed \$100,000 for scholarships in future years for current scholars which is contingent on passing the current year of study.

## 7 Employee benefits

	Group		Association	
	2022 \$	2021 \$	2022 \$	2021 \$
Liability for Annual Leave	99,285	127,777	93,452	121,898
Liability for Retirement Leave	-	61,684	-	28,050
<b>Balance as at 30 June</b>	<b>99,285</b>	<b>189,461</b>	<b>93,452</b>	<b>149,948</b>

## 8 Property, plant and equipment

	Group		Association	
	2022 \$	2021 \$	2022 \$	2021 \$
<b>Furniture and fittings</b>				
At cost	23,971	27,330	26,555	26,555
Accumulated depreciation	18,442	20,925	21,026	20,150
	5,529	6,405	5,529	6,405
Current year depreciation	876	492	876	492
<b>Leasehold improvements</b>				
At cost	73,499	73,499	73,499	73,499
Accumulated depreciation	73,499	69,457	73,499	69,457
	-	4,042	-	4,042
Current year depreciation	4,042	6,174	4,042	6,174
<b>Motor Vehicles</b>				
At cost	40,506	37,540	-	-
Accumulated depreciation	7,089	24,306	-	-
	33,417	13,234	-	-
Current year depreciation	7,089	7,883	-	-
<b>Computer hardware</b>				
At cost	36,620	37,136	31,063	20,397
Accumulated depreciation	21,598	32,475	17,819	15,736
	15,022	4,661	13,244	4,661
Current year depreciation	3,112	3,644	2,083	3,175
<b>Office equipment</b>				
At cost	73,571	81,575	11,822	11,822
Accumulated depreciation	71,267	78,345	11,822	11,737
	2,304	3,230	-	85
Current year depreciation	926	973	85	132
<b>Total property, plant and equipment</b>				
At cost	248,167	257,080	129,669	132,273
Accumulated depreciation	191,895	225,508	110,896	117,080
	56,272	31,572	18,773	15,193
Current year depreciation	16,045	19,166	7,086	9,973

There is no impairment loss recognised during the year (2021: nil)

## 9 Intangible Assets - Software

	Group		Association	
	2022 \$	2021 \$	2022 \$	2021 \$
At cost	38,773	48,047	47,030	41,052
Accumulated amortisation	32,887	48,047	41,144	41,052
	5,886	-	5,886	-
Current year amortisation	92	2,332	92	-

## 10 Investments in subsidiaries

Name of entity	Principal activity	% Interest held	
		2022	2021
MIA Holdings Limited	General Partner of Limited Partnerships undertaking applied industry research	100	100
MIA Innovation Limited	Research & development	100	100
Ovis Management Limited	Control of C. Ovis Cyst.	100	100

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

## 11 Lease reinstatement provision

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

## 12 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		Association	
	2022 \$	2021 \$	2022 \$	2021 \$
<b>Operating leases</b>				
Not later than one year	56,127	74,836	56,127	74,836
Later than one year and not later than five years	-	56,127	-	56,127
Later than five years	-	-	-	-
<b>Total</b>	56,127	130,963	56,127	130,963

## 13 Capital commitments

There are no capital commitments as at 30 June 2022 (2021: nil).

## 14 Contingent liabilities

There are no contingent liabilities outstanding as at 30 June 2022 (2021: nil).

## 15 Related party information

### (i) Identity of related parties

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

In presenting the special purpose financial statements of the group, the effect of transactions and balances between the subsidiaries and the parent entity have been eliminated.

The Association is a voting member of MIRINZ Food Technology and Research Incorporated ("MIRINZ"), over which the Association is deemed to have significant influence. The interest in MIRINZ is not equity accounted as the Association shall not be called upon for contributions nor is it eligible for any distributions.

### (ii) Related party transactions

Ovis Management Limited pays service fees of \$20,000 (2021: \$20,000) to Meat Industry Association of New Zealand (Inc) for administration services provided. As at year end, the Association has recognised \$5,750 as receivable from Ovis Management Limited (2021: \$5,716). This relates to service fees and office expenses paid by Meat Industry Association on Ovis Management Limited's behalf.

MIA Innovation Limited pays service fees of \$56,250 (2021: \$56,250) to Meat Industry Association of New Zealand (Inc) for administration services provided. As at year end, the Association has recognised a receivable from MIA Innovation Limited for the amount of \$24,871 (2021: \$19,770). This relates to service fees and travel expenses paid by Meat Industry Association on MIA Innovation Limited's behalf.

During the year ended 30 June 2022, the Group received \$3,544,349 (2021: \$3,629,923) from companies related to the nine Council members which was included in operating revenue, the \$3,544,349 amount includes the Halal certification revenue which is offset off by expenses within the Profit and Loss statement, and has recognised a receivable of \$253,041 (2021: \$391,218) from these companies. In addition, included within the Halal Certification payable, there is \$27,496 (2021: \$245,138) payable by the Group to the companies relating to the nine Council members.

### (iii) Remuneration

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

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

## 16 Subsequent events

There are no events subsequent to balance date that would materially effect these special purpose financial statements (2021: nil).



**PEOPLE**

## MIA Council



### **John Loughlin**

John was the Association's Independent Chair since April 2016. John is also Chairman of Tru-Test Corporation Limited, Powerco Limited, EastPack Limited, Rockit Global Limited and Hop Revolution Limited. John is a former Chairman of ZESPRI Group Limited, and a former director of the New Zealand Meat Producers Board and AgResearch Limited. John stepped down as Chair at the Red Meat Sector Conference in August 2022.



### **Nathan Guy**

Nathan was elected Independent Chair from 1 August 2022. He served in Parliament for 15 years and was Minister for Primary Industries for five years. Nathan is also Independent Chair of Apiculture New Zealand.



### **Simon Limmer**

Simon is the Chief Executive of Silver Fern Farms Ltd and has been a Council member since April 2018.



### **Peter Conley**

Peter Conley is the Chief Executive of ANZCO Foods Limited and has been a Council member since April 2017. Peter has worked in various roles at ANZCO Foods since 1991.



### **Fred Hellaby**

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



### **Tony Egan**

Tony is the Chief Executive of Greenlea Premier Meats Ltd and has been a Council member since December 2011.



### **Simon Gatenby**

Simon is the Chief Executive of Taylor Preston Ltd and has been a Council member since September 2008.



### **Nigel Stevens**

Nigel is Chief Executive of AFFCO New Zealand Limited, part of Talley's Group Ltd group of food companies. Nigel has been an MIA Council member since February 2019.



### **Tim Harrison**

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



### **David Surveyor**

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



### **Arron Hoyle**

Arron is a shareholder in the BX Foods group of companies and a Blue Sky Pastures Director since 2017. He has been a Council member since February 2021.



### **George Tatham**

George is a Director of B+LNZ Ltd and was appointed as an observer on the MIA Council in December 2021.



## MIA Council Meetings

The MIA Council held five ordinary meetings in the year ended 30 June 2022, in addition to the Annual General Meeting in September 2021.

* = Present	14 September 2021	8 December 2021	14 February 2022 (via Zoom)	26 April 2022 (via Zoom)	29 June 2022
J Loughlin	*	*(via Zoom)	*	*	*
P Conley	*(via Zoom)	*	*	*	*
T Egan	*(via Zoom)	*(via Zoom)	*	*	*
S Gatenby	*	*	*	*	*
T Harrison	*(via Zoom)	*(via Zoom)	*	*	*(via Zoom)
S Limmer	*(via Zoom)	*	*	*	*
F Hellaby	*(via Zoom)	*(via Zoom)	*	*	*(via Zoom)
N Stevens	*(via Zoom)	*(via Zoom)	*	*	** (via Zoom)
D Surveyor	*(via Zoom)	*(via Zoom)	*	*	** (via Zoom)
Arron Hoyle	*(via Zoom)	*(via Zoom)	*	*	** (via Zoom)
G Tatham		apologies	*	*	

## Annual General Meeting



The Association's 37th Annual General Meeting (AGM) was held in Wellington on 14 September 2021. Proceedings saw the unanimous adoption of the 2020 AGM minutes and the 2021 Annual Report. The motion to reappoint KPMG as the Association's auditor for the year ending 30 June 2022, and the election and confirmation of the MIA Council for the 2021/2022 year were adopted.



## Extended Network

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

### Association Directorships, Memberships and Trusteeships

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

Sirma Karapeeva – Director

#### Beef + Lamb New Zealand Limited / Meat and Wool Trust Limited / NZ Meat Board

Tony Egan - Director (until 25 March 2022), David Surveyor - Director (from 25 March 2022)

#### Beef + Lamb New Zealand Inc

Sirma Karapeeva – Board Member

#### Food Innovations Training Trust

Sirma Karapeeva, John Loughlin - Trustees

#### MIRINZ Inc

Tony Egan, Sirma Karapeeva – Members

### Wholly owned subsidiary Ovis Management Limited

**Board:** Roger Barton (Chair), Gregory McSkimming, Andrew Morrison, Sirma Karapeeva

**Staff:** Dan Lynch (until December 2021), Michelle Simpson (from October 2021)

### Wholly owned subsidiary Meat Industry Association Innovation Limited

**Chair:** John Loughlin

**Board:** Margot Buick, Owen Young, John Brader (resigned December 2021)

**Staff:** Kaylene Larking

### Strategic Directions Group

**Industry:** Sirma Karapeeva (Co-Chair), Willie Wiese, Karsten Wishnowsky, Gary Lindsay, Rowan Ogg, Neil Smith, Brent Crawford

**MPI:** Vincent Arbuckle (Co-Chair), Alan Cook, Allan Kinsella, Steve Ainsworth, Paul Dansted, Fiona Thomson-Carter

### Sub-Groups and Committees

#### Meat Industry Health and Safety Forum

Andrew Mitchell, Shane Fletcher, John Walters, Keith Flockhart, Allan Jack, Ross Smith, Bruce Ramsey, Darren Vercoe, Stacey Marsh, Gary Andrews, Richard McColl. New Zealand Meatworkers' Union: Amanda Stephens

#### HR Leaders' Group

Members: Chris Selbie (chair), Matt Ballard, Dane Gerrard, Darryl Tones, Aaron Craig, Sirma Karapeeva  
Attendees: Richard Hellaby, Carolyn Thomson, Sian Williams

#### Renderers' Group

Marcus Adam (Chair), Amanda Bignell, Gordon Henderson, Dave King, Tom Macleod, Matthew Spence, Richard McColl

## Staff



**Sirma Karapeeva**  
Chief Executive Officer



**Kaylene Larking**  
Partnership Manager



**Esther Guy-Meakin**  
Senior Manager Strategy, Trade  
Policy and Advocacy



**Beverley Dixon**  
Executive Assistant



**Paul Goldstone**  
Policy Manager  
(until May 2022)



**Natasha Watzdorf**  
Specialist Advisor: Technical and  
Regulatory (from June 2022)



**Matt Conway**  
Policy Analyst



**Tatyana Protsenko**  
Industry Training and Workforce  
Development Senior Advisor  
(from March 2022)



**Christopher Guy**  
In-house Legal Counsel



**Ashlin Chand**  
Senior Policy Advisor  
(from August 2022)



**Michael Pran**  
Accountant



**Michelle Simpson**  
Project Manager Ovis Management  
Ltd



**Richard McColl**  
Industrial Operations and  
Innovations Manager

## Members

Contact details for MIA Members and Affiliate Members can be found on the MIA website.

Members	Affiliate members
Advance Marketing Ltd	Abattoirs Association of New Zealand
AFFCO New Zealand Ltd	AgResearch Ltd
Alliance Group Ltd	Alfa Laval New Zealand Ltd
Ample Group Ltd	Americold New Zealand Ltd
ANZCO Foods Ltd	AON New Zealand Ltd
Auckland Meat Processors Ltd	Auspac Ingredients Pty Ltd
Bakels Edible Oils (NZ) Ltd	Centreport Ltd
Ballande New Zealand Ltd	CMA-CGM Group Agencies (NZ) Ltd
Blue Sky Meats (NZ) Ltd	Cooltranz 2014 Ltd
BX Foods Ltd	G-Tech New Zealand Ltd
Columbia Exports Ltd	Haarslev Industries Ltd
Crusader Meats New Zealand Ltd	Hamburg-Sud New Zealand Ltd
Davmet (New Zealand) Ltd	Hapag-Lloyd
Farmlands Mathias International Ltd	Intralox Ltd
Fern Ridge Ltd	Kemin Industries NZ Ltd
Firstlight Foods Ltd	Liqueo (HB) Ltd
Garra International Ltd	Maersk NZ Ltd
Global Life Sciences Solutions New Zealand Ltd	MJI Universal Pte Ltd
GrainCorp Commodity Management NZ Ltd	Moda Systems NZ Ltd
Greenlea Premier Meats Ltd	Oceanic Navigation Ltd
Harrier Exports Ltd	Port of Napier Ltd
Integrated Foods Limited	Port Otago Ltd
Kintyre Meats Ltd	PrimeXConnect Pty Ltd
Lowe Corporation Ltd	Pyramid Trucking Ltd
Ovation New Zealand Ltd	Rendertech Ltd
Peak Commodities Ltd	Rockwell Automation (NZ) Ltd
Prime Range Meats Ltd	SCL Products Ltd
Progressive Meats Ltd	Scott Technology Ltd
PVL Proteins Ltd	Sealed Air (New Zealand)
SBT Group Ltd	SHICO Limited
Silver Fern Farms Ltd	Suncorp New Zealand Ltd
Standard Commodities NZ Ltd	Visy Industries Australia Pty Ltd
Taylor Preston Ltd	Wiley New Zealand Limited
Te Kuiti Meat Processors Ltd	
UBP Ltd	
Value Proteins Ltd	
Wallace Group	
Wilbur Ellis (NZ) Ltd	
Wilmar Gavilon Pty Ltd	





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