
Meat Industry Association

Annual Report 2020



mia
Meat Industry Association





Welcome to our Annual Report 2020

Meat Industry Association

The Meat Industry Association is the trade association representing New Zealand meat processors, exporters and marketers

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2020

Annual Report

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Foreword



John Loughlin
Chair



Sirma Karapeeva
Chief Executive

The past year has been incredibly challenging for New Zealand and for the red meat processing and exporting industry. For most of the year, the red meat industry benefited from strong global meat prices, largely driven by the impact of African Swine Fever in China. Then in February, Covid-19 struck. At the end of March, New Zealand went into lockdown.

The red meat industry, deemed an essential service during this difficult time, proved its agility and resilience.

The MIA, in conjunction with companies and the Ministry for Primary Industries (MPI), took the decisive action to develop a set of Red Meat Processing Safety Protocols (for each Alert Level) to provide guidance to meat processors to ensure the safety of their people. This provided assurances to the New Zealand Government and the public that our industry was playing its part in the Covid-19 response.

Importantly, this enabled our processing plants to remain open and companies were able to retain thousands of jobs and continue to export New Zealand meat and co-products to our diverse markets across the globe, generating valuable revenue for the country.

The quality of the industry response to Covid-19 cannot be overstated. Companies were forced to sacrifice efficiency as plant design parameters did not accommodate "physical distancing". The heavily restricted industry battled to service the

autumn seasonal peak which was exacerbated by drought conditions in many regions. This helped to avert a potential animal welfare catastrophe. Also, there were no recorded cases of Covid-19 transmission in a New Zealand meat processing site. This is in complete contrast to some other countries where meat plants have been hotspots with mass infections and sadly, numerous fatalities.

Despite the challenges, the red meat industry recorded exports of \$9.4 billion in 2019/20, an increase of seven per cent from the previous year.

The impact of Covid-19 has highlighted the resilience of the industry, and the importance of our strategy of having access to a wide variety of markets. Our exporters have been able to quickly divert products to different markets in the face of disruptions. This agility helped meet the food needs of groups of global consumers and protect returns to New Zealand farmers. It is appropriate to acknowledge the vision and work of Government officials and our industry, over many decades, which created this flexibility.

Environmental sustainability continues to be a major theme of MIA's work. We were pleased that the Government agreed to the pan-sector Primary Sector Climate Change Commitment He Waka Eke Noa. Importantly, it seeks to provide the measurement of emissions at individual farm level. This provides a basis for efficient economic responses that reflect the realities of climate, topography, and alternatives in farming systems.

The sector has accepted the challenge to co-design with the Government a regulatory framework that works for sheep and beef farmers and delivers the climate change outcomes New Zealanders expect.

However, we remain deeply concerned that the Government's overall climate change framework is dependent on effectively a large-scale permanent land conversion from productive sheep and beef pastures to carbon storage on land through pine forest. If implemented in its current form, we are likely to see tens of thousands of hectares of productive sheep and beef farms being converted into forestry as other emitters compensate for their environmental problems rather than solving them. Large scale afforestation will result in fewer livestock processed and jeopardise the viability of meat processing plants and jobs in those regions.

Over 92,000 New Zealand (full-time equivalent) jobs or 4.7 percent of total national employment is generated by the sheep and

beef sector. This generates nearly \$12 billion in industry value added and around \$4.6 billion in household income, including direct and flow-on effects.

These contributions are even more pronounced in some regions. Forestry produces intermittent task-oriented jobs occurring years apart, rather than the year after year employment which underpins rural communities. It is worrying that Government has not grasped the potential long-term social and economic consequences of poorly conceived climate policies.

Innovation remains an important focus for MIA, with work continuing during the year on key priority areas for the industry: increasing the value of products; improving processing technology; and improving food safety and security.

We would like to acknowledge the New Zealand Food Safety Science Research Centre, which played a key role in the industry response throughout the pandemic. The Centre was the lead provider of scientific advice to the food processing sector, which helped to shape the development of MIA processing protocols and management of Covid-19 for the industry.

MIA has also been very active in workforce development during the year. We were pleased when the Minister for Immigration announced that he would enter into negotiation for a Sector Agreement on Immigration, in which the meat industry would provide assurances to the Government that it was attracting and training New Zealand workers and in return, the Government would fix the long-standing frustrations around immigration, especially access to critical Halal workers.

It is disappointing that this has been put on hold following Covid-19 but we remain committed to pursuing a Sector Agreement on Immigration at the next possible opportunity. We understand and support Government's desire to put employment for New Zealanders' as the priority at this time. However, as we have pointed out, the requisite Muslim faith required for Halal roles cannot be "solved" by remuneration or training. Indecision and delay involves sacrificing value which could contribute significantly to New Zealand's economic recovery.

2019 also saw the roll out of the Review of Vocational Education. Progress over the year was extremely slow, but we are pleased that, as part of the Covid-19 recovery, the Government is substantially increasing its investment in industry

training. However, this desire by Government for industry to take on more New Zealand workers displaced by Covid-19 and increase training will present significant challenges to industry.

To overcome these, the MIA has launched a project to develop a Workplace Development Strategy to help direct efforts and resources to key areas of need.

For the next few years, New Zealand will face some enormous challenges as the world adapts to Covid-19. Much of the domestic economy has been devastated, and unemployment will be high. Meat processing and exporting is one of the few industries to emerge relatively unscathed.

More than ever, the red meat sector is vital to New Zealand's prosperity. The \$9.4 billion in export returns from the meat industry are more important than ever.

And, as New Zealand's biggest manufacturing industry, the meat industry will have a significant role to play as a major employer of New Zealanders.

To help meet these challenges, MIA together with B+LNZ, is finalizing an update of the Red Meat Sector Strategy, which refreshes our goals for a vibrant and profitable New Zealand sheep and beef sector. It establishes the critical priorities that MIA and B+LNZ will work on together over the next five years, bringing together the whole of the value chain from the farm to the market to maximise the sectors contribution to the New Zealand economic recovery for the benefit of all New Zealanders.

Lastly, we would like to acknowledge the enormous contribution our previous chief executive, Tim Ritchie, has made to MIA and to the red meat sector as a whole. Tim retired in April 2020 after more than 12 years in the role. We are pleased that, while retired, he is continuing in various other roles in our industry. We also welcome a new chief executive, Sirma Karapeeva, who will bring a fresh energy and commitment in advocating for our industry in Wellington and creating value for the MIA membership.



John Loughlin
Chair

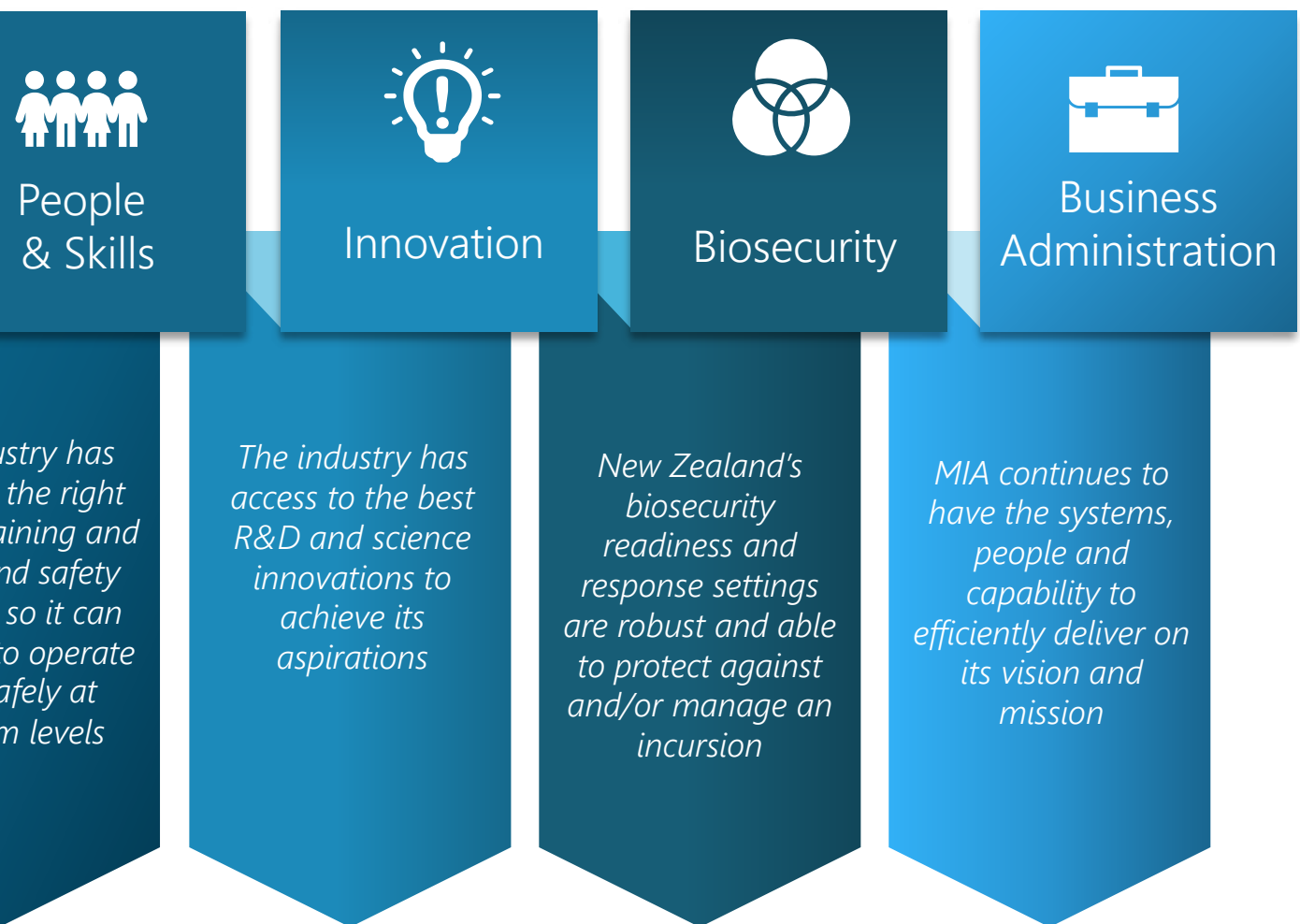


Sirma Karapeeva
Chief Executive

MIA Vision & Mission

Vision: A productive, innovative and value-adding red meat industry that continues to thrive and prosper in a dynamic environment





Mission: To provide leadership, tools and a strong and credible voice to help ensure a vibrant and profitable red meat industry

Weathering the Covid-19 storm

The impact of Covid-19 has been unprecedented, and has affected all aspects of the industry: processing, the supply chain, distribution channels and consumption patterns.

Domestically, as the country moved into Alert Level 4 lockdown in late March to help flatten the Covid-19 curve, meat processing and exporting was deemed to be an essential industry. This allowed the industry to continue to operate, but it was clear that industry needed new operating protocols to ensure it was able to continue to operate safely and protect our people during the lock-down period.

The MIA, working with member companies and the Ministry for Primary Industries, acted decisively and quickly to develop and agree a set of Red Meat Processing Safety Protocols for Alert Levels 4-2. These protocols provided guidance to meat processors and exporters on the steps to take to ensure the safety of their people, while giving assurances to the New Zealand Government and the public that our industry was able to operate safely and responsibly and was playing its part the Covid-19 response. This meant that the industry's 25,000 strong workforce remained employed, New Zealand continued to earn much-needed export revenue and animal welfare issues were avoided at the busiest time of the season when parts of the country were affected by drought.

Processing under the Red Meat Processing Safety Protocols, particularly under Alert Level 4 and 3, saw reduction in processing capacity -as much as 50% for sheepmeat and 30% for cattle. However, companies worked hard to find safe ways to increase capacity where possible to alleviate the pressure on farmers and avoid animal welfare issues.

As a result of the aligned and focused actions taken by all meat companies, the industry did not contribute to the spread of the disease in New Zealand.

Internationally, the initial impact on trade was first felt in February when exports to China slowed significantly. Sheepmeat exports to China dropped by 41% from January, to 12,145 tonnes, which was the lowest volume of exports to China for February since 2012.

There was a larger drop in the volume of beef exports, down 61% from January.

Despite this significant disruption to New Zealand's largest market, companies were able to divert exports to other markets, including the United Kingdom, United States and Taiwan for sheepmeat and the United States, Taiwan and Canada for beef, and the overall volume of exports was largely unchanged.

In March, despite Covid-19 starting to impact other markets, there was a substantial recovery in exports to China, and the overall value of exports for the month was \$1.1 billion.

March 2020 was the first time that we saw meat exports of more than \$1 billion in a single month.

Subsequently, exports have remained relatively steady, albeit with a shift during the second quarter from chilled to frozen exports particularly for sheepmeat, reflecting the change in demand away from food service to retail and online channels. Compared to the second quarter of 2019, chilled exports were down 18% by volume, but frozen exports grew by 6%.

Our resilience during the COVID-19 crisis can be attributed to our diverse export markets and our deep understanding and relationships across our supply chains. This allowed our processing and exporting companies to shift product to different countries, and within markets, and pivot to new channels, such as from the food service sector to retail and e-commerce.



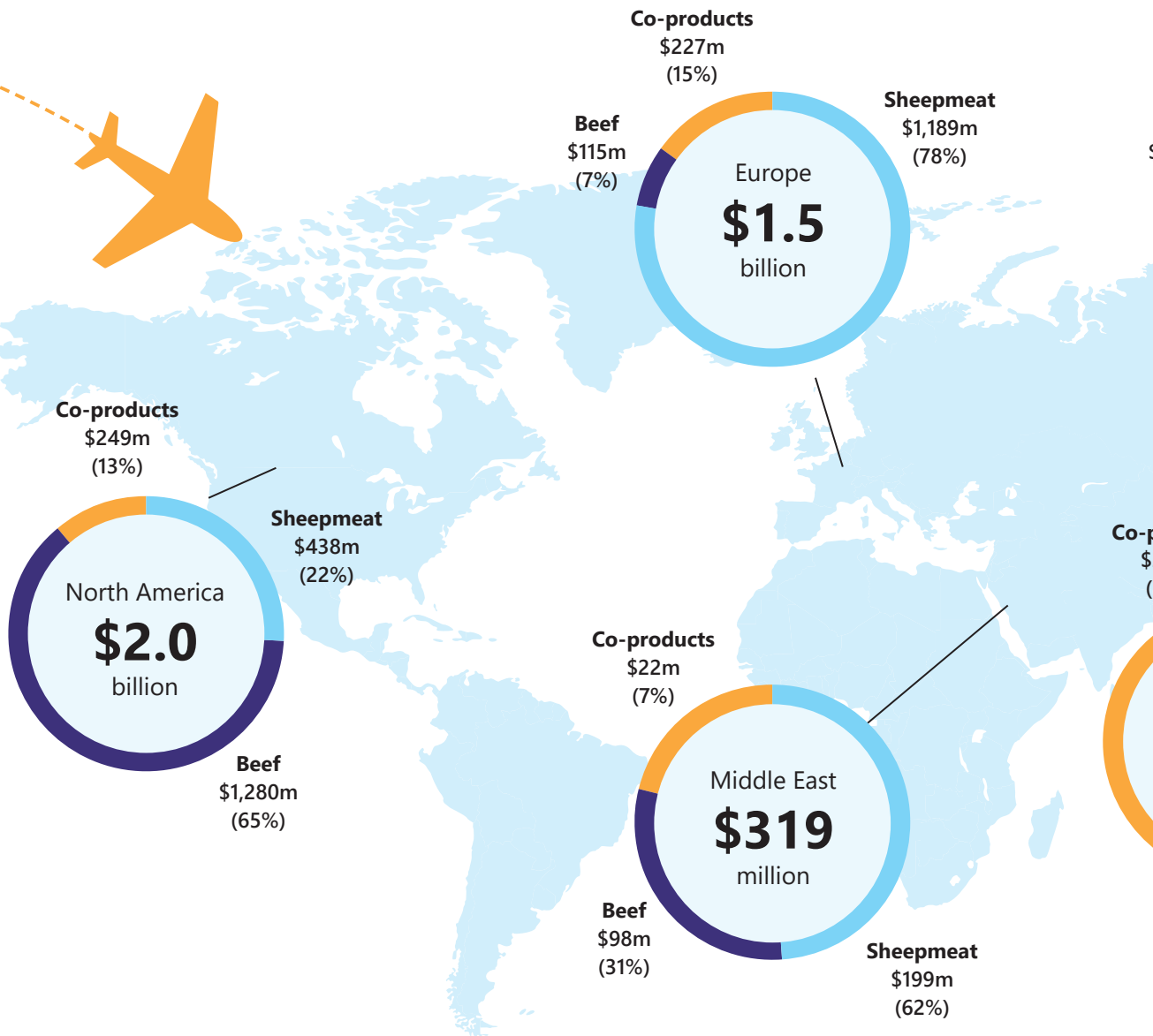
MIA strongly supports the New Zealand Government's leadership in uniting the international trading community by strengthening the rules-based system and trade relationships as New Zealand and the global economy seek to recover from COVID-19.

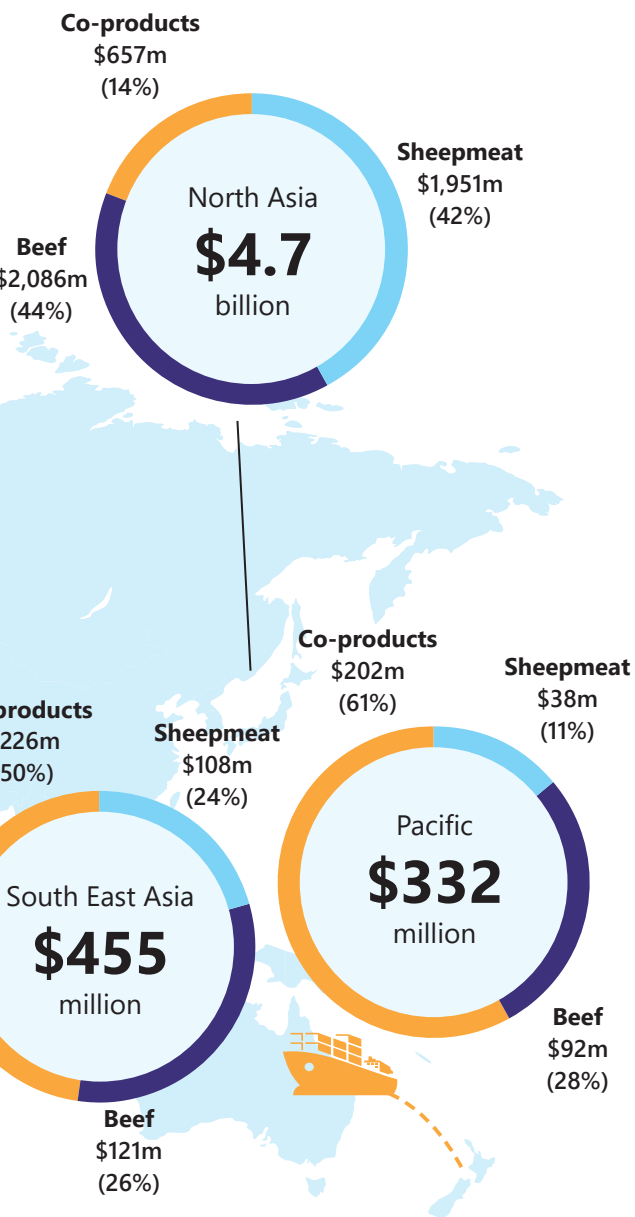
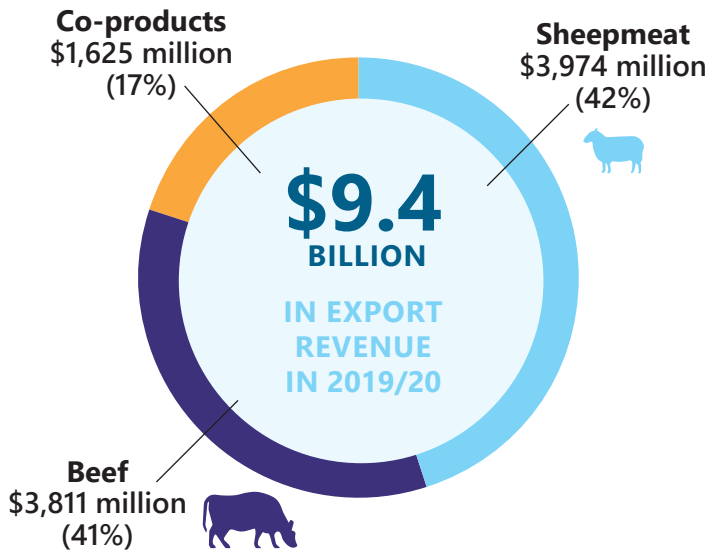


Trade & Market Access

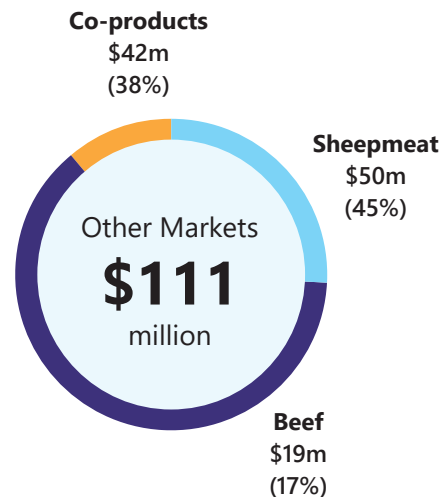
Members can maximise returns from global markets

Major exporter to 112 countries around the world





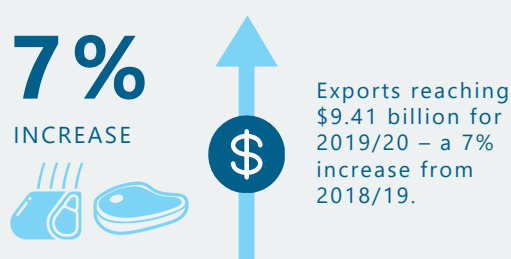
- Exports to 112 markets in 2019/20
- 17 markets took exports worth more than \$100 million for the year
- 50% of the industry's exports were to North Asia
- North America (\$2.0 billion) and Europe (\$1.5 billion) were the other two major regional destinations for exports



Trade overview

The ongoing impact of African Swine Fever (ASF) and the sudden appearance of Covid-19 in early 2020 dominated and shaped the global meat trade over the last 12 months. Both events have created opportunities and challenges for meat producers and exporters, including New Zealand.

While the impact of ASF has largely been positive for New Zealand red meat exports, particularly into China, Covid-19 caused considerable disruptions to international trade and to consumption patterns around the world. Despite this the industry has performed well.



Strong global meat prices during the year; a favourable exchange rate, particularly against the US dollar and Japanese yen; and New Zealand meat companies and exporters' ability to pivot away from Covid-19 impacted markets and segments to mitigate the worst of the trade disruptions have contributed to this strong performance.

The largest overall market was China, taking exports worth \$3.68 billion, or 39% of New Zealand's total exports for the year. This was an increase of 24% from 2018/19, and was largely due to China's increased demand for imported meat, as a result of the impact of ASF on pork production in China.

The next two largest markets were the United States, \$1.7 billion (-1% from the previous year), and the United Kingdom at \$453 million (-3%)

While exports to these two markets were largely unchanged from 2018/19, there were substantial increases in exports to other major markets, notably Japan (up 15% to \$418 million) and Taiwan (up 7% to \$299 million).

A more detailed breakdown of New Zealand's red meat exports for the year is available in the MIA statistical publication Red meat export trends in selected markets up to June 2020.

Top 10 overall red meat and co-product markets by value, 2019/20

Country	Value (NZ\$m)	% of total	Change from 2018/19
China	3,678.5	39%	24%
United States	1,740.0	18%	-1%
United Kingdom	452.8	5%	-3%
Japan	417.8	4%	15%
Taiwan	298.5	3%	7%
Germany	285.8	3%	-5%
Netherlands	250.1	3%	-14%
Canada	226.4	2%	-2%
Korea	189.2	2%	-4%
Australia	180.3	2%	9%
Other markets	1,689.8	19%	
Total	9,409.4		7%

Despite the disruptions, the meat industry has demonstrated its agility and resilience, with exports reaching \$9.41 billion for 2019/20 – a 7% increase from 2018/19.

Importance of market access

Covid-19 has highlighted the importance of the industry strategy of having access to as many markets as possible. To succeed in the current complex trading environment and weather the storm of rising protectionism, the sector needs secure and high quality access to a variety of existing and future markets.

As well as providing the industry with opportunities to optimise the value of each animal through matching value-add products to global customers in over 110 countries, it also allows the industry to divert product when there are disruptions in particular markets.

MIA will continue to have an important role in working with industry and government to maintain and enhance access into as many global markets as possible.

The importance of China as market has meant that it continued to be a strong focus for the industry's market access activities over the year.

While New Zealand generally has good market access conditions into China, there is room for improvement, including access for processed meat products, semi-finished blood products and pet food and raw materials for further processing.

The most pressing concern for industry is progress on listing for new establishments, including cold stores, and for new products for currently listed establishments. This was highlighted in February, when border delays in China required that a significant amount of product be held in New Zealand and companies had to manage potential shortages of space at cold stores listed for China.

MIA has continued to work with industry and MPI to progress these listings during the year.

China has been, and will continue to be, a market of enormous importance and opportunity for the red meat and co-products sector. However, the trade disruptions caused by Covid-19 have been a stern reminder of the importance of diversified market access.

Open and predictable market access, underpinned by strong regulatory systems that sets outcomes based on science, are vital for the ongoing success of our export-focused sector as it creates a stable and level international playing field in which our exporters can prosper and thrive.

The success of New Zealand's agricultural exports will play an important part in the country's recovery from the Covid-19 pandemic.

To that effect, the sector welcomed the announcement in June this year of the New Zealand Government's Covid-19 Trade Recovery Strategy and the Fit for Better World roadmap. Both strategies acknowledge and reinforce the important role of trade in driving New Zealand's economic recovery, and in particular trade in agricultural products.

We support the messages conveyed in the strategies, and look forward to working closely with the New Zealand Government on implementation, ensuring the red meat sector's needs and priorities are reflected.



China took 209,386 tonnes of sheepmeat during the year, which was 54% of New Zealand's total sheepmeat exports, and 195,767 tonnes of beef, 43% of total exports - a record value of \$3.68 billion.

African Swine Fever (ASF)

African Swine Fever (ASF) has continued to have a significant impact on global meat trade, and on New Zealand meat exports, over the last year.

ASF has had a dramatic impact on Chinese pork production, with the USDA's Foreign Agricultural service estimating that Chinese pork production dropped by around 20%, or 11 million tonnes in 2019. This has resulted in large volumes of all types of meat being imported from all over the world, including New Zealand.

Even taking into account the Covid-19 related disruptions in trade to China earlier this year, 2019/20 saw a record value of exports to the market of \$3.68 billion, which was an increase of 24% from the previous year.

The volume of exports was also unprecedented. China took 209,386 tonnes of sheepmeat during the year, which was 54% of New Zealand's total sheepmeat exports, and 195,767 tonnes of beef, 43% of total exports

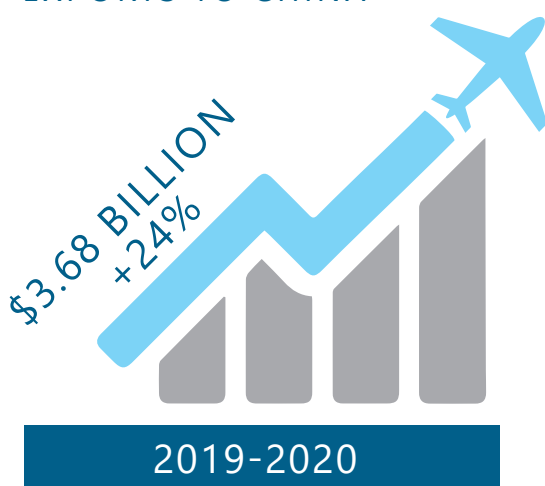
The scale of demand for meat in China has had an impact on New Zealand exports to other markets.

While the total volume of New Zealand's sheepmeat exports decreased by 3% to 386,250 tonnes in 2019/20, exports to China actually grew by more than 5,600 tonnes or 3%. As a result, exports to other major markets decreased, with the UK down 11%, the United States down 21% and the Netherlands down 19%.

It was a similar story with beef. Overall exports of beef grew by 2% to 460,170 tonnes, but exports to China grew by 14% to 195,767 tonnes. Again, this growth in exports to China meant that there was a drop in exports to other major markets, including the United States (-7%), Taiwan (-14%) and Korea (-9%). The one exception was Japan, where the volume of exports increased by 15%, largely due to tariff reductions under the CPTPP (which is discussed below).

More details about sheepmeat and beef exports and the major markets for the year are set out at the end of this section.

RECORD VALUE EXPORTS TO CHINA



2019 China Engagement Strategy

Over the last six years, MIA has been running a programme to strengthen the New Zealand industry's relationship with industry organisations and regulatory bodies in China.

In 2019, MIA revised its China Engagement Strategy with the aim of positioning New Zealand as a trusted partner with a robust science-based regulatory system, strong bilateral relationships and unfettered market access for all New Zealand meat companies and supporting the New Zealand Government's efforts in resolving outstanding market access issues. It revolves around five key pillars: relationships, co-operation, communication, compliance and market access.

Strategic engagement continued in the second half of 2019, with two visits to China and the hosting of a Chinese delegation in New Zealand.

In September, MIA led a small technical delegation to China to host a seminar together with the China Meat Association (CMA) focusing on standards setting for beef and lamb meat products; managing the cold/cool chain for meat safety and quality; and approaches to meat grading and classification.

The seminar was well attended, and highlighted that these technical exchanges are a useful way to share ideas and learn from each other's experiences, and identify key areas of interest for both sides.

In November, the MIA Chairman led a senior level delegation to Beijing and Shanghai. The objectives of this visit were to meet with Chinese regulatory agencies and decision makers; to support the China International Import Expo (CIIE) and the work of the China Chamber of Commerce and to continue to strengthen the industry's understanding of the China market.

The delegation hosted a successful event in Shanghai, which created the opportunity for companies to connect with existing and new contacts and strengthen their commercial relationships.

The delegation also met with the Ministry for Agriculture and Rural Affairs (MARA) for a positive and constructive discussion on the role of cooperation in further strengthening the bilateral relationship.

In December, following the constructive meeting with MARA officials in Beijing, the MIA hosted a small delegation from the MARA Center for Animal Disease Control and Slaughter Technology Centre. This was a productive visit, and a number of areas for potential collaboration were identified, which have set the framework for the development of a future cooperation programme.

While Covid-19 is likely to prevent any visits between the two countries in the near term, MIA is looking at other ways to continue this work, including through a cooperation programme with MARA and the CMA.





The role of standards in the production of safe, high quality beef and lamb

New Zealand Technical Seminar

**安全、高质量牛羊肉生产过程中标准的重要
性新西兰技术研讨会**

Thursday, 27 September 2019

2019年9月27日, 星期四

Century City New International Convention Centre, Chengdu

成都世纪新城国际会展中心



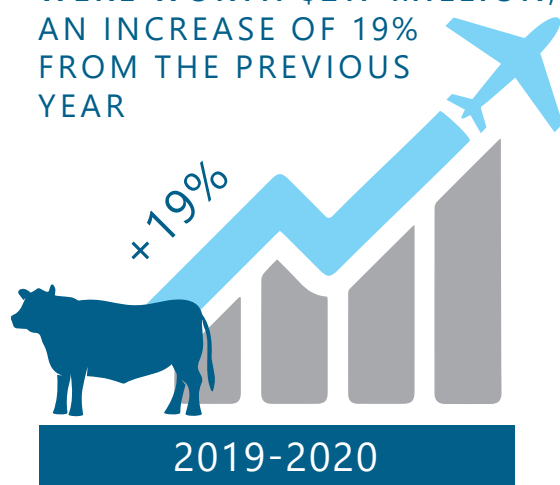
Other trade activity during the year

CPTPP

New Zealand meat exporters have continued to reap rewards from the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

The major benefit has been for our beef exports into Japan. In the face of the incredible demand for beef in China, which saw the volume of New Zealand beef exports decline to most of our other major beef markets, exports to Japan actually increased to 22,448 tonnes, which was up 15% compared to 2018/19.

NZ BEEF EXPORTS TO JAPAN WERE WORTH \$217 MILLION, AN INCREASE OF 19% FROM THE PREVIOUS YEAR



A significant contributor to this growth has been the tariff reductions on beef exports to Japan under the CPTPP, which were worth around \$26 million in 2019/20.

While the most important outcome of the CPTPP was to even up the playing field with other beef exporters to Japan (particularly with Australia), it has also provided smaller, but still important, tariff savings on other products into Japan, including \$3.6 million on beef offals, and \$222,000 other processed meat products

While New Zealand meat exports to most of the other CPTPP countries were already tariff-free, there were also tariff savings of approximately \$515,000 on exports into Canada and Mexico during the year through CPTPP provisions.

\$30M IN TARIFF SAVINGS FROM CPTPP IN 2019/20

As well as reducing tariffs, the CPTPP has also removed other restrictions on trade. For example, while most beef exports to Canada are tariff-free, prior to the signing of the CPTPP, Canada did apply a quota limit on the amount of New Zealand beef that could be imported tariff-free. Any beef exports outside of this quota would incur high tariffs.

As part of the CPTPP, this out-of-quota tariff rate is being reduced to 0% over a period of six years, allowing New Zealand beef exports to fully respond to changes in market demand.

EU FTA

Despite an ambitious start to the FTA negotiations in 2018, progress has been slow and difficult across a number of areas. It now looks unlikely that the FTA will be concluded by the end of this year, as anticipated.

In 2019/20, New Zealand meat industry exports to the EU were worth \$970 million. It is primarily an important market for sheepmeat, with exports worth \$730 million during the year, but is also an important destination for co-products such as beef hides (\$92 million in 2019/20), blood products (\$22 million) and meat and bone meal (\$21 million).

Beef exports to the EU were relatively small in 2019/20, at \$70 million. Despite this, the EU is an important market for high value chilled cuts, and the average value of beef exports to the EU during the year was \$14.98/kg, compared to \$8.28/kg for overall New Zealand beef exports.

However, New Zealand's current beef market access to the EU is severely constrained by a small tariff rate quota (TRQ) of 1,300 tonnes with an in-quota tariff of 20 percent.

Therefore, a key aim for the New Zealand meat industry in the FTA with the EU is to improve New Zealand's access for beef. The small quota and high out of quota tariff makes it difficult, if not impossible, for companies to form commercially meaningful relationships and build a stable trade in beef to the EU.

In June, the industry was deeply disappointed with a leaked agricultural goods market access offer from the EU.

It is not credible for a trading partner, like the EU, which purports to be a champion of free trade, to maintain small quotas and high tariffs. This not only makes commercially meaningful access impossible but continues to perpetuate agricultural protectionism and makes a mockery of the idea that this deal can be concluded this year.

Following the outbreak of Covid-19, the New Zealand red meat sector was encouraged that the EU issued a statement recognising that an open trade policy will need to be part of any future economic recovery plan.

Global agriculture and food trade will play an important role in the global recovery, and an FTA is an opportunity for the EU to show genuine leadership on these issues in collaboration with partners like New Zealand.

MIA will continue to advocate for high quality, comprehensive access to the EU market - one that does not put New Zealand at a disadvantage compared to the EU's FTA partners, but acknowledges that we are responsible global traders that export high quality products with the attributes most demanded by the EU consumer – be it in terms of food safety, animal welfare or the environment.

UK-FTA

The New Zealand red meat industry is supportive of an ambitious, comprehensive, high-quality FTA with the United Kingdom and welcomed the launch of negotiation in June.

Despite the growth of China, the United Kingdom remains an extremely important market for the New Zealand.

It was New Zealand's third largest market in 2019/20, taking \$453 million in exports. The majority of these exports, \$413 million, were sheepmeat. A significant proportion of New Zealand's sheepmeat exports to the UK, 48%, are high value chilled cuts.

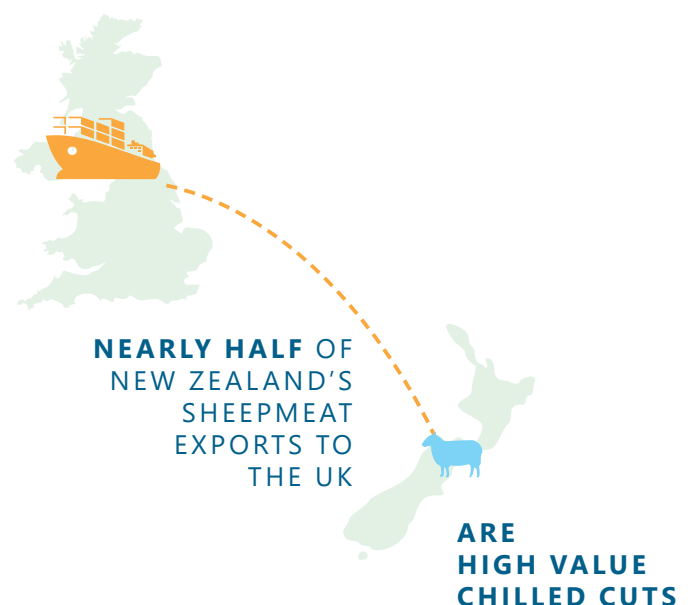
In addition to sheepmeat the UK is also an important market for other products including ovine offals (\$21 million in 2019/20) and blood products (\$12 million).

With a strong and historical trading relationship between the two countries, a FTA is a logical next step. Strategically, such an agreement would strengthen the architecture of international trade rules which is of real importance to trading nations like the United Kingdom and New Zealand. This is particularly important in the current climate of growing protectionism.

The United Kingdom and New Zealand enjoy seasonal complementarity of food production that ensures consumers have access to the products they wish to consume all year round.

A bilateral FTA would strengthen the existing relationships between our respective agricultural industry groups and help to ensure that producers in both countries continue to be profitable by meeting the needs of discerning consumers domestically and internationally.

The industry looks forward to working with the New Zealand Government and UK organisations to generate new opportunities for agricultural and food producers under a high quality, comprehensive and ambitious FTA with the UK that will deliver real prosperity for our collective regional and national economies.



Brexit

There is ongoing uncertainty with Brexit, the trading relationship between the EU and the UK; and the management of their WTO access commitments made during the Uruguay Round.

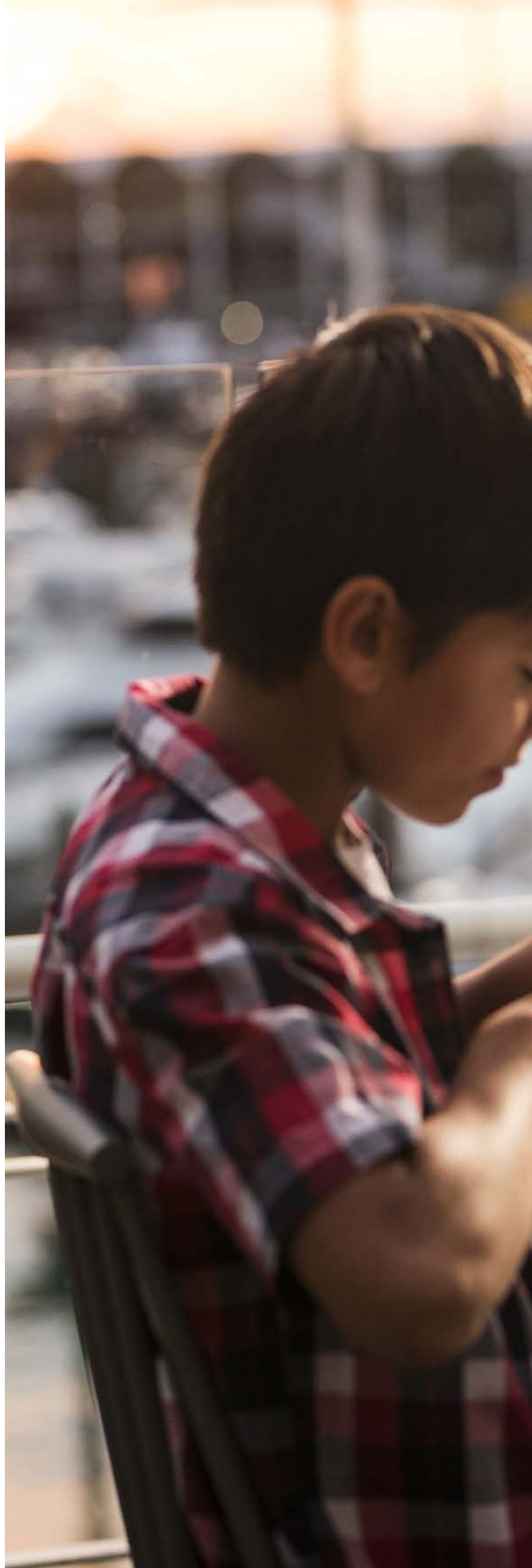
The Brexit transition period ends on 31 December 2020, and there is still no clarity on how these access commitments will be managed. For our sector in particular, it comes down to how the EU and UK address their joint and several obligations towards quota holders like New Zealand.

The proposal to split the WTO quotas between the EU and UK based on the historical proportion of New Zealand's sheepmeat and beef exports to each market respectively is unacceptable to the industry because it does not allow companies to respond to ever evolving market dynamics or trading conditions.

Nor does it benefit market stability by avoiding situations of oversupply resulting from rigid trade access preferences. This would severely undermine the quality of our existing access and would amount to an erosion of our WTO rights. In terms of our beef access, it makes the quota commercially meaningless.

It also impinges on the principle of trade liberalisation – a principle that NZ, the UK and the EU subscribe to.

The industry is opposed to any linkage between this WTO access and future FTA processes and cannot accept a situation where less-favourable WTO access is offered on a promise for improved access in the future under an FTA.





MIA & B+LNZ continue to work with the Government to preserve the WTO quotas and to ensure any FTA with the EU + UK provides additional commercially meaningful access for our exports.

Sheepmeat exports

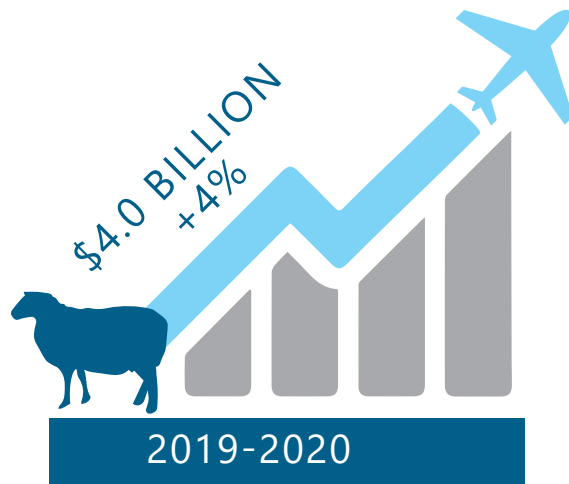
The volume of sheepmeat exports in 2019/20 was slightly down (by 3%) from the 2018/19 to 386,250 tonnes.

However, because of strong global meat prices, the value of sheepmeat exports increased by 4% in 2019/20 to \$4.0 billion.

Key points for the year:

- 209,386 tonnes of sheepmeat was exported to China in 2019/20, which was 54% of New Zealand's total sheepmeat exports during the year. This was the highest percentage of sheepmeat exports going to a single market in more than 30 years, but still well below the 86% of total sheepmeat exports that were going to the United Kingdom in the early 1960s.
- The volume of exports to the United Kingdom dropped 11% to 38,142 tonnes. However, the value of these exports was largely unchanged at \$413 million, meaning that the average value of exports to the United Kingdom actually increased to \$10.83/kg, up from \$9.72/kg the previous year.
- Taiwan was one of the few markets where both the volume and value of exports increased in the face of the significant demand from China. The volume of exports increased 13% to 10,025 tonnes, and the value increased 19% to \$93 million. New Zealand sheepmeat exports to Taiwan have been tariff-free since 2017 under the Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Cooperation (ANZTEC).

VALUE OF SHEEPMEAT EXPORTS



Top 10 sheepmeat markets by value, 2019/20

Country	Value (NZ\$m)	% of total	Change from 2018/19
China	1,695.2	43%	23%
United Kingdom	413.0	10%	-1%
United States	346.7	9%	-24%
Germany	260.6	7%	-2%
Netherlands	206.2	5%	-13%
Japan	107.9	3%	14%
France	103.7	3%	-2%
Taiwan	93.2	2%	19%
Canada	91.3	2%	-20%
Malaysia	88.8	2%	40%
Other markets	567.4	14%	
Total	3,973.9		4%

Beef exports

The volume of beef exports increased by 2% to 460,170 tonnes, but the value of these exports increased by 15% to \$3.8 billion.

Given that New Zealand can only produce a certain amount of beef each year, the increase in exports to China resulted in decreases to most other major markets, in particular, the United States.

Key points for the year:

- China was once again New Zealand's largest market for beef with exports of 195,767 tonnes worth \$1.56 billion. This was an increase of 14% by volume and 30% by value from the previous year.
- The volume of beef exports to the United States dropped 7% to 141,129 tonnes for the year. This was the lowest volume of beef exports to the United States for more than 30 years. However, the overall value of these exports increased by 11% to \$1.16 billion. As a result, the average value of exports to the United States increased to \$8.22/kg up from \$6.87/kg the previous year.
- As noted above, Japan was one of the few markets where the volume and value of beef exports increased, largely due to the ongoing tariff reductions under the CPTPP. A high proportion of New Zealand's beef exports to Japan (30% by volume) are chilled cuts, and it was New Zealand's second largest chilled beef market in 2019/20 behind China.

VALUE OF BEEF EXPORTS



Top 10 beef markets by value, 2019/20

Country	Value (NZ\$m)	% of total	Change from 2018/19
China	1,556.6	41%	30%
United States	1,160.1	30%	11%
Japan	216.9	6%	19%
Taiwan	168.0	4%	-3%
Canada	119.6	3%	18%
Korea	110.4	3%	1%
UAE	37.6	1%	-4%
Hong Kong	34.6	1%	4%
Switzerland	33.4	1%	16%
French Polynesia	33.0	1%	-4%
Other markets	340.4	9%	
Total	3,810.5		15%



Co-products exports

Co-products continued to be an important source of revenue for the industry, with exports worth \$1.6 billion which was largely unchanged from the previous year.

Co-products accounted for 17% of total industry exports during the year.

China remains the major market for co-products, with exports worth \$427 million in 2019/20 (up 8% from the previous year), followed by the United States, \$233 million (down 6%), Australia, \$150 million (up 1%), Indonesia, \$93 million (down 7%) and Japan, \$93 million (up 9%).



The table below provides a summary of co-products exports in 2019/20.

Product	Value of exports	Annual change	Top three markets
Casings and tripe	\$329m	+1%	China, \$172m Hong Kong, \$26m Japan, \$23m
Edible offals	\$293m	+11%	China, \$74m Japan, \$51m Korea, \$30m
Prepared and preserved meat products	\$232m	-4%	United States, \$92m Australia, \$78m Korea, \$11m
Hides and skins	\$221m	-30%	Italy, \$86m China, \$69m Australia, \$21m
Meat and bone meal	\$176m	-14%	Indonesia, \$63m United States, \$23m China, \$22m
Blood products	\$172m	+17%	United States, \$58m Australia, \$38m China, \$17m
Tallow	\$119m	+11%	Singapore, \$77m China, \$32m Malaysia, \$3m
Other products	\$83m	+91%	China, \$40m United States, \$16m Australia, \$7m



People & Skills

The industry has access to the right people, training and health and safety practices so it can continue to operate more safely at optimum levels

The red meat industry is one of the biggest employers in New Zealand, employing more than 25,000 workers in more than 60 processing sites nationwide. MIA members are often the largest single employer in a region.

Industry Training

Meat processing is one of the largest trainers of workers in New Zealand. In 2019, more than 6500 meat processing workers underwent training in NZQA qualifications. Importantly, and unlike many other industries, the training was delivered on-the-job in the workplace by the processing companies. This training model is extremely successful, with a very high completion rate for trainees. However, the significance of workplace-based employer-delivered training has often eluded Government officials, who have been focused on academic classroom-based training. For this reason, the MIA has supported a more even playing field in Government support for industry-led training, and supported many of the objectives of the Review of Vocational Education (ROVE).

Progress on the Government's reforms of industry training under the ROVE had proceeded extremely slowly during 2019/20. However, Covid-19 has accelerated the process, with a Manufacturing, Engineering and Logistics Workforce Development Council (MEL WDC) to be established. We are pleased that our previous chief executive, Tim Ritchie, has been appointed to the interim Establishment Board of the MEL WDC.

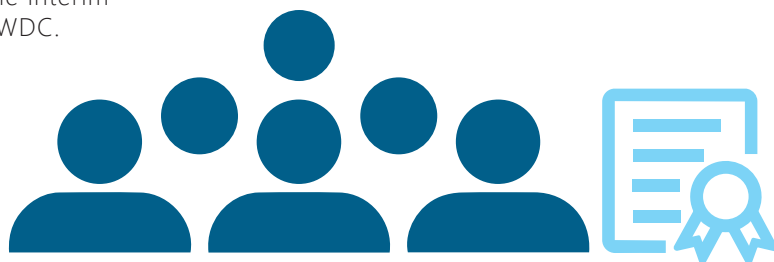
We want a strong WDC that is industry-led, that will provide a forum for industry training managers to engage with Government on industry training, and to develop the skills standards and qualifications that industry needs.

MIA has continued to engage closely with Primary Industry Training Organisation (PrITO). We enjoy a good relationship with PrITO. We are concerned that as PrITO transitions into becoming a subsidiary of the New Zealand Institute of Skills and Technology, that critical capability that supports industry in workplace-based training is not lost.

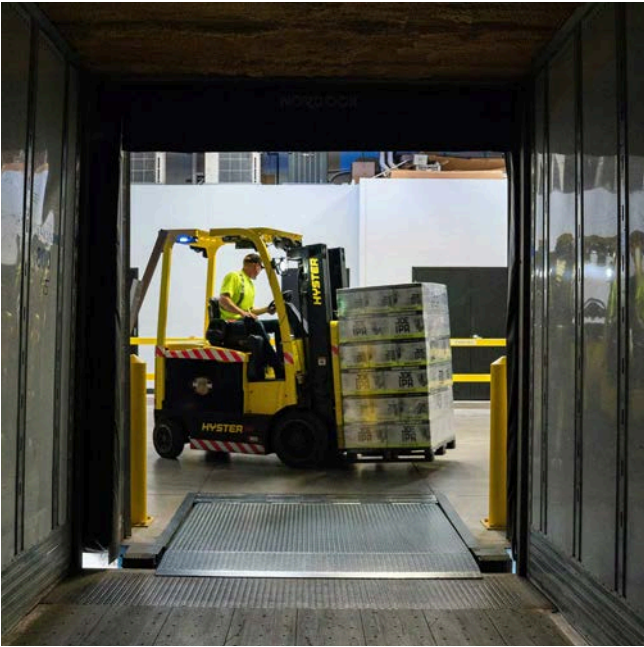
We strongly support the increased investment in industry training by the Government. However, the likely increased demand, such as many more apprenticeships, is going to place considerable pressure on company training resources.

The MIA has launched a project to develop a Workforce Development Strategy, which will map out the industry's training needs and actions to address those.

While the Government is pushing for more New Zealanders to join the industry and undertake training, officials have struggled to recognise that the ability to take on new workers and train them depends on the capability within processing companies to undertake that training. That means the industry has to develop more skilled workers as trainers. This will take time. MIA urges Government to work with industry in helping to resolve the training and skills issues across the entire pipeline.



IN 2019 MORE THAN 6500 MEAT PROCESSOR WORKERS UNDERWENT TRAINING IN NZQA QUALIFICATIONS



Meat Industry Scholarship programme

The industry needs ambitious, well trained and highly skilled people.

MIA funds a number of scholarships to encourage undergraduate or graduate students into the meat industry.

In the past two decades, the meat industry has transformed itself, developing new products, adopting new technologies, automating production and selling on new markets with different requirements.

The scholarships (courtesy of the Food Innovation Training Trust) provide a pathway for undergraduate or graduate students into the meat industry.

Areas of study applicable to the scholarship are those relevant or potentially relevant to meat processing and marketing. These includes food sciences, engineering, human resource management, environmental science, international marketing, process design, industrial innovation.

Scholars receive financial support during their tenure and MIA works with processors to assist scholars to find meat-related projects, part-time or vacation work at processing companies, or internships.

MIA is in the process of establishing a mentoring and networking system to support the scholars to get the most benefit from this programme.

During the year, MIA initiated a programme to be more interactive and to provide a level of pastoral care to the scholars. This includes:

- Appointing Kaylene Larking as a scholarship mentor
- Working with scholars and processors to find suitable part-time or vacation work;
- Assisting with identifying research projects at processors or in meat industry related research;
- Holding a scholar networking and meat industry education day for presentations on the meat industry from MIA, MPI, MFAT, B+LNZ, AgResearch and others.

Strategic Partnership with the Centre of Excellence for Agriculture Science and Business

MIA, along with other agribusinesses, has a partnership with St. Paul's Collegiate School in Hamilton to establish an agribusiness programme that meets the industry's needs for engaged, well-qualified and capable young people who are enthusiastic about their career opportunities in the rural sector.

The programme has developed seven agribusiness achievement standards at levels 3 and 4. 80 schools, comprising of approximately 1,400 students entered into Agribusiness standards in 2019 with an even split across Levels 2 and 3.

The upcoming challenge for MIA is to get schools to connect with inspirational volunteers from the industry to enable young people to get insights into exciting and unique careers in the meat industry and inspiring them to be ambitious.

1400 STUDENTS

ENTERED INTO
AGRIBUSINESS
STANDARDS
FOR 2019



Scholar profile

Harriet Watson



Harriet Watson is in the third year of study towards her Bachelor's degree in Agribusiness and Food Marketing at Lincoln University and has been an MIA Scholar for three years.

Harriet credits the MIA undergraduate scholarship as a key factor in helping to establish her career in the red meat sector.

Growing up on her family's beef farm in Darfield, Harriet has always had a keen interest in "where food comes from" and is passionate about the unique way we farm in New Zealand. Her interest led her to approach the GM Sales and Marketing at ANZCO Foods in Christchurch early in her degree to find out more about their business. Knowing Harriet had an MIA Scholarship, ANZCO offered Harriet an internship, which has provided her with holiday employment while she worked towards completing her degree later this year.

"I basically assist in any department at ANZCO that needs me. This year, I have been working with the Sales Coordinator for China. That has been incredible – gaining experience that I could never have dreamed of. I'm loving my studies and the internship. I really enjoy the variety of the ANZCO work, I'm getting a very good understanding of the whole supply chain, from production and logistics through to sales. I'm looking forward to a future in the sector, taking the New Zealand red meat story to customers overseas. I'm just passionate about this industry – and the MIA is doing a great job, through the scholarships, of raising awareness among young people and encouraging them to consider it as a career path."



Halal processing, underpinned by a robust regulatory framework, has become a key aspect of the industry's business model and contributes approximately \$3 billion in export earnings.



Health and Safety

Health and Safety continues to be a major area of work for MIA. Most of the activity to reduce injury rates is at the plant and company level. However, there are some things that can be done at the industry-wide level to facilitate communication and direction, set industry standards, and identify significant areas of work for industry and Government.

A focus of MIA has been to develop standards for critical risks (ammonia, traffic management, working at heights, machine guarding, etc) and to facilitate forums on those critical risks.

It was a major disappointment to MIA members that three workers were killed on the job in late-2019 and early-2020.

The MIA Council has tasked MIA with developing a plan for addressing, at an industry level, the unacceptably high risks of workers being injured in the industry.

In November 2019, MIA ran a series of workshops to demonstrate the potential of exoskeleton technology which could offer significant reductions in body straining injuries. We thank WorkSafe for being proactive in its support for the exoskeleton demonstration, which toured New Zealand in late-2019.

Industrial Relations

The Government has consulted on a number of policies in the industrial relations area which will have significant implications for the meat industry. MIA is following the development of such policies and working with members, Ministers and the Ministry of Business, Innovation and Employment (MBIE) to ensure that the policy settings are appropriate to support the vitality of the meat industry.

MIA has not intervened in any litigation this year but continues to monitor Court decisions that are relevant to the industry.

Immigration

Immigration issues continue to be a significant source of frustration, given the sustained labour shortage faced by the industry.

MIA has continued to engage with the Minister of Immigration and MBIE on immigration issues throughout 2019/20. The meat industry was selected as one of two industries for the first Industry Sector Agreement (ISA) to allow easier access to halal workers and other skilled migrants. However, the ISA has been on hold since Covid-19.

The ability to bring in migrant workers to make up the shortage of New Zealand workers remains a priority area. In particular, the meat industry faces ongoing frustration at the process followed by Immigration NZ with respect to bringing in halal workers.

Today, approximately 43% of New Zealand total red meat exports are halal certified for Muslim consumers and contribute approximately \$3 billion in export earnings. There are only approximately 217 halal workers who work in the meat industry. Therefore, each halal worker generates \$17 million per annum for the meat industry. Due to a sustained shortfall of suitable halal workers in New Zealand, approximately 140 migrant workers are needed.

Looking ahead, 80 of these halal workers will need to leave New Zealand for 12 months between March 2021-September 2021. As a result of Covid-19, MIA's focus has been on advocating the government to allow those migrant workers who are already in New Zealand to remain here and continue to be productive members of the industry's workforce.



43%



OF NZ TOTAL RED MEAT EXPORTS ARE HALAL CERTIFIED FOR MUSLIM CONSUMERS

\$3 BILLION



Government Policy & Regulation

Government policy and regulatory settings are fit for purpose, cost efficient and avoid negative consequences that could impact the future of the industry

Regulation

The Animal Products Act (APA) and regulations provide a critical underpinning for New Zealand meat exports and form a solid foundation for the acceptance of New Zealand meat products around the world.

Though the Strategic Directions Group (SDG), a joint industry/MPI governance mechanism, the industry works closely with MPI to ensure that the regulatory framework continues to be effective and outcomes-focused and that services delivered to the industry are fit for purpose and efficient without compromising MPI's role as regulator.

The guiding principle for this work is for industry to take greater control and ownership of its compliance obligations to ensure our already high food safety standards are maintained and strengthened.

A key focus during the year has been to progress the Optimising Operator Ownership (OOO) model, where MPI Verification Services 'steps back' into a true verifier role and giving companies space to run their own regulatory and compliance programmes. After a successful pilot at Alliance Group's Lorneville Plant, the OOO programme was rolled out to a further four establishments in 2019. While further uptake has been impacted by Covid-19, MIA will continue to work with MPI to progress the programme. This work will further enhance our reputation as a producer of safe and wholesome products and underpins other initiatives such as Post Mortem Inspection changes.

Other initiatives that were progressed through the SDG during the year included the Red Meat Regulatory Strategy and ongoing work on the Process Hygiene Index (PHI) to ensure it meets the current and future requirements of industry.

The SDG also has an import role in ensuring the governance and operation of the cost recovery process for services provided under the APA continues to be improved.

The MPI services are cost-recovered from the meat industry, around \$40 million annually. In addition, the industry pays some \$47 million for meat inspection regulatory services provided by AsureQuality.

MIA Technical Group

MIA facilitates an industry technical group as an open forum for consultation on technical matters among MIA members, MPI and other relevant stakeholders. During the year, the group provided input into a wide range of topics including:

- Industry compliance and technical requirements,
- New and changing overseas market access requirements,
- Review of Specifications for Products intended of animal and human consumption,
- Updating Shiga Toxin Escherichia Coliforms (STEC),
- Refresh of the Process Hygiene Index (PHI),
- Review of the Animal Status Declaration (ASD), and
- Implementation of new EU stunning requirements

The technical group has also been providing input into the MPI regulatory redesign project. This project originated from the 2013 government inquiry into the whey protein concentrate contamination incident which found food safety regulatory requirements and notices repetitive, complex, and inaccessible. The redesign project aims to make food safety regulations and legal notices clearer and easier to understand and follow.

Animal Welfare

MIA continues to work closely with MPI and others in the sector to ensure that New Zealand maintains its reputation for very high animal welfare standards.

There were concerns in March that Covid-19 could have implications for animal welfare, as the implementation of the Alert Level 4 Red Meat Processing Safety Protocol coincided with one of the busiest periods in the processing season, which was further impacted by the significant drought in parts of New Zealand.

While meat processors were able to continue to operate as an essential industry, there was some reduction in processing capacity, particularly under Alert Level 4. Companies worked hard to find safe ways to mitigate this pressure and MIA worked closely with Beef+Lamb New Zealand and MPI to keep farmers informed on processing capacity and availability during this difficult time.

The MPI Animal Welfare Governance Group, which MIA is a member of, met regularly and was a useful channel to exchange information with other sectors and stakeholders to mitigate the potential for animal welfare issues.

Bobby Calves

Enhancing bobby calf welfare has been a collaborative industry wide initiative for more than a decade, with a goal of ensuring that the welfare of bobby calves is safeguarded during transportation and lairage prior to slaughter.

In recent years, implementation of new animal welfare regulations has increased the focus on the safe transport of calves.

In the 2019 season, there was a further reduction in bobby calf mortality to 0.04% for the season, down from 0.05% in 2018 and 0.66% in 2008. This continued improvement represents an excellent result and again reflects the combined efforts and commitment of all involved.

The cross-sectorial bobby calf working group, led by MIA, was reconvened in late March when concerns were raised that the autumn processing of bobby calves might be impacted by the Covid-19 Level 4 processing protocols. The group met weekly through the period to provide feedback across the supply chain and to the MPI Animal Welfare Governance Group to ensure that any delays in processing were managed appropriately. The group also acted as a vehicle for information sharing across other primary sector organisations.

Animal Welfare Regulations

After the introduction of new animal welfare regulations in late 2018, the major area of concern remains 'back rub' in cattle - significant skin abrasion on the head, hips, neck, spine, or high points on the back. Back-rub has accounted for around 40% of total infringements issued by MPI since the introduction of the regulations.

MIA, in conjunction with MPI, is continuing to investigate long-term solutions to prevent these cases, but in the short term the best course of action remains effective communication between farmers, transporters and livestock representatives.

MIA also continues to facilitate discussions on end of life solutions for cull animals to ensure that animal welfare concerns are minimised prior to processing.

Animal welfare continues to be a major concern for consumers globally, and is therefore a major focus for the red meat industry.

Environment

A major area of work for MIA in 2019/20 was environmental issues, especially climate change and freshwater.

Zero Carbon Bill

MIA was active throughout 2019 on the Zero Carbon Bill. The MIA worked very closely with other primary industries and the MIA membership in developing an industry position and strongly advocating on behalf of the industry.

MIA supported much of the Bill, especially the creation of an independent Climate Change Commission. However, MIA was deeply disappointed with the targets set out in the Bill, that would become law.

The Zero Carbon Bill set a target for carbon dioxide emissions to go to 'net zero' by 2050. By allowing carbon dioxide emitters to offset their emission by planting forests, a 'net zero' carbon dioxide target is likely to put even greater pressure on the transformation of the New Zealand landscape, with productive pasture being converted permanently to forestry carbon sinks. The long-term consequences of this have not been properly considered by government, and it is concerning that the Government has embarked on such a potentially significant policy with little economic and social analysis of the long-term consequences of that policy.

The Zero Carbon Bill also set targets for agricultural methane to reduce by gross 10% by 2030 and 24-47% by 2050. On the one hand, MIA was pleased that the Government recognized the basic science that the climate impact of short-lived greenhouse gases such as biogenic methane is largely determined by the rate of increase or decrease rather than the total (as with long-lived gases), and adopted a split-gas approach. However, the actual targets put into the Bill were without any scientific rationale. To provide a scientific analysis of the methodology used in the Zero Carbon Bill, MIA commissioned research from the University of Oxford.

MIA strongly advocated for a principled approach to the methane target, with the methane reductions explicitly tied to achieving zero carbon equivalent.

While we are very disappointed that the targets in the Zero Carbon Bill passed into law, we are nonetheless hopeful that the reason of our arguments will prevail, and that the Climate Change Commission is reviewing the methane targets and will provide advice to the Government.

He Waka Eke Noa – the Primary Sector Climate Change Commitment



During 2019 MIA took a lead role working with other primary sector organisations in devising an alternative to placing agriculture into the Emissions Trading Scheme – He Waka Eke Noa the Primary Sector Climate Change Commitment. This has two parts to it:

- Up to 2025 the sector commits to a detailed programme of work, funded by the sector, for farmers to have Farm Environment Plans and develop tools to manage their farms in an environmentally sustainable way.
- Post-2025, the sector agrees that farmers should in principle bear a price for their greenhouse gas emissions.

However, the price cannot be set by the unpredictable carbon price in the ETS, but should be set at the minimum rate necessary to encourage farmers to take up available technologies and only where those emissions are contributing to increasing global warming (i.e.

farmers who are making reductions in methane emissions should not pay).

MIA was very pleased that the Government agreed to partner with industry is achieving the objectives of He Waka Eke Noa. We acknowledge that the Government is putting in significant investment into working out climate change solutions with the primary industries in a constructive and good faith manner.

For MIA, there are two areas of work:

- MIA is actively participating in the primary industries/government workstream developing a mechanism by which on-farm emissions can be priced by 2025 in a way which incentivises behaviour change and reduces on-farm emissions.
- MIA is working to support other primary industry activities which will help reduce emissions, including on-farm awareness of and reporting of emissions.

Climate Footprinting of Meat Products

MIA, with financial assistance from MPI and B+LNZ, has commissioned AgResearch to provide an up-to-date life cycle assessment from farm to fork of the climate warming impact of New Zealand's beef and sheep meat production, for six main beef and lamb product types. Importantly, this project will provide a transparent methodology for analysis of the climate footprint of New Zealand meat products, ensuring that environmental claims are credible, and that individual processing and export companies can benchmark and potentially differentiate their environmental claims. In addition, the project will review the climate footprints of a number of other food types, comparing with red meat from this study.

Coal

The industry are major users of coal, especially in the South Island, where coal is often used to heat boilers. MIA accept that in the long-term the industry has to move away from coal towards low-emission heat sources, such as high temperature heat pumps and/or firewood. However, this is still relatively new technology, and retrofitting existing processing plants with new heating technologies and new boilers will require significant capital investment. For this reason, MIA has opposed the Government proposals to ban low-temperature

coal fired boilers by 2030. Instead, MIA believes that the Government must be consistent in its ban of coal use (not just for low-temperature boilers). If it is to ban coal then it should provide support for those companies that bear the costs of having to invest in new technology boilers over short timeframes. The Government will also need to think about energy (electricity, gas, firewood, etc) provision in the South Island if industries such as meat processing are to rapidly move from coal.

Environmentally Sustainable Meat

The past year has highlighted how the New Zealand public and international customers are demanding that food be made in a way which is environmentally sustainable. A significant focus has been on the impact of pastoral agriculture on water quality and climate change.

However, there has also been a great deal of misinformation – particularly on the environmental impact of meat. Such claims are often based on comparisons between intensive meat production and plant-food production with little understanding of different production systems. Claims about agriculture's impact on climate change invariably takes no account of New Zealand's pasture based production system nor the fact that the principle greenhouse gas emission from animals is methane, a short-lived greenhouse gas compared to carbon dioxide.

As a sector, we are going to be much more focused on countering this misinformation in future. The reality is that red meat is an important part of a balanced diet. That food should come from sustainable production systems. As the IPCC Climate and Land Report wrote:

"Balanced diets, featuring plant-based foods, such as those based on coarse grains, legumes, fruits and vegetables, nuts and seeds, and animal-sourced food produced in resilient, sustainable and low-GHG emission systems, present major opportunities for adaptation and mitigation while generating significant co-benefits in terms of human health." (IPCC report)

Our sheep and beef farm systems are based mostly on land unsuitable for cropping, and have a relatively low environmental footprint. A focus for MIA in the next year will be on how we can ensure accurate and credible measurement of that footprint, and on working to further minimise that footprint.



Innovation

The industry has access to the best R&D and science innovations to achieve its aspirations

Through its coordinated innovation portfolio, MIA works with its members to identify and invest in leading edge scientific research that supports the industry both now and for the future.

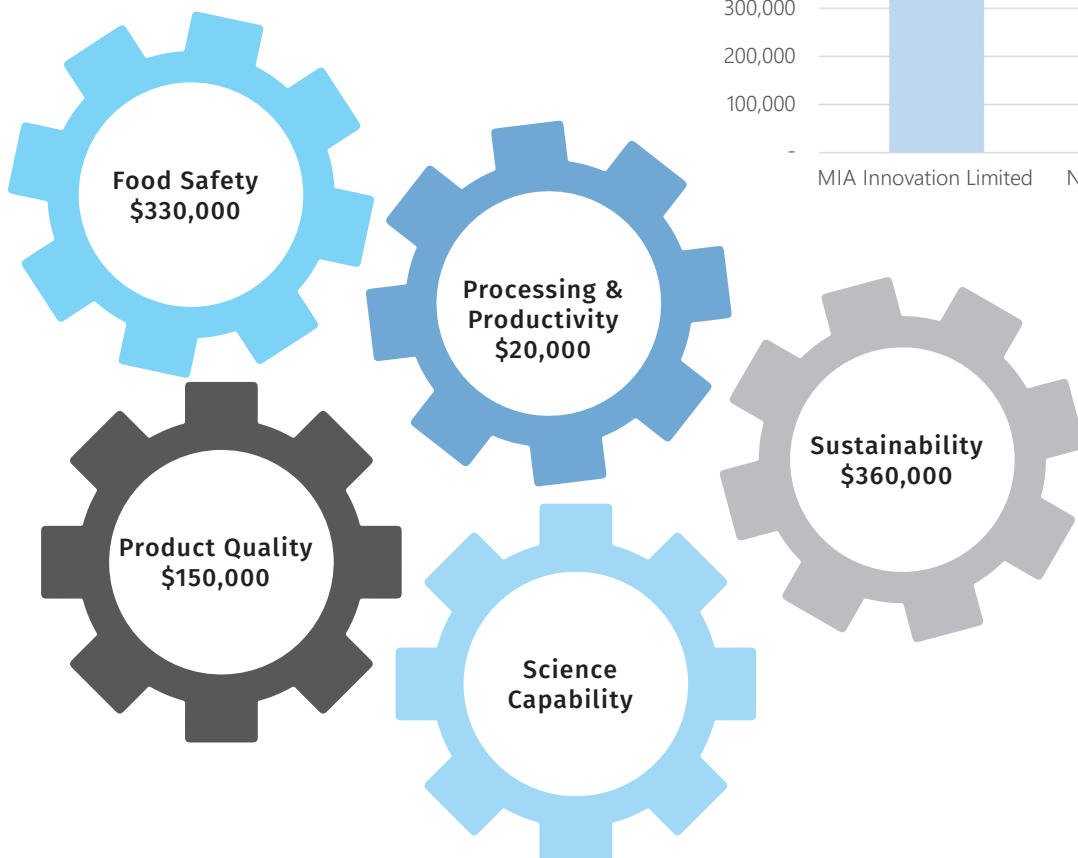
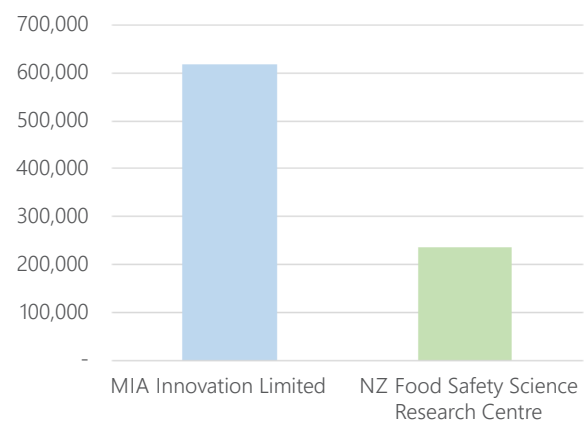
The MIA R&D programme and investment is guided by the principles in the Red Meat Processing Research and Development Strategy and is largely focused on three priority investment areas:

- increasing the value of products;
- improving processing technology; and
- improving food safety and security.

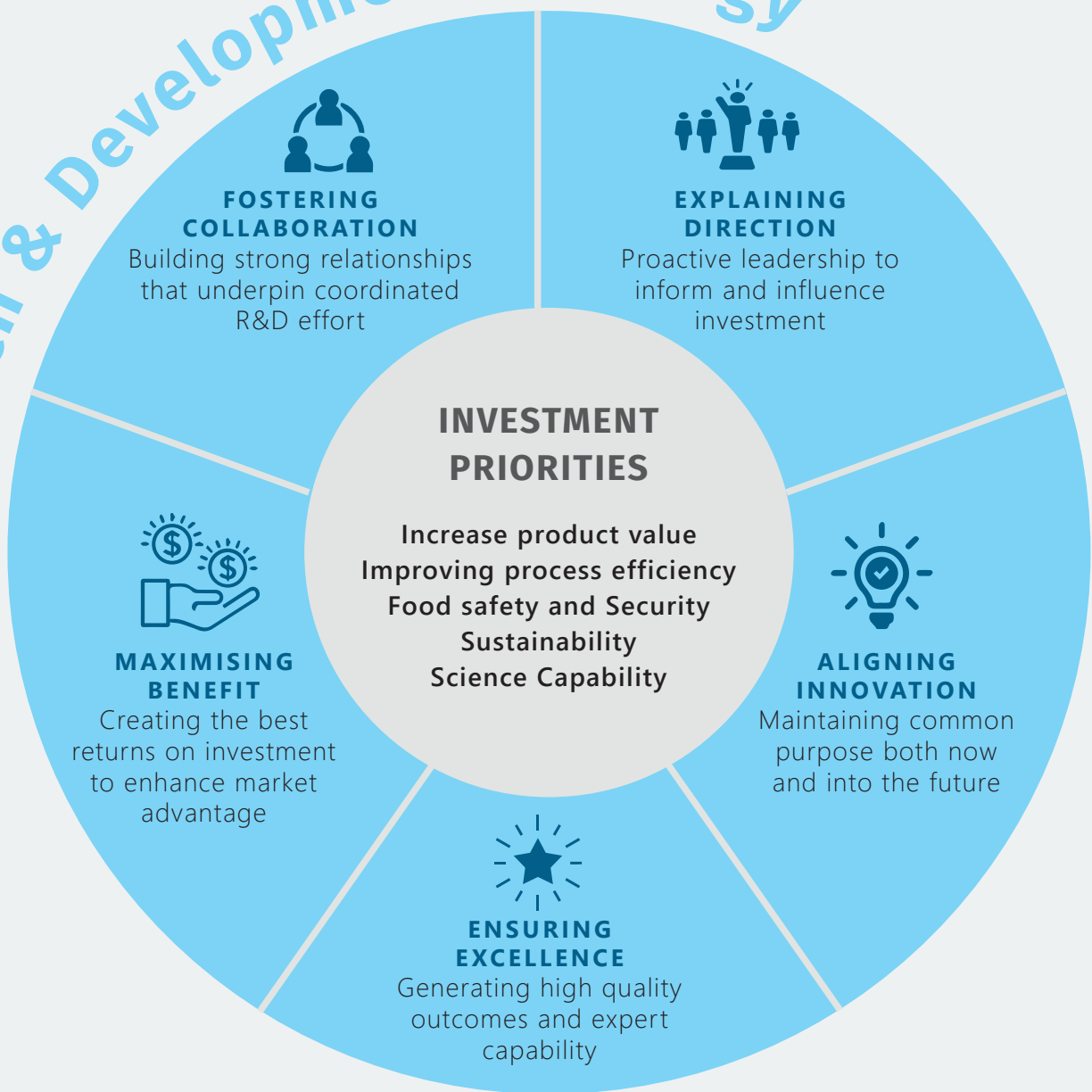
Increasingly, however, we are engaging with researchers to talk about the future needs of the industry, particularly what innovation and technology solutions can be used to ensure the sustainability and security of processing and the environment we live and work in.

As a sector, we still need to better capture the value of emerging technologies (e.g. artificial intelligence, visioning systems and automation) to improve our processes and products and support processing into the future; this is the focus of our current forward planning and strategies.

INDUSTRY INVESTMENT 2019-20



Research & Development Strategy



Innovation in the red meat sector is critical for maintenance and growth and to ensure resilience to the impact of change and emerging risks.

Reports from MIA and MIA Innovation R&D initiatives

Increasing Product Value through Improved Meat Quality and Shelf-life: Shewanella

The ability to store lamb product in vacuum packages under chilled conditions for extended periods is largely dependent on maintaining control over bacteria that have the potential to spoil meat products.

With good control over the major meat spoilage pathogens in hand, Researchers at AgResearch have been considering other, minor pathogens in the meat pack that might give rise to spoilage. Shewanella is one such species. Shewanella causes greening and hydrogen sulphide "off" odours in the meat pack and is often overlooked as a cause of spoilage as it is difficult to detect and can also be "hidden" by the impact of other, more dominant spoilage bacteria.

Our investigation has shown that the fleece of lambs is a major source of Shewanella contamination in the meat processing environment. In addition, Shewanella may be responsible for some late-life product



spoilage, particularly of high pH meat cuts, such as lamb shank and shoulders. While present on these cuts, Shewanella only caused spoilage when contamination levels were high and the product was stored for long periods and there had been poor control of temperature during chilled storage.

See R&D Brief MIAI 202-01 for further details

Improving Processing Efficiency for the Sector: Exoskeletons

Exoskeletons are spring-loaded, non-mechanical devices that are worn as a tool to provide strength and support for mechanical and repetitive tasks. Exoskeleton technology has been in development since the 1970's, but it is only in recent times that the technology is living up to its potential as a tool for everyday use, due to the benefit of modern materials and manufacturing methods. In industrial environments trials have shown that exoskeletons can both improve productivity and reduce injury, through a combination of reducing how hard muscles need to work (by up to 75%) and by reducing fatigue (by up to 50%).

In late 2019 MIA, in collaboration with WorkSafe New Zealand, brought Biosymm Limited, an Australian Based Physiotherapy company, to New Zealand to demonstrate the benefits of "Suit-X" brand exoskeletons to red meat processors.



Participants at workshops around the country were overwhelmingly positive about the potential of the technology, particularly in packing and cold-store areas where workers are routinely lifting and bending to handle cartons. It is also likely that modified exoskeletons will be suitable to support tasks in hygienic processing areas.

From the fittest to the less able, all participants at the roadshow could lift a 25-30kg carton with ease, noting the benefits both to their strength, endurance and posture while wearing the suits.

Demonstrating the Sustainability Profile for Red Meat Products: Pasture Raised Advantage

MIA Innovation and B+LNZ are jointly investing in a \$2 million research programme to gather information about the benefits to health and well-being benefits of eating red meat as part of a balanced diet.

The Pasture Raised Advantage Project, utilizing researchers from University of Auckland, Riddet Institute and AgResearch started in November 2019 and includes two human clinical trials, that will test the impact of eating red meat on healthy participants aged between 20-35. The first “acute” clinical study, looks at changes in blood chemistry and softer measures such as mood and satiety after eating a single meal that includes and compares grain-fed to pasture raised red meat.

The second, more intensive clinical study will follow 40 participants over 10 weeks as they eat red meat as part of a balanced diet that includes a good mix of protein with fruit and vegetables. Researchers will collect food and exercise diaries, measure blood chemistry and provide nutritional advice to the participants over the course of the study. We already know that red meat is a rich form of highly nutritious protein packed with vitamins and minerals. What we hope to reinforce for consumers with robust scientific data is the health benefits of New Zealand pasture raised red-meat and the validity of eating red meat as part of a balanced diet for the health-conscious consumer.



Results from the clinical trials are due in December 2022

As a sector, we need to better capture the value of the emerging technologies to improve our processes and products and support processing into the future.

Responding to Industry Issues: Impact of Covid-19

The Annual MIA R&D workshop scheduled to take place in Palmerston North in March 2020 was an early casualty of the Covid-19 pandemic. A virtual version of the workshop has now been recorded and provides an update for members on progress in MIA R&D projects.

While no actual experimental work was lost due to the Level 3-4 lockdown restrictions, we have encountered significant delays in several research programs, that has pushed back some projects by up to six months. Covid-19 also continues to impact projects that include gatherings (such as workshops and clinical studies), where even at Level 1, there is ongoing caution around travel and face-to-face meetings.

Covid-19 Support

The New Zealand Food Safety Science Research Centre played a key role in the industry response to COVID-19 in March and April 2020. The Centre was the lead provider of scientific advice to the food processing sector, firstly around the likelihood of food being a route of infection for the virus, and then about the effectiveness and requirements for Personal Protective Equipment and distancing for processing workers. The Centre was able to confirm for industry early in the response period, after a review of scientific literature, that there was

no evidence of foodborne transmission of COVID-19. This key finding helped to shape development of protocols and management of the disease for producers.

MIA has been a member of the NZFSSRC since its inception in 2015



Improving Food Safety for Red Meat Processing - Blue LED's

There is growing interest in the use of light energy to sanitise food and contact surfaces in food production. Blue light or near UV (400–450 nm) has been found to be effective against bacteria, causing cell damage and death. As cells cannot repair the damage caused by blue light, they are also unable to develop antimicrobial resistance once treated.

MIA is working with AgResearch to investigate the use of Blue LED light as a dry sanitation technology for red meat processing. Blue Light potentially offers an alternative means of sanitizing food processing surfaces. While the trials are not complete, the data suggests that blue light is effective at killing bacteria on non-porous surfaces, such as plastic and stainless steel, but is not as useful when the bacteria is on a more complex background, such as meat or wood.

Work is ongoing on this project.



Much of the health, nutritional and environmental data about red meat comes from global studies where animals are raised in grain finished farm systems. The data does not reflect New Zealand's natural production system.





A robust animal identification and tracing system is critical to biosecurity, food safety and stock management and supports market assurances and trading requirements.



Biosecurity

New Zealand's biosecurity readiness and response settings are robust and able to protect against and/or manage an incursion

Biosecurity

The biosecurity response to eradicate *Mycoplasma Bovis* continued throughout 2019/20, moving onto a business as usual footing, as infected herds continue to be slaughtered at meat processors.

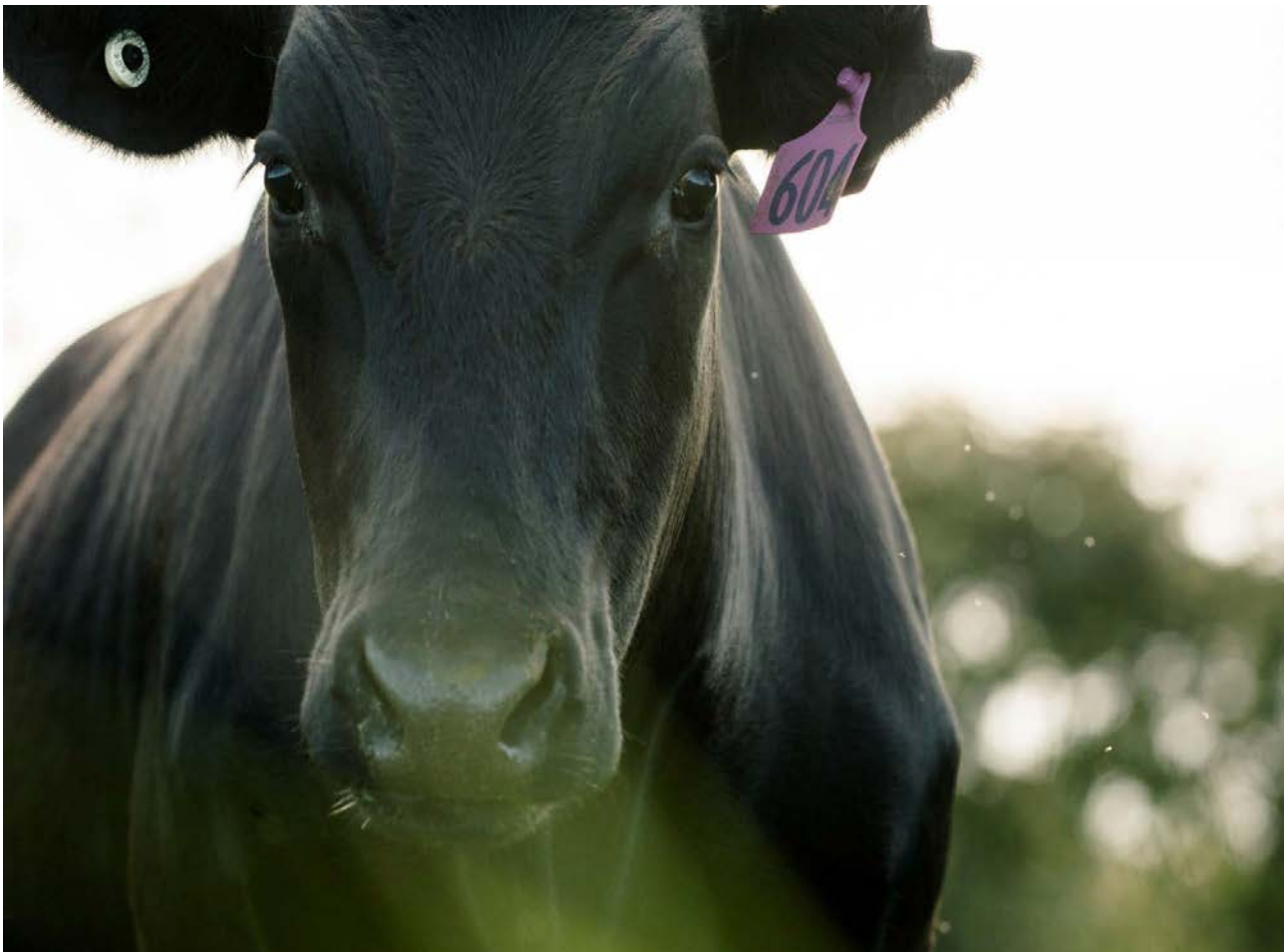
The *Mycoplasma Bovis* response highlighted deficiencies in the readiness and response system, which need to be corrected.

It is critical that we take the lessons learned from the M. Bovis response and the Covid-19 response and build a more coordinated and response-ready biosecurity system.

As a partner with Government in the Government Industry Agreement for Biosecurity, MIA is pushing for more work to be done on improving aspects of biosecurity response.

This includes proper movement control policies and plans, and pre-agreed plans for processors to remain open in the event of a major response.

It is frustrating that progress by MPI in resolving identified problems in the biosecurity system (which were recognised as a priority by MPI in 2014) has been so slow.



Other MIA Services

MIA Renderers Group

The MIA Renderers Group represents producers and exporters of rendered products, tallow and meat and bone meal.

In 2019/20, New Zealand exported 279,000 tonnes of rendered products worth \$297 million.

In September, MIA facilitated the 9th rendering training workshop, which was attended by rendering companies, MPI verifiers and market access personnel as well as industry suppliers. The workshop covered a range of topics including rendering raw materials, the rendering process, engineering inputs, quality requirements, environmental controls and market requirements.

As in previous years, Rendertech and Wallace Group sponsored an award for an innovative project. This year Jason Wilson (Alliance Group - Lorneville) and Ben Baron (Craig Mostyn Group (Australia) were joint winners of the award.

MIA represented the interests of Australasia on the committee of the World Rendering Organisation (WRO). MIA is also a member of the International Fats and Proteins Research Foundation (FPRF) which facilitates research on extracting added value from rendered.



Retirement of Bruce Roundtree



Bruce joined the meat industry in 1976 as an industrial chemist for Thos Borthwick & Sons. He also worked for Waitaki NZR and AFFCO before joining Hawkes Bay Proteins in 1997, specialising in the production of ovine, cervine and caprine meals.

In 2007, Bruce was elected as Chairman of the New Zealand Renderers Group (NZRG), a position he held until retirement in March 2020. During this time, he oversaw a number of significant projects for the industry, including the development of the successful training workshops for rendering operators and supervisors and the biennial NZRG mini Symposium.

Bruce also represented New Zealand and Australia on the Executive committee of the World Renderers Organisation and spoke at international meetings in China, Philippines and Australia, promoting the NZ rendering industry.

Bruce made a significant contribution to the rendering industry, both nationally and internationally and we wish him well in retirement.

Ovis Management



Ovis Management Limited (OML), a wholly owned subsidiary of the MIA, provides a minimal cost programme promoting the control of *Cysticercus ovis* (Ovis, or Sheep Measles).

OML promotes education and awareness of Ovis by targeting sheep farmers and dog owners in and around rural areas. The programme is operated out of Palmerston North by Project Manager Dan Lynch.

Ovis Prevalence

For the fourth successive season, the prevalence of Ovis found at processing plants has declined. In the 2018/19 season, the national prevalence was 0.48%, down from 0.57% in the previous season and 0.59% the season before that.

The continued reduction of prevalence reflects the efforts carried out on a daily basis on farms across the country from regular treatment of on-farm dogs to tightening access policies for other dogs coming on to farms. These activities reduce the ability of Ovis to be introduced or spread on farms.

Social Media

In 2018, OML conducted a strategy review that has led to a greater focus on social media activity. It has resulted in expanding Facebook activity towards not only farming groups but pig hunting clubs, contractors and other organisations, targeting these groups with messages around about reducing risks to sheep farmers.

This has led to a greater interaction with these organisations and development of an ever-expanding range of resources many of which are downloadable from the OML website.

Supplier Contact

The most important aspect to lowering Ovis prevalence is to reduce the opportunities for sheep and lambs to become infected. While outside dogs contribute to infection levels, they can only do so by having access to Ovis infected meat. Therefore, a focus on on-farm control remains a core part of any reduction programme. To that end, OML has several programmes in place to maintain on farm awareness. These include:

- High prevalence mail-outs, triggered when supplier prevalence exceeds floating seasonal thresholds.
- Farm visits to properties with significant levels of infection over the year.
- Regular alerts to suppliers who have had high prevalence in recent seasons
- High prevalence line notifications, alerting farmers to lines of sheep with significant levels of Ovis.

Veterinarians

Veterinarians and their clinics remain the major source of information and guidance on prevention of Ovis for all groups. OML provides resource material to clinics for their clients and for staff. At the time of the High Prevalence mail-outs, newsletters are also sent to clinics giving updated prevalence data and advising of available resources. OML also attends vet client days to speak to clients or provide resources on request.

Reducing Prevalence

The industry is initiating steps to further increase control levels on farm by the introduction of four weekly dog treatments into the New Zealand Farm Assurance Programme as a requirement. In addition, the potential to add wording to ASD forms around dog treatment regarding Ovis and the introduction of "whole of life" farm assurance will drive prevalence even lower.



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 accompanying 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 48 to 57:

- i. present, in all material respects the incorporated society's and group's financial position as at 30 June 2020 and its financial performance and cash flows 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 sheet as at 30 June 2020;
- 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 and other explanatory information.



Basis for opinion

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

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

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the 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 and immigration services. These matters have 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

31 August 2020

Financials Statements

Councillors' Report

for the year ended 30 June 2020

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 2020.

On behalf of the Council these special purpose financial statements were approved for issue on 31st August 2020.



.....Councillor

31 August 2020



.....Councillor

31 August 2020

Statement of Comprehensive Income for the year ended 30 June 2020

	Note	GROUP		ASSOCIATION	
		2020	2019	2020	2019
		\$	\$	\$	\$
Operating revenue		3,616,665	3,658,884	2,463,033	2,421,184
Operating expenditure	1	3,877,984	4,550,115	2,749,808	3,327,300
Operating surplus/(deficit) before other income		(261,319)	(891,231)	(286,775)	(906,161)
Other Income/(expense)		389,670	920,161	389,670	920,161
Operating surplus/(deficit) before financing income		128,351	28,930	102,895	14,045
Financial income		2,087	1,637	1,039	752
Financial expenses		-	-	-	-
Net financing income	2	2,087	1,637	1,039	752
Operating surplus/(deficit) before tax		130,438	30,567	103,934	14,797
Income tax expense/(benefit)	3	-	-	-	-
Net surplus/(deficit) for the year		130,438	30,567	103,934	14,797
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		130,438	30,567	103,934	14,797

Statement of Changes in Equity for the year ended 30 June 2020

	Note	GROUP		ASSOCIATION	
		2020	2019	2020	2019
		\$	\$	\$	\$
Opening Balance		862,594	832,027	506,630	491,833
Prior year adjustment	7	(50,242)	-	(20,118)	-
Total comprehensive income for the year		130,438	30,567	103,934	14,797
Closing Balance		942,790	862,594	590,446	506,630

Balance Sheet as at 30 June 2020

	Note	GROUP		ASSOCIATION	
		2020	2019	2020	2019
		\$	\$	\$	\$
Equity					
Accumulated funds		942,790	862,594	590,446	506,630
Total Equity		942,790	862,594	590,446	506,630
Represented by:					
Current assets					
Cash and cash equivalents	4	3,285,867	2,326,400	1,707,958	1,112,212
Trade and other receivables	5	833,059	643,765	785,701	615,234
Total current assets		4,118,926	2,970,165	2,493,659	1,727,446
Current liabilities					
Trade and other payables	6	1,897,234	1,351,085	1,630,445	929,353
Employee benefits	7	167,446	93,677	133,203	94,769
Income in advance		1,109,814	693,220	110,019	186,553
Total current liabilities		3,174,494	2,137,982	1,873,667	1,210,675
Working capital		944,432	832,183	619,992	516,771
Non current assets					
Property, plant and equipment	8	46,220	65,255	20,648	29,833
Intangibles (software)	9	2,332	9,756	-	4,626
Total non current assets		48,552	75,011	20,648	34,459
Non current liability					
Lease reinstatement provision	11	50,194	44,600	50,194	44,600
Total non current liability		50,194	44,600	50,194	44,600
Net Assets		942,790	862,594	590,446	506,630

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 2020. The financial statements were authorised for issue by the directors on the 31st August 2020.

(ii) Statement of compliance and basis of preparation

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

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

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

(iii) Particular accounting policies

Principles of consolidation

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

Property, plant and equipment

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

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

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

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%
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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	
	2020	2019	2020	2019
	\$	\$	\$	\$
Amortisation of Intangibles (software)	7,424	12,185	4,626	10,320
Audit remuneration	34,020	33,380	20,370	19,480
Other professional services	5,790	6,433	2,590	3,270
Contracts/consultants/projects	1,388,360	2,075,754	734,216	1,355,962
Depreciation	20,328	19,066	10,478	8,562
Director's fees - Chairman	75,000	70,000	75,000	70,000
Director's fees - Subsidiary's Chairman	18,000	18,065	-	-
Director's fees - Subsidiary	22,500	23,500	-	-
Personnel expenses	1,669,697	1,554,476	1,401,853	1,302,314
Rental & leasing costs	57,510	55,309	57,510	55,309
Other operating expenses	579,355	681,947	443,165	502,083
Total operating expenditure	3,877,984	4,550,115	2,749,808	3,327,300

2 Net financing income

	GROUP		ASSOCIATION	
	2020	2019	2020	2019
	\$	\$	\$	\$
Interest income	2,087	1,637	1,039	752
Interest expense	-	-	-	-
Net financing income	2,087	1,637	1,039	752

3 Taxation

	GROUP		ASSOCIATION	
	2020	2019	2020	2019
	\$	\$	\$	\$
Reconciliation of effective tax rate				
Operating surplus/(deficit) before tax	130,438	30,567	103,934	14,797
Income tax using Company tax rate	36,523	8,559	29,102	4,143
Non-assessable income/non-deductible expenses at company tax rate	(34,518)	(1,290)	(35,833)	(9,124)
Losses off set against subsidiary	-	-	7,486	-
Losses brought forward and utilised at Company tax rate	(1,271)	(2,076)	-	-
Tax @ 28%	734	(4,808)	734	(4,981)
Tax benefit of losses not recognised	(734)	4,808	(734)	4,981
Income tax expense/(benefit) per income statement	-	-	-	-

The Group has \$543,338 of tax losses to carry forward (2019: \$541,549). 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	
	2020	2019	2020	2019
	\$	\$	\$	\$
Bank balances	687,649	638,178	257,863	498,269
Call deposits	2,598,218	1,688,222	1,450,095	613,943
Balance as at 30 June	3,285,867	2,326,400	1,707,958	1,112,212

5 Trade and other receivables

	GROUP		ASSOCIATION	
	2020	2019	2020	2019
	\$	\$	\$	\$
Trade Receivables	745,600	572,368	704,539	572,386
GST Receivable	-	28,197	-	-
Other Receivables and Prepayments	87,459	43,200	81,162	42,848
Balance as at 30 June	833,059	643,765	785,701	615,234
Impairment loss deducted/(recovered)	-	-	-	-

6 Trade and other payables

	GROUP		ASSOCIATION	
	2020	2019	2020	2019
	\$	\$	\$	\$
Trade Payables	834,387	936,577	582,980	518,269
GST Payable	61,224	40,395	49,266	40,395
Halal Certification	973,274	346,270	973,274	346,270
PAYE Payable	28,349	27,843	24,925	24,419
Balance as at 30 June	1,897,234	1,351,085	1,630,445	929,353

In addition to the Scholarship funding liability at 30 June 2020, MIA has committed \$65,000 for scholarships in future years for current scholars which is contingent on passing the current year of study.

7 Employee benefits

	GROUP		ASSOCIATION	
	2020	2019	2020	2019
	\$	\$	\$	\$
Liability for Annual Leave	108,535	93,677	106,677	94,769
Liability for Retirement Leave	58,911	-	26,526	-
Balance as at 30 June	167,446	93,677	133,203	94,769

Retirement Leave has been recognised in the current financial year. \$20,118 for the Association and \$50,242 for the Group, applies to prior year entitlement which is shown as an adjustment to opening retained earnings in the Statement of Changes in Equity.

8 Property, plant and equipment

	GROUP		ASSOCIATION	
	2020	2019	2020	2019
	\$	\$	\$	\$
Furniture and fittings				
At cost	22,812	21,519	22,037	20,744
Accumulated depreciation	20,433	20,218	19,658	19,443
	2,379	1,301	2,379	1,301
Current year depreciation	215	202	215	202
Leasehold improvements				
At cost	73,499	73,499	73,499	73,499
Accumulated depreciation	63,283	57,109	63,283	57,109
	10,216	16,390	10,216	16,390
Current year depreciation	6,174	6,174	6,174	6,174
Motor Vehicles				
At cost	37,540	37,540	-	-
Accumulated depreciation	16,423	8,540	-	-
	21,117	29,000	-	-
Current year depreciation	7,883	7,883	-	-
Computer hardware				
At cost	37,136	37,136	20,397	20,397
Accumulated depreciation	28,831	23,748	12,561	8,604
	8,305	13,388	7,836	11,793
Current year depreciation	5,083	3,834	3,957	2,054
Office equipment				
At cost	81,575	81,575	11,822	11,822
Accumulated depreciation	77,372	76,399	11,605	11,473
	4,203	5,176	217	349
Current year depreciation	973	973	132	132
Total property, plant and equipment				
At cost	252,562	251,269	127,755	126,462
Accumulated depreciation	206,342	186,014	107,107	96,629
	46,220	65,255	20,648	29,833
Current year depreciation	20,328	19,066	10,478	8,562

There is no impairment loss recognised during the year (2019: nil)

9 Intangible Assets - Software

	GROUP		ASSOCIATION	
	2020	2019	2020	2019
	\$	\$	\$	\$
At cost	48,047	48,047	41,052	41,052
Accumulated amortisation	45,715	38,291	41,052	36,426
	2,332	9,756	-	4,626
Current year amortisation	7,424	12,185	4,626	10,320

10 Investments in subsidiaries

Name of entity	Principal activity	% Interest held	
		2020	2019
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	
	2020	2019	2020	2019
	\$	\$	\$	\$
Operating leases				
Not later than one year	74,836	62,223	74,836	62,223
Later than one year and not later than five years	130,962	171,112	130,962	171,112
Later than five years	-	-	-	-
Total	205,798	233,335	205,798	233,335

13 Capital commitments

There are no capital commitments as at 30 June 2020 (2019: nil).

14 Contingent liabilities

There are no contingent liabilities outstanding as at 30 June 2020 (2019: 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 (2019: \$17,025) to Meat Industry Association of New Zealand (Inc) for administration services provided. As at year end, the Association has recognised a receivable from Ovis Management Limited of \$5,716 (2019: \$3,292). 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 (2019: \$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 \$16,362 (2019: \$17,642). 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 2020, the Group received \$5,187,020 (2019: \$5,136,083) from companies related to the nine Council members which was included in operating revenue, the \$5,187,020 amount includes the Halal certification revenue which is offset off by expenses within the Profit and Loss statement, and has recognised a receivable of \$639,710 (2019: \$432,738) from these companies. In addition, included within the Halal Certification payable, there is \$620,168 (2019: \$213,432) payable by the Group to the companies relating to these companies

(iii) Remuneration

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

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

16 Subsequent events

There are no events subsequent to balance date that would materially effect these special purpose financial statements (2019: nil).

People

MIA Council Members



John Loughlin

John has been 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.



Peter Conley

Peter Conley is the Group 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.



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



Tim Harrison

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



Fred Hellaby

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



Craig Hickson

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



Simon Limmer

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



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.



David Surveyor

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

MIA COUNCIL MEETINGS

The MIA Council held five ordinary meetings in the year ended 30 June 2020 in addition to the Annual General Meeting in September 2019.

* = present	10 September 2019	3 December 2019	13 February 2020	7 April 2020 (via Zoom)	9 June 2020 (via Zoom)
J Loughlin	*	*	*	*	*
P Conley	No proxy	*	*	*	*
T Egan	*	*	*	*	*
S Gatenby	*	*	*	*	*
T Harrison	*	*	*	*	*
S Limmer	*	*	*	*	*
F Hellaby	*	*	*	*	*
C Hickson	*	*	*	*	*
N Stevens	*	*	*	*	*
D Surveyor	No proxy	*	*	*	*

THE ANNUAL GENERAL MEETING

The Association's 35th Annual General Meeting (AGM) was held in Wellington on 10 September 2019. Proceedings saw the unanimous adoption of the 2018 AGM minutes and the 2019 Annual Report. The motions to reappoint KPMG as the Association's auditor for the year ending 30 June 2020, and the election and confirmation of the MIA Council for the 2019/2020 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.

INDEPENDENT CHAIR

John Loughlin

ASSOCIATION COUNCIL

Nigel Stevens, Peter Conley, David Surveyor, Simon Limmer, Tony Egan, Simon Gatenby, Tim Harrison, Fred Hellaby, Craig Hickson.

ASSOCIATION DIRECTORSHIPS

American Chamber of Commerce in New Zealand

Tim Ritchie (until April 2020)

Sirma Karapeeva (from April 2020)

Beef + Lamb New Zealand Ltd / NZ Meat Board

Mark Clarkson, Tony Egan

Beef + Lamb New Zealand Inc

Tim Ritchie (until April 2020) Sirma Karapeeva (from April 2020)

Food Innovations Training Trust

Tim Ritchie (until April 2020) Sirma Karapeeva (from April 2020)

New Zealand Shippers Council

Tim Ritchie (until April 2020) Sirma Karapeeva (from April 2020)

MIRINZ Inc

Tony Egan, Tim Ritchie (until April 2020) Sirma Karapeeva (from April 2020)

WHOLLY OWNED SUBSIDIARY OVIS MANAGEMENT LIMITED

Board: Roger Barton (Chair), Jim Goodall, Andrew Morrison, Tim Ritchie (until April 2020) Sirma Karapeeva (from April 2020)

Staff: Dan Lynch

WHOLLY OWNED SUBSIDIARY MEAT INDUSTRY ASSOCIATION INNOVATION LIMITED

Chair: John Loughlin

Board: Margo Buick, Owen Young, John Brader

Staff: Kaylene Larking

STRATEGIC DIRECTIONS GROUP

Industry: Tim Ritchie/Sirma Karapeeva (Co-Chair), Willie Wiese, Simon Gatenby, Gary Lindsay, Andrew McKenzie, Rowan Ogg, Neil Smith

MPI: Bryan Wilson (Co-Chair), Alan Cook, Allan Kinsella, Tim Knox/Steve Ainsworth, Paul Dansted

SUB GROUPS AND COMMITTEES

Meat Industry Health and Safety Forum

Andrew Mitchell, Shane Fletcher, John Walters, Keith Flockhart, Keith Gibson, Allan Jack, Shane Baty, Kristy Elstone, Carolyn Thompson, Paul Goldstone

WorkSafe NZ: Julie-Anne Mail

Deer Industry processors: Shelley Woisin

New Zealand Meatworkers' Union: Amanda Stephens

HR Leaders' Group

Chris Selbie (chair), Matt Ballard, Dane Gerrard, Darryl Tones, Aaron Craig, Carolyn Thomson, Tim Ritchie/Sirma Karapeeva

Renderers' Group

To April 2020: Bruce Rountree (Chair), Marcus Adam, Amanda Bignall, Gordon Henderson, Selwyn Love, Matthew Spence, Kevin Cresswell

From April 2020: Marcus Adam (Chair), Amanda Bignall, Gordon Henderson, Dave King, Tom Macleod, Matthew Spence, Kevin Cresswell

MIA Staff Members



Tim Ritchie
Chief Executive
(retired April 2020)



Sirma Karapeeva
Trade and Economic
Manager (to April 2020) and
Chief Executive Officer from
April 2020



Richard McColl
Innovation Programme
Manager



Kevin Cresswell
Technical Manager



Matt Conway
Policy Analyst

Natasha Watzdorf
Manager: Strategy, Trade
Policy and Advocacy from
June 2020



Michael Pran
Accountant



Paul Goldstone
Policy Manager



Beverley Dixon
Executive Assistant



Kaylene Larking
Partnership Manager

Christopher Guy
In-house Legal Counsel



The meat industry continues to perform well with strong export returns of \$9.4 billion in 2019/20. It will be the engine of New Zealand's economic recovery in the coming years.

Members of the Association

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	AON New Zealand Ltd
ANZCO Foods Ltd	Auspac Ingredients Pty Ltd
Arrow Commodities (NZ) Ltd	Centreport Ltd
Auckland Meat Processors Ltd	CMA-CGM Group Agencies (NZ) Ltd
Bakels Edible Oils (NZ) Ltd	Cooltranz 2014 Ltd
Ballande New Zealand Ltd	Conveyor Industries Ltd
Blue Sky Meats (NZ) Ltd	Direct Fats and Oils Ltd
BX Foods Ltd	Ecolab Pty Ltd
Columbia Exports Ltd	Foodcap International Ltd
Crusader Meats New Zealand Ltd	G-Tech New Zealand Ltd
Davmet (New Zealand) Ltd	Haarslev Industries Ltd
Farmlands Mathias International Ltd	Hamburg-Sud New Zealand Ltd
Fern Ridge Ltd	Hapag-Lloyd
Firstlight Foods Ltd	Ibex Industries Limited
GrainCorp Commodity Management NZ Ltd	Intralox Ltd
Greenlea Premier Meats Ltd	Jasol
Harrier Exports Ltd	Kemin Industries NZ Ltd
Integrated Foods Limited	Liqueo (HB) Ltd
Kintyre Meats Ltd	Maersk NZ Ltd
Lanexco Ltd	MJI Universal Pte Ltd
Lowe Corporation Ltd	Nestle New Zealand Ltd
Midland International Ltd	Oceanic Navigation Ltd
NZ Natural Beef and Lamb Ltd	Port of Napier Ltd
Ovation New Zealand Ltd	Port Otago Ltd
Prime Range Meats Ltd	Pyramid Trucking Ltd
Progressive Meats Ltd	Rendertech Ltd
Provenance Meat (NZ) Ltd	Rockwell Automation (NZ) Ltd
PVL Proteins Ltd	SCL Products Ltd
SBT Group Ltd	Scott Technology Ltd
Silver Fern Farms Ltd	Sealed Air (New Zealand)
Standard Commodities NZ Ltd	Vero Insurance New Zealand 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 P ty Ltd	

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