



ANNUAL REPORT 2021





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Our Industry Story



2nd largest goods export sector; \$9.1 billion in export earnings; 15% of NZ goods export revenue



Over 90% of product is exported to 108 countries worldwide



98% of product exported is high value chilled or frozen cuts



43% of total exports are halal certified and account for \$3.3 billion in export revenue



Largest manufacturing industry, providing 25,000 jobs, predominantly in regional New Zealand



Largest on-the-job trainer with 5000 people enrolled in NZQA qualifications each year with a 85% pass rate.



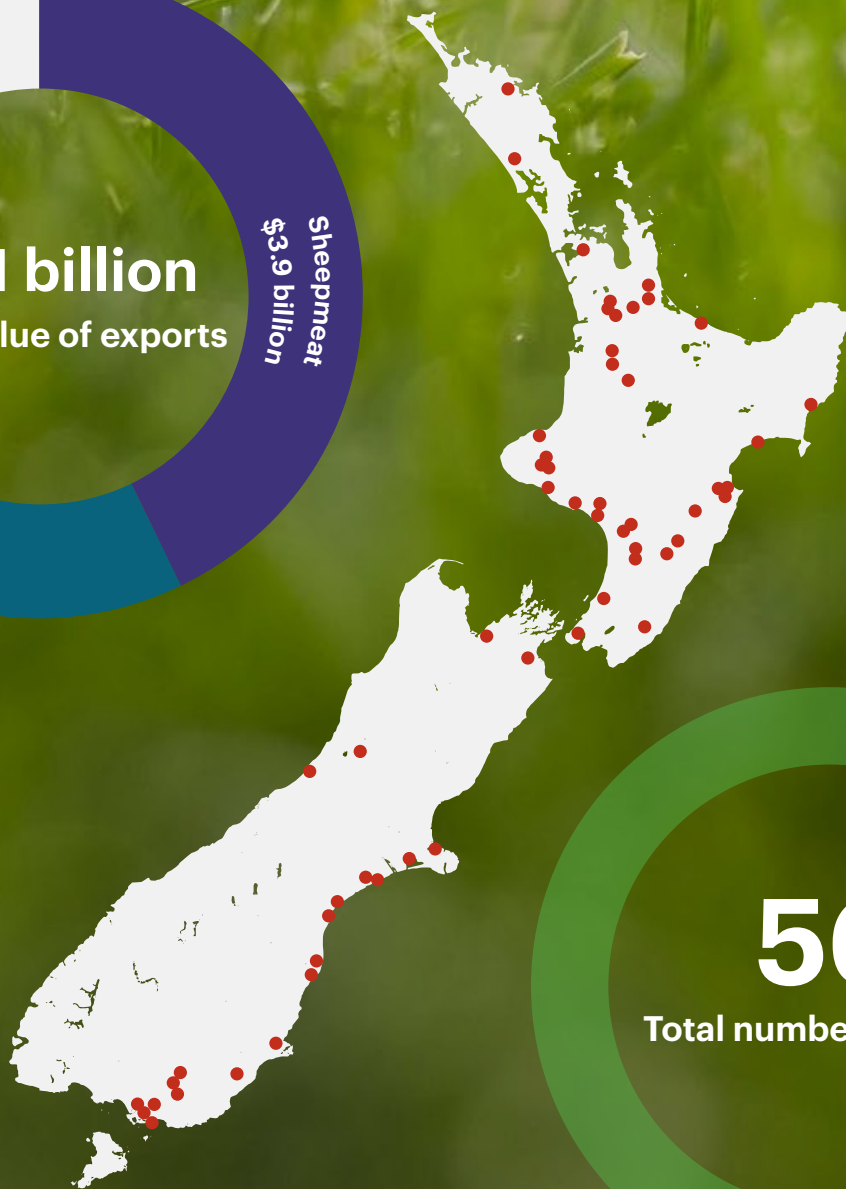
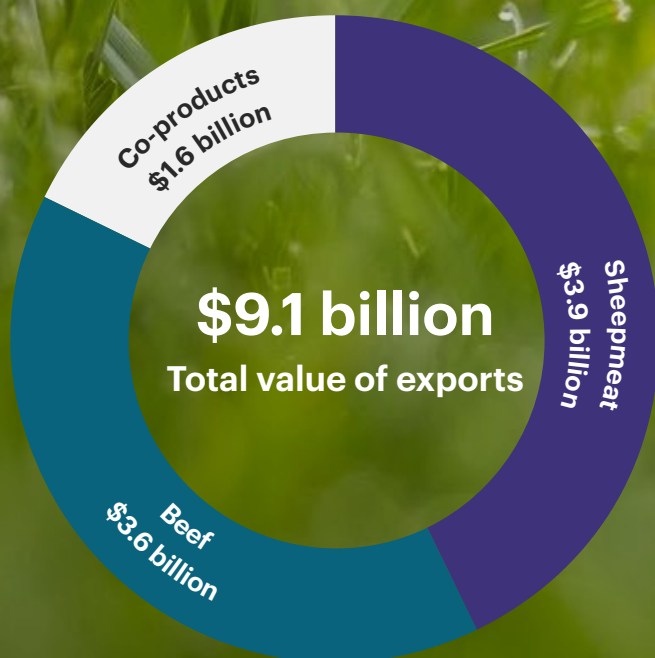
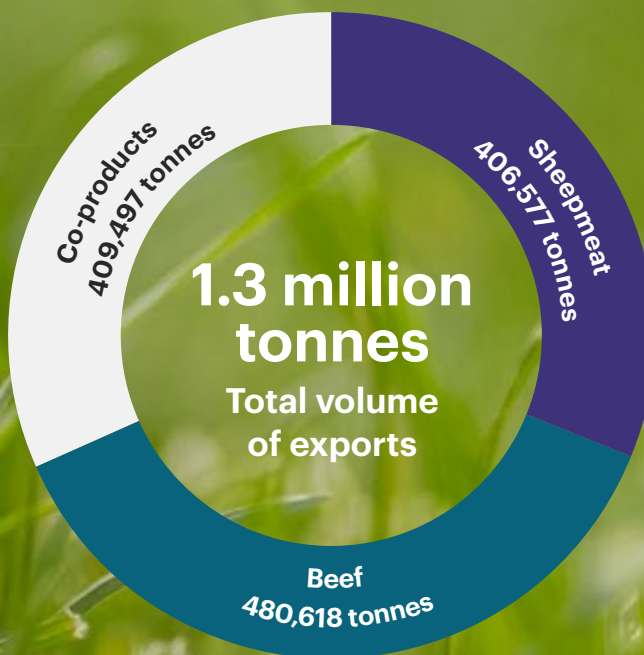
Red meat processing and exporting generates \$11.1 billion in industry value add each year



Significant investor in R&D and innovation to continuously meet high food safety standards, improve processing efficiency and workforce health and safety outcomes



Committed to improving environmental performance and striving towards carbon neutrality



Chair and CEO Foreword

This year, the meat industry story has continued to be one of resilience and adaptability to the extraordinary impact of COVID-19.

2020/21 was a near-record year for meat exports with \$9.1 billion of product going to 108 countries.

This is a testament to the sector's strong relationships across our diverse markets, resilience, agility and innovation. Companies were able to move products both between markets and within markets, adapting quickly to the impacts of COVID-19 on the food service sector and a rise in demand for retail ready meals.

It hasn't been easy though. COVID-19 has also presented significant challenges to the supply chain and logistics side of our exports over the last year. These global issues are exacerbated as a consequence of being a small economy at the bottom of the Pacific, but again they require our industry to be flexible and creative in order to move through this period of uncertainty. It looks like these challenges will continue for some time and so we will need to continue to be agile and look for opportunities to be collaborative where possible.

Despite these unprecedented challenges, the sheep and beef sector has pushed ahead with initiatives that will ensure we are well placed to take advantage of the opportunities before us.

In the midst of the pandemic and ten years on from the launch of the first Red Meat Sector Strategy, the sector published the 2020 Red Meat Sector Strategy. The strategy refreshes our goals for a vibrant and profitable New Zealand sheep and beef sector that excels for our people, animals and the environment. And it sets out the critical priorities that our sector needs to focus on to achieve this.

Work is well underway to deliver on the 2020 strategy and this year's annual report outlines MIA's work over the last year in relation to the three priorities of the strategy: Market Position, Innovation, and Sustainability.

While the report provides more details on these activities, we would like to highlight some of the critical work.

Maintaining and improving existing market access is one of the key activities under the 2020 strategy's Market Position strategic priority, and this is a significant area of work for MIA.

COVID-19 has reinforced the importance of having access to a wide range of markets, and 58 percent of our sector's exports are covered by Free Trade Agreements (FTAs). But work must continue to ensure our companies continue to have options. The New Zealand Government is negotiating two important FTAs with the EU and the UK. MIA and Beef + Lamb New Zealand Ltd (B+LNZ Ltd) have provided considerable input into these negotiations, and we are hoping that these will be concluded by the end of the year.

While FTAs will continue to deliver significant results for New Zealand, non-tariff barriers (NTBs), even in countries that we have FTAs with, can significantly restrict access. For example, while New Zealand has a robust halal regulatory framework that underpins more than \$3 billion worth of exports every year, the changeable nature of halal requirements in some importing countries mean that significant government and MIA resources are required to ensure that New Zealand can continue to export halal-certified meat to as many markets as possible.

Market position is not only about having access to markets but also about growing the recognition of, and value from, New Zealand's pasture-based farm systems in these markets. A key component of this work is the Pasture-Raised Advantage (PRA) research programme, which assesses the health, nutritional and wellbeing benefits of consuming New Zealand pasture-raised beef and lamb, compared to grain-finished beef and plant-based alternatives.

The programme has been running for about 24 months, and this year saw the start of the human clinical studies, which are a major component of the research. Despite some delays related to COVID-19, it was exciting to see these studies get underway.

Innovation has always been important for the sector, and it is the second strategic priority in the 2020 strategy. During the year, MIA Innovation commissioned a report to look at what a meat processing plant might look like in 20 years' time. The project team combined insights from many industry stakeholders, innovation experts and academics to formulate a view of what significant impacts are expected to influence and enhance the industry by 2040. Insights from the report will be used to guide ongoing collaborative investment by the MIA into red meat processing research and development.

Economic, social and environmental sustainability is the third strategic priority of the 2020 strategy.

As New Zealand bounced out of the COVID-19 lockdown, it was assumed that unemployment would get worse, and that there would be a large pool of unemployed New Zealanders looking for work. That has not occurred. In fact, the labour shortage is worse than ever. This is affecting the ability of processors to add value to each carcass – without enough workers, product is not processed to its maximum value, and processors lose out on extracting maximum value in New Zealand, and farmers miss out on higher prices.

We can do more as an industry to tell New Zealanders that the industry provides good paying jobs and career pathways. We launched a campaign to do that, www.meatyourcareer.co.nz, and we're also embracing opportunities to bring about greater diversity in the sector.

There are also things companies are doing to ensure workers that enter our industry stay. But the reality is that New Zealand has a full employment economy and that is particularly acute in the regions. For that, we need to look at migrant labour. This is especially the case with one group – halal butchers. Muslim markets and many customers demand that meat be processed in the halal way. And New Zealand simply doesn't have enough Muslims living in the regions to do that job. However, we face bureaucratic barriers from Immigration NZ, and when the current visa extensions for the existing migrant halal butchers run out, our industry will face a crunch

point. We look to the Government to put in place a permanent solution, namely a special work visa for halal butchers.

MIA and B+LNZ Ltd have been working with the Government on He Waka Eke Noa, the Primary Sector Climate Action Partnership. In a short space of time, our sector is doing a lot of hard work. A B+LNZ Ltd GHG calculator has been released, with the full support of meat processors. This is a clear sign to the Government that our industry can essentially deal with managing and measuring our impact on climate change, and not leave it up to Government to step in and do it to us through crude regulation and a tax by putting processors into the ETS.

Ten years after the release of the first Red Meat Sector Strategy, we have made significant progress as a sector, but there are still challenges ahead. The 2020 strategy builds on the work of the last decade and establishes our goals for the next 10 years, and this annual report demonstrates the commitment that MIA, in conjunction with B+LNZ Ltd and others, has to achieving these goals.



John Loughlin
Chair



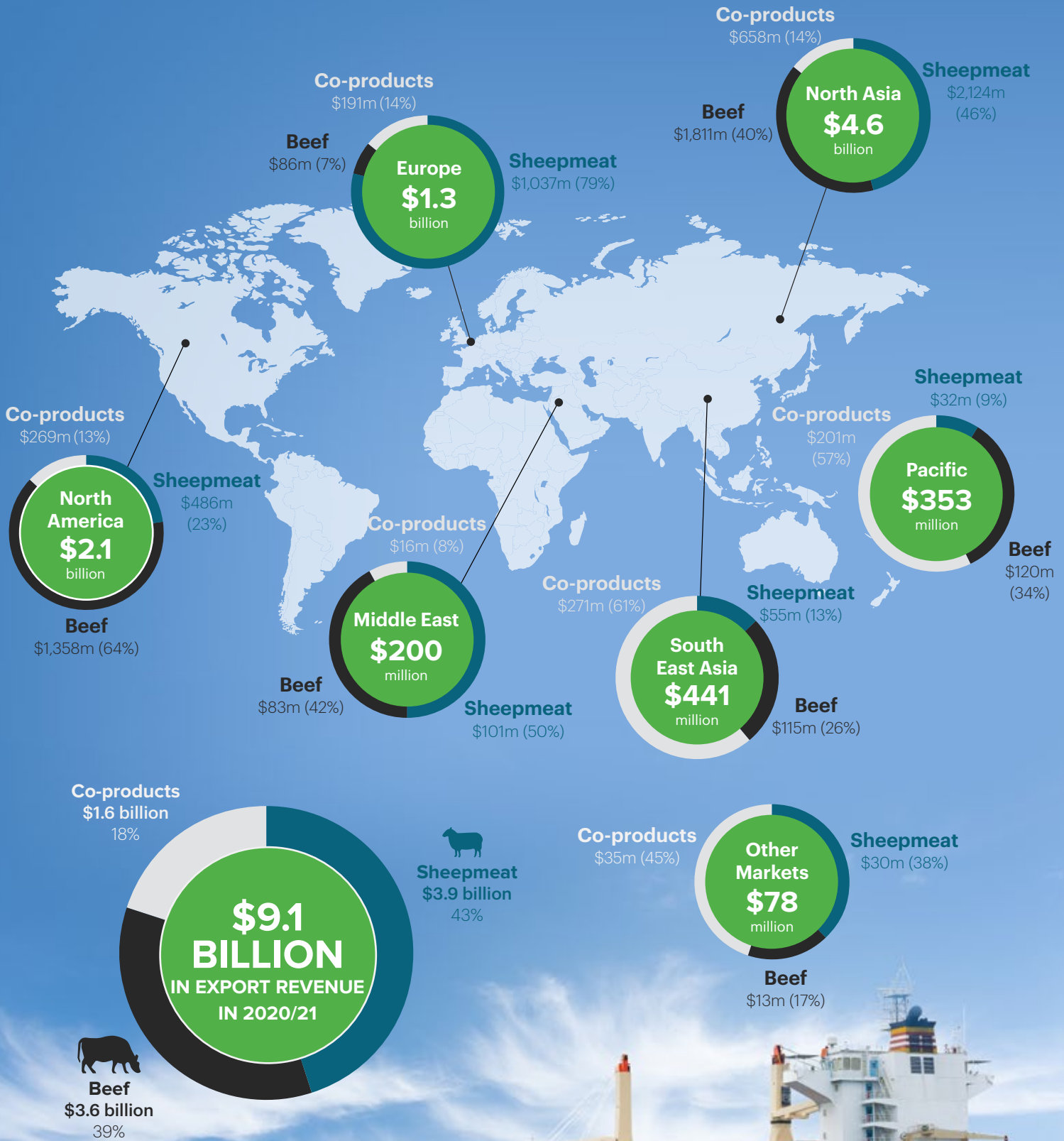
Sirma Karapeeva
Chief Executive



A rustic wooden table set for a meal. In the foreground, a wooden platter holds several roasted lamb chops with charred bones, garnished with fresh rosemary. To the left, a wooden bowl contains three ears of grilled corn on the cob. In the background, a small dish of white powder (likely salt) sits on a wooden base, and a plate of sliced cherry tomatoes is visible. A grey ceramic pitcher and a small vase with green herbs are also present. The scene is lit with warm, natural light, creating a cozy and inviting atmosphere.

YEAR IN REVIEW

TRADE OVERVIEW





Overall exports

In 2020/21¹, New Zealand exported red meat and co-products worth \$9.1 billion to 108 countries around the world.

The value of exports was three percent lower than in 2019/20, resulting from a slight softening of the very high global meat prices last year, and increase in the New Zealand exchange rate from low levels in 2019/20, particularly against the USD and Japanese Yen.

However, this was still an historically high result, largely driven by the on-going protein shortage caused by African Swine Fever in China which is impacting global meat prices.

In 2020/21, China imported over 10 million tonnes of meat, more than double the amount of meat that it imported in 2018/19, when ASF was beginning to affect domestic pork production.

While the largest growth in imports has been of pork, imports of all other meat, including beef and sheepmeat, have also increased significantly.

New Zealand, like nearly all other meat exporting countries, has continued to benefit from this demand. China remained the industry's largest market in 2020/21 taking exports worth \$3.6 billion, which was 40 percent of the industry's total exports for the year.

This was largely unchanged (down only one percent) compared to 2019/20.

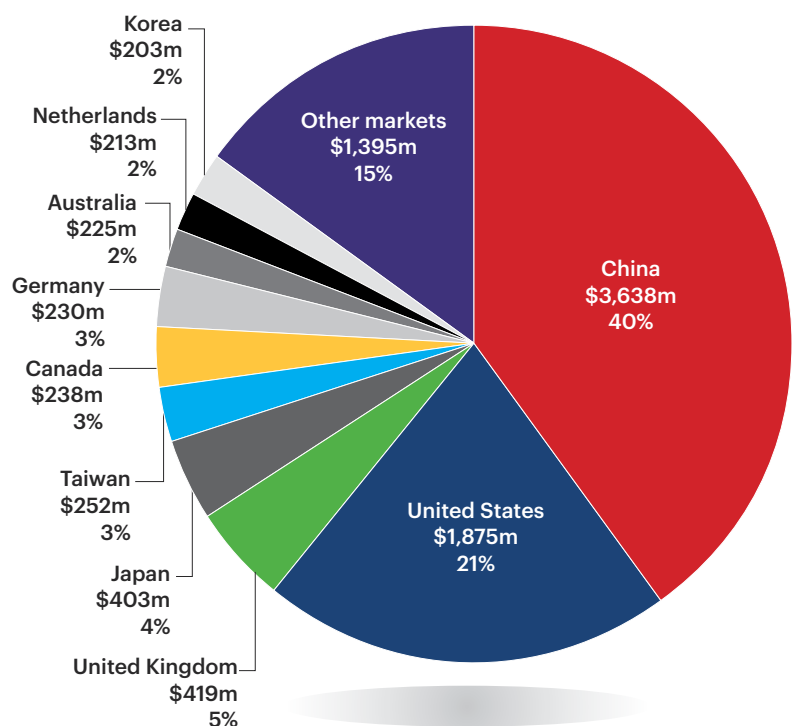
The other top five destinations were also unchanged from last year: the United States (\$1.87 billion), United Kingdom (\$419 million), Japan (\$403 million) and Taiwan (\$253 million).

While the value of exports to the United Kingdom, Japan and Taiwan all decreased, exports to the United States increased by eight percent compared to last year.

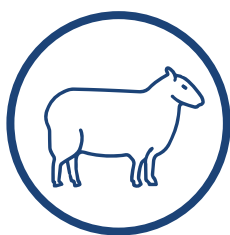
This was largely due to the impact of the other major global influence during the year, COVID-19. While beef exports to the United States fluctuated during the year, sheepmeat exports recovered significantly during the first half of 2021, as the food service sector re-bounded.

One other notable increase in the top 10 markets was Australia, where overall exports increased by 24 percent to \$225 million. New Zealand exports a wide range of red meat and co-products to Australia, but the largest increase was in beef exports which more than doubled compared to last year. Australia is going through a period of significant herd rebuilding, which has reduced meat production and 2020/21 was the first year that exports to Australia were above \$200 million.

Top 10 markets for New Zealand red meat and co-product exports by value (NZ\$ million) in 2020/21:



¹ Unless otherwise stated, all statistics are for the 12-month period ended 30 June 2021.



Sheepmeat

New Zealand exported 406,577 tonnes of sheepmeat in 2020/21, the first time that annual exports have been above 400,000 tonnes since 2015/16.

While the volume of exports was high in 2020/21, the value of these exports decreased slightly by three percent to \$3.9 billion compared to last year. However, last year was a record year, and the value of sheepmeat exports in 2020/21 was still the second highest ever level for a June year.

The standout market for sheepmeat in 2020/21 was China, with exports up 17 percent by volume to 244,705 tonnes and the value of these exports up 12 percent to \$1.9 billion.

China took 60 percent of New Zealand's total sheepmeat exports by volume in 2020/21, and 49 percent by value. While this was a very high percentage of exports going to just one country, it was still less than the 70 percent of sheepmeat exports that were being sent to the United Kingdom in the early 1960s.

New Zealand also now has access to a much wider range of markets, and as demonstrated when COVID-19 first hit last March, the industry has the ability to quickly move to these other markets when necessary. In 2020/21, New Zealand exported sheepmeat to 87 different countries.



Sheepmeat

406,577T

\$3.9 billion export revenue

87 countries

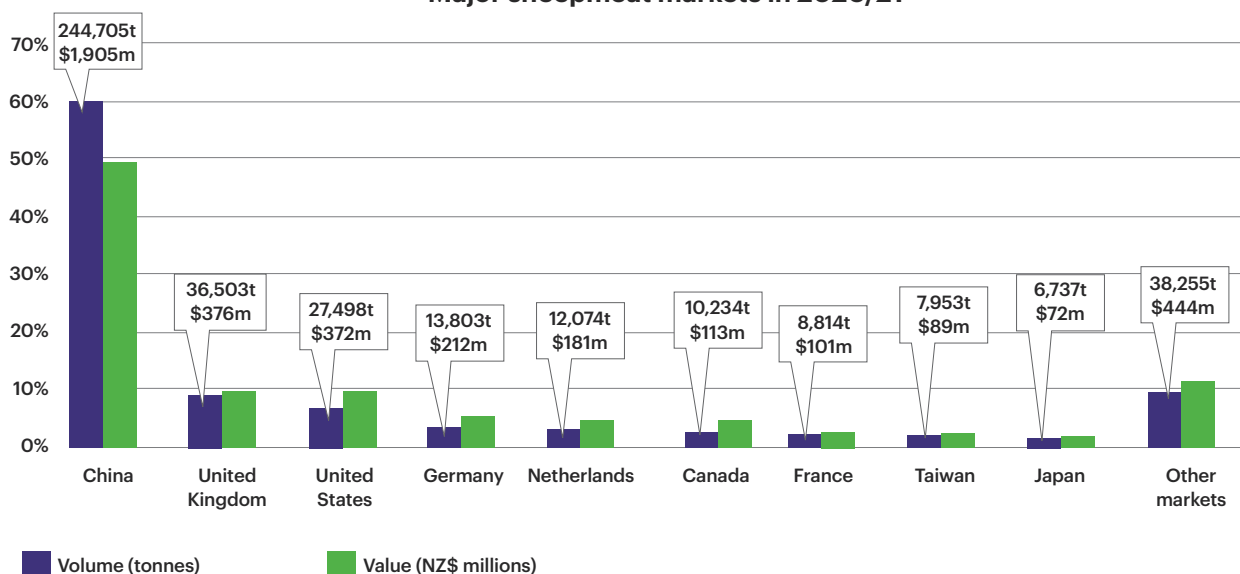
The strong growth in exports to China meant that exports to nearly all other major markets declined compared to last year, with the exception of North America. The United States, in particular, has been rolling out a COVID-19 vaccine programme and has seen good recovery in the food service sector, which is the major destination for New Zealand lamb. This supported an increase in export to that market.

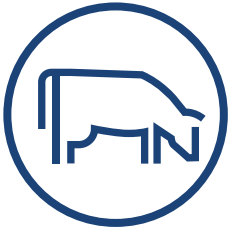
The volume of sheepmeat exports to the United States increased by 36 percent to 27,498 tonnes, and the value of these exports increased by seven percent to \$372 million. The volume of exports to Canada increased 35 percent to 10,234 tonnes, and the value increased 24 percent to \$113 million for the year.

In other markets, there was a drop in the volume and value of exports to New Zealand's second largest sheepmeat market, the United Kingdom. The export volume dropped four percent to 36,503 tonnes and the value dropped nine percent to \$376 million.

This decline was likely due to general uncertainty in the market rather than directly related to Britain finally leaving the EU on 1 January 2021. However, the industry is encountering Brexit-related issues with exports that enter the United Kingdom through Northern Island, which are discussed in the Market Access section.

Major sheepmeat markets in 2020/21





Beef

New Zealand's beef exports followed a similar pattern to sheepmeat exports in 2020/21, with an increase in the volume of exports but a decrease in the value.

In fact, the 480,618 tonnes exported during the year was another record annual volume, up four percent from last year's previous record.

The value of beef exports for the year dropped by six percent to \$3.6 billion. But as with sheepmeat, last year was also a record year, and the value of beef exports in 2020/21 was still the second highest ever for a June year.

China was New Zealand's largest market for beef, taking 187,431 tonnes (39 percent of total exports) worth \$1.3 billion (36 percent).

However, unlike with sheepmeat, the volume and value of New Zealand's beef exports to China dropped compared to last year, four percent by volume and 17 percent by value.

There was still strong demand for New Zealand beef in China, but other major beef exporters have increased their access into the market. Brazil and Argentina have improved their access and have been exporting large volumes of beef to China. In 2020/21, China imported more than 2.2 million tonnes of beef, and 40 percent of these exports (around 900,000 tonnes) came from Brazil, with a further 23 percent (more than 500,000 tonnes) from Argentina.



Beef

480,618T

\$3.6 billion export revenue
70 countries

The United States has also significantly increased its beef exports to China over the last year. The United States-China Phase One trade deal went into effect in February 2020. The deal removed a number of restrictions on United States beef exports, and this has seen its beef exports to China increase from around 13,000 tonnes in 2019/20 to nearly 110,000 tonnes in 2020/21.

As well as being a major beef exporter, the United States is an important destination for New Zealand's beef exports and was the second largest market in 2020/21 with exports of 163,600 tonnes worth \$1.3 billion, up three percent by volume and eight percent by value from the previous year.

More than 70 percent of beef exports went to these two countries and, as the chart below shows, over recent years exports have shifted between them, depending on demand.

While these two countries have dominated beef exports in recent years, New Zealand exported beef to more than 70 other countries in 2020/21.

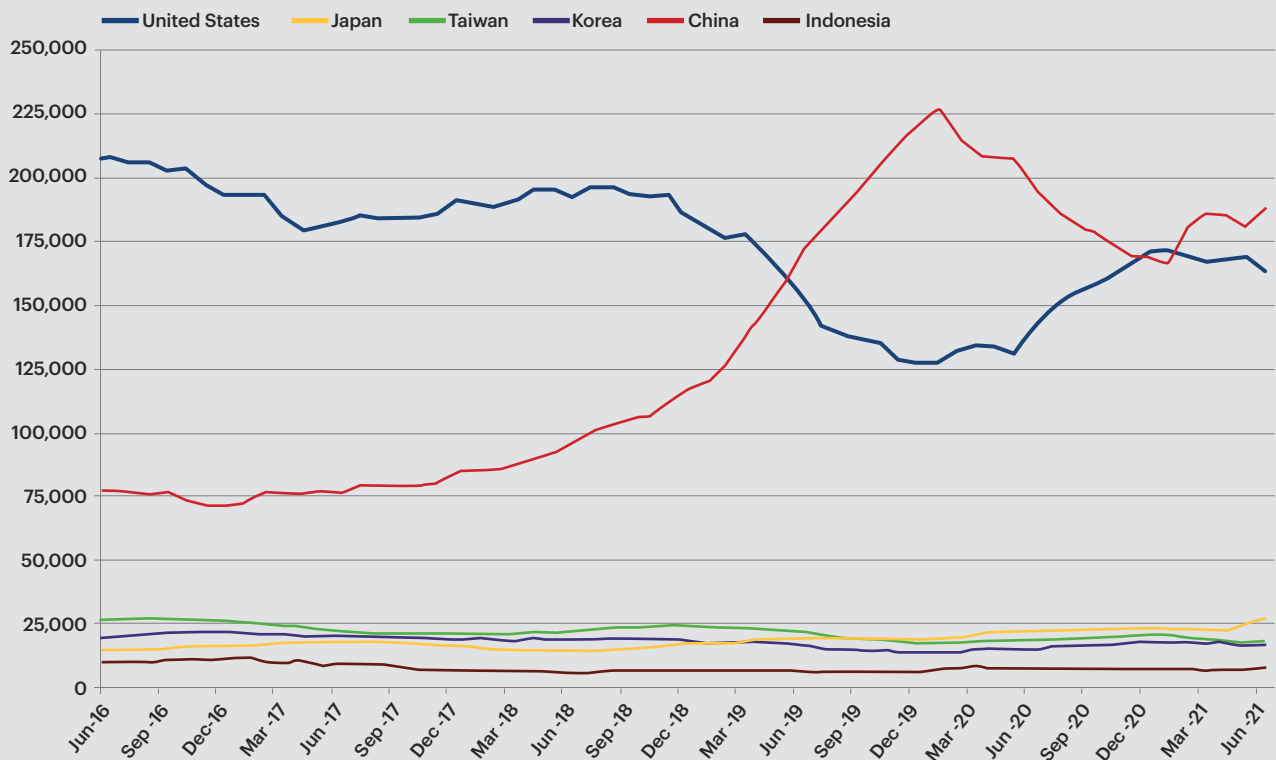


There continued to be strong exports to Japan, up 19 percent by volume to 26,627 tonnes and seven percent by value to \$232 million for the year. Our beef exports to Japan benefited from further tariff cuts under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) with the rate reduced to 25 percent during the year. This is still relatively high, but a significant improvement on the 38.5 percent tariffs that were applied prior to the CPTPP.

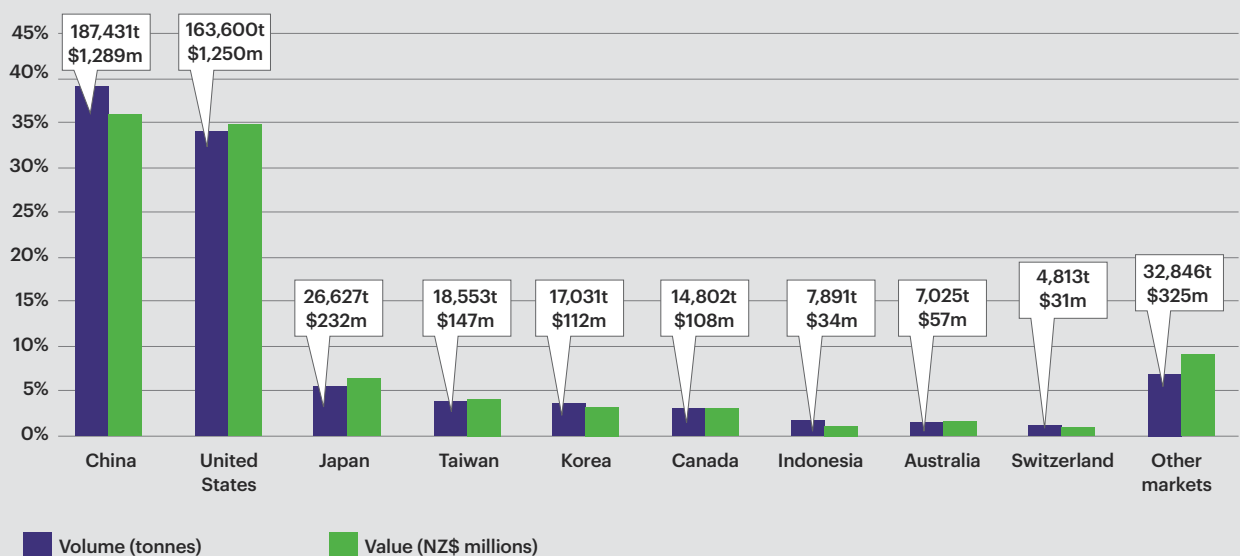
Among the top 10 markets, the other major increase was in exports to Australia, with exports of 7,025 tonnes (up 80 percent from the previous year), worth \$57 million (up 104 percent).

Although Australia is one of the major global beef exporters, it is currently going through a period of herd rebuilding that has reduced beef production and exports. In 2020/21, Australian beef exports were down 25 percent, or more than 300,000 tonnes compared to 2019/20.

Beef exports to selected markets - rolling 12 month volume (tonnes)



Major beef markets in 2020/21



Co-products

Exports of co-products were worth \$1.6 billion in 2020/21, an increase of two percent from the previous year. They accounted for 18 percent of the industry's total exports for the year.

Co-product exports range from bulk rendered products such as meat and bone meal (MBM), which is used as ingredients in animal feed, through to edible offals such as kidney and liver, and high value blood products for use in pharmaceuticals.

The major co-product exports were casings and tripe (\$314 million), followed by edible offals (\$301 million) and prepared and preserved meat products (\$255 million).

New Zealand exported co-products to 96 countries during the year. The largest markets were unchanged from last year, China (\$444 million), United States (\$253 million), Australia (\$166 million), and Indonesia (\$124 million).

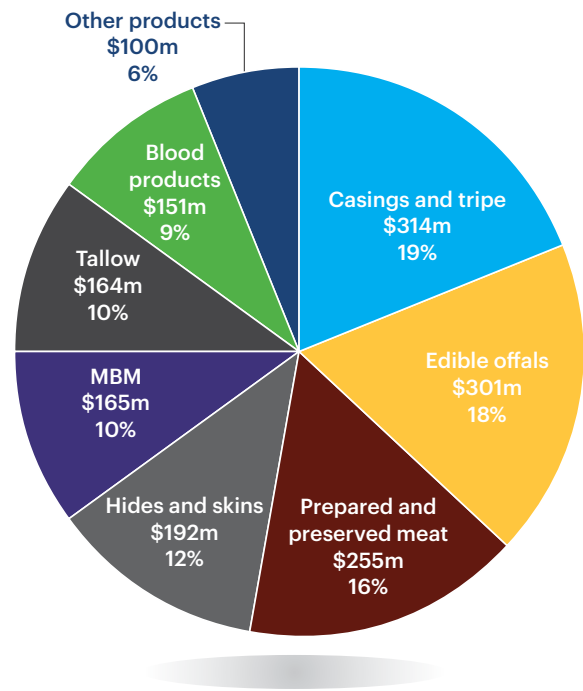
China is a major market for casings and tripe (\$176 million), hides and skins (\$81 million) and offals (\$81 million).

The major exports to the United States are prepared meat products (\$89 million) and blood products (\$41 million). Australia is the largest market for prepared meat products (\$106 million) and is also an important market for blood products (\$30 million).

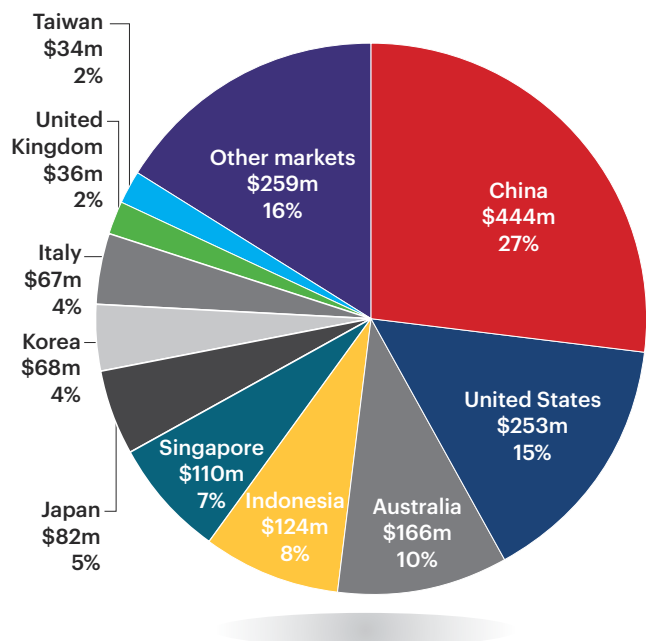
Indonesia is New Zealand's fourth largest market for meat and bone meal (\$92 million) where it is used as an ingredient in aquafeed. The other major co-product export to Indonesia is beef offal (\$22 million).

There were also exports of co-products to 15 countries that did not import any meat from New Zealand during the year, demonstrating the industry's ability to find markets for all its products to maximise the value of each carcass. The value of these exports was worth \$19 million and included exports to markets such as Turkey (\$5 million), Bulgaria (\$4 million), Morocco (\$3 million), and Pakistan (\$3 million).

Co-products exports by value (NZ\$ millions) in 2020/21



Top 10 markets for New Zealand co-products by value (NZ\$ millions) in 2020/21



COVID-19



The meat industry weathered the initial COVID-19 storm with resilience and agility. In 2020/21, the meat industry has continued to demonstrate its ability to adapt to the extraordinary ongoing impacts of COVID-19.

However, over the last year COVID-19 has created some significant challenges for the industry in the following areas.

Immigration

The meat industry, like others in the primary sector, is dealing with ongoing labour shortages. The industry faces a particular challenge in recruiting enough halal butchers, a role that is critical to the value-add proposition of the industry.

Without halal butchers, there is a real potential that the overall value of each animal processed is reduced, meaning less revenue for companies, farmers and the New Zealand economy. Halal processing generates over \$3.3 billion of value-add halal certified meat products, which make up 43 percent of our total exports.

New Zealand has a relatively small Muslim population and this means that the industry must recruit from overseas to make up for the shortfall.

Due to the border closure, the industry has not been able to bring in any new halal butchers and up until recently was also facing the potentially disastrous situation of losing up to 100 of our 250-strong halal butcher workforce when their visas expired.

Visa extensions announced by the Government are welcome and will help ease some of the pressure. However, the industry is still seeking a more permanent solution that would facilitate the entry of migrant halal butchers such as a special visa category for halal butchers. MIA's work on this is outlined later in the report.



Vaccination

The experience of COVID-19 in overseas meat processors has been devastating. Many meat processors overseas (in contrast to New Zealand) were slow to develop safety protocols to keep COVID-19 out of the workplace, and overseas it spread rapidly in crowded indoor environments such as meat processors, and then to the general community.

For this reason, overseas countries have treated meat processors as one of the highest priority groups for vaccination against COVID-19. Acknowledging the ability of meat processors as large highly organised sites to vaccinate large numbers of people very quickly, MIA advocated that meat processors be in the highest priority groups for vaccination.

However, in New Zealand, the roll out of vaccination planning and guidance for workplace-based vaccination has been slow. As of August 2021, those New Zealand meat processors that had vaccinated their workers had done so through local trials with their District Health Board or arrangements with their local medical centres.

Vaccinating meat processing workers remains a high priority issue for the industry as it will provide another layer of protection to mitigate the risk. Efforts are now focused on encouraging the swift uptake of vaccines in workplaces.

Shipping and Logistics

The meat industry exports over one million tonnes of product, or more than 60,000 containers, annually and needs regular and reliable shipping services to send these containers to the 108 countries that we exported to during the year.

However, COVID-19 has caused significant disruptions to the global shipping network. For example, throughout the year there have been occasions where major global ports have had to significantly reduce capacity or shut down for periods of time due to COVID-19 restrictions.

Events like these often have a ripple effect throughout the entire network, which has resulted in significant disruptions to shipping schedules, large cost increases, shortages of equipment, particularly refrigerated containers and long delays at ports affecting berthing windows and product shelf life.

These issues are largely a result of global problems. However, problems in some New Zealand ports and the fact that New Zealand is a small destination for many shipping lines has exacerbated the problem with knock-on impacts right around New Zealand.

While New Zealand has little ability to influence the international challenges, there are areas where the Government can work with industries in the supply chain to address the domestic supply chain blockages. A return to full capacity and a clearing of backlogs relating to Auckland would be enormously helpful but the problem is much broader than the upper North Island. It will require an all-of-New Zealand, all-of-sector and all-of-Government approach.



Red Meat Sector Conference

MIA and B+LNZ Ltd jointly hosted the Red Meat Sector Conference 2021 on Monday 26 July in Rotorua. With the theme being “Building Sustainable Value Together”, the programme was designed to challenge our thinking, highlight the opportunities for our sector and also discuss some of the challenges coming our way.

This year we built in new innovations to the conference programme, including a Meat Business Women networking lunch and a MIA Scholars workshop.

The Meat Business Women, together with MIA and B+LNZ Ltd, hosted a networking lunch as part of the programme. Over 50 women working within the industry came together to discuss how to support more women to enter, and succeed, in the sector.

A panel discussion hosted by MIA CEO Sirma Karapeeva was facilitated with a keynote address by the Honorable Meka Whaitiri, Associate Minister of Agriculture, followed by a discussion with three panel speakers: Kristin Akehurst, CFO, AFFCO New Zealand Limited; Sarah Brown, Board Director, Alliance Group Limited and Nicola Johnston, Group Marketing Manager, Silver Fern Farms Ltd.

The MIA Scholars workshop saw 18 out of the 20 recipients of the annual MIA scholarships come together to share their experiences and learn from industry leaders.

Additionally, this year we hosted a joint MIA Council and B+LNZ Ltd Board meeting to discuss headline issues for the sector.

On the day of the conference, a packed programme kicked off with Geoff Ross, founder of 42 Below and owner of Lake Hawea Station, who encouraged the audience to see our sector as part of the solution, framing environmental challenges as an opportunity that New Zealand farmers already had a headstart on. The sector also heard from Stuff journalist Andrea Vance about her take on New Zealand politics.

In session two, titled “Silver linings, looking for opportunity”, the audience heard from three speakers including Philip Houlding, Director International Policy at the Ministry for Primary Industries (MPI), who gave us his insights and perspectives on MPI’s work on global sustainability and food systems development. Anne Mottet, from the Food and Agriculture Organization (FAO) presented on the challenges of measuring sustainability in livestock production, and Mike Lee, Co-founder and Co-CEO of Alpha Food Labs, spoke about regenerative farming.

The final session included two panels. The first panel, facilitated by Charles Finny, heard insights and advice from Julia Jones (NZX), Andrew Watene (KPMG) and Tim Green (NZTE) about building export resilience into the sector’s approach to trade, supply chains and international brand. The panel encouraged companies to scenario plan for a range of “what ifs”, take cyber security threats seriously and protect “critical business”, and think creatively about how to maintain and build relationships through COVID-19 restrictions.

The day concluded with a second panel facilitated by Rowena Duncum from The Country radio show. The panel titled “Meat the Future” included young and emerging leaders from the farm side and the processor side of the sector. Panelists Charlie Taituha, Kurt Portas, Harriet Watson and Jack Monckton provided the audience with their perspectives on why they were attracted to the sector, how to attract and retain young people as well as the opportunities and challenges.



Growing sustainable value together

Red Meat Sector Strategy 2020

The 2020 Red Meat Sector Strategy

A refreshed Red Meat Sector Strategy was launched in December 2020 and builds on the Red Meat Sector Strategy 2011 and the 2020 Blueprint for Partnership with the New Zealand Government. It refreshes our goals for a vibrant and profitable New Zealand sheep and beef sector that excels for our people, animals and environment.

The 2020 strategy builds on the work of the last decade and establishes our goals for the next. It comes at a critical time, given the huge disruption caused by COVID-19 and the changing trends in consumer concerns, attitudes and priorities.

It establishes the critical priorities that MIA and B+LNZ Ltd will work on together with industry partners, bringing together the whole of the value chain from the farm to the market. It sets the foundation for continued cooperation and collective effort. It weaves together our long-term aspirations with current critical priorities and new areas to explore collectively that will create opportunities in the future.

The 2020 strategy also charts our part in the Government's 'Fit For A Better World' roadmap and initiates our journey of aligning with Te Taiao's framework and pathway.

It captures the significant work the sector is already engaged in, and the opportunities that will build our future. It is focused on those things that we can and need to work on together and provides a platform for partnerships of shared aspiration, especially with Māori, the dairy sector, other primary sector leaders and the New Zealand Government.

The sector's 2025 strategic priority includes three pillars:




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

The rest of this annual report outlines the work MIA is progressing under these three pillars to contribute to the 2020 strategy's vision of growing sustainable value together.

Our way forward

The sector has set out a vision and established clear long-term goals. Strategic priorities for the next five years, to provide focus and to accelerate progress, are set out in more detail over the following pages.

Growing sustainable value together

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



MARKET POSITION

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

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

Maintaining and Improving Market Access

“Creating new market access opportunities, improving access and removing barriers”

Maintaining and improving existing market access is a key focus and a significant area of work for MIA. The focus this year has been on improving existing access into major markets such as China, Europe and North America, protecting and maintaining access into markets such as Malaysia and Egypt, as well as identifying and unlocking new market access through FTA advocacy.

The MIA and B+LNZ Ltd trade teams work closely together on trade issues, working to provide a cohesive and credible voice on trade issues and key interests to the sector.

Below is a summary of these activities during 2020/21.

China - Market access and Co-operation

China continues to be the sector’s major market, taking 40 percent of our exports in 2020/21, worth \$3.6 billion.

The meat industry continues to have good access into China but there are still areas where this can be improved, particularly in relation to new and updated listings, and access protocols for some products.

The major priority for industry remains the updating of listings. With increased market demand, the lack of chilled listings across the industry continues to be a frustration with real commercial consequences. High demand for meat in China, combined with supply chain disruptions, put significant pressure on China-listed cold stores during the year, highlighting the importance of progressing these updates.

Unfortunately, progress on most of these areas has been slow over the last year, as the focus of Chinese authorities has been on managing COVID-19 including through the cold chain.

Consequently, much of MIA’s China-related work over the last year has focused on ensuring measures (which are appropriate for New Zealand) meet China’s expectations and are well understood.

Not all of MIA’s China-related work has been concentrated on market access.

Over the last seven years, MIA has run a market engagement strategy to strengthen relationships with counterpart industry groups and regulatory agencies in China. A significant part of this strategy has been industry visits to China and hosting Chinese delegations in New Zealand.

With the ongoing travel restrictions, MIA has been undertaking virtual engagement and in December 2020, MIA participated in the annual NZ-China Agriculture Growth Partnership Joint Advisory Panel (JAP).

This meeting between MPI and China’s Ministry of Agriculture and Rural Affairs (MARA) is the “working level” forum for oversight of New Zealand/China agriculture co-operation programmes. This was the fourth JAP meeting, and it was a good opportunity for MIA to participate as an industry partner for the first time.

At the meeting, MARA agreed to establish an experts’ working group to consider New Zealand’s proposal for a China-NZ Meat Hygiene Co-operation Programme. Once this programme is agreed domestically and with China, it is anticipated that it will form the framework for the MIA China Engagement Strategy over the coming years.



Brexit and the European Union and United Kingdom FTAs

After more than four years of negotiations and delays, Brexit finally happened and the UK formally left the European Union (EU) single market on 1 January 2021. While this did not have an immediate impact on most of New Zealand's meat exports to the United Kingdom (UK) or the EU, exports to Northern Ireland were impacted.

Because of the rules in the Northern Ireland Protocol, third-country product is considered to be "at risk" of entering the European Union "through the back door" and accordingly UK authorities have said that New Zealand cannot utilise quota access into Northern Ireland in order to manage this risk.

Under the circumstances, exporters are potentially liable for the full and considerable cost of over-quota tariffs.

MFAT and MPI have committed significant effort to resolving this issue and have raised this issue at Ministerial and senior officials level. In light of on-going delays and lack of progress from the UK side, the New Zealand Government has escalated the issue to the WTO. Consideration is also being given to commence consultations (legal action) at the WTO. MIA and B+LNZ Ltd will continue to support New Zealand officials in their efforts to resolve this issue.

The wider issue of the split in New Zealand's WTO quotas for sheepmeat and beef between the UK and EU also remains unresolved. New Zealand's position on these quotas remains unchanged, i.e. that New Zealand's existing WTO rights cannot be reduced on a promise for improved access in the future under an FTA.

We are expecting announcements on both the EU-NZ FTA and UK-NZ FTA this year.



The NZ-EU FTA has continued to be slow, particularly in relation to access for agricultural goods. The two countries are still working towards substantial conclusion by the end of 2021.

Progress on an FTA with the UK has been more positive, although there has still been a gap in the UK's rhetoric on free trade and its actions. However, the UK-Australia FTA announced in June is a positive indication of the UK's approach to trade liberalisation and represents a useful yardstick for negotiations between New Zealand and the United Kingdom.

Based on the details reported, the Australian deal sets a useful baseline for the New Zealand-UK negotiations with tariff free access for sheepmeat and beef after 15 years and zero tariff rates on in-quota trade in the interim.

MIA and B+LNZ Ltd have been working closely with officials to provide input into both these negotiations and advocate for the sector's interests.

While the focus in these markets has been on improving the sector's current levels of access, in other markets the focus of MIA's work is often on protecting and maintaining the access that we have.



Malaysia

Malaysia is a good example of the work MIA does to protect and maintain current market access.

Malaysia is a reasonably valuable market for New Zealand red meat, with exports worth \$66 million in 2020/21. However, it is also a market that imposes a range of requirements that are costly and difficult to comply with. Furthermore, these requirements are often imposed with little warning or clarity about how they will be applied.

Despite multiple FTAs and tariff free access, Malaysia requires ongoing work just to maintain the current levels of access. This was demonstrated at the start of 2021, when Malaysia applied new labelling requirements. These labelling requirements were imposed with very little warning and sparse details of what was required.

It took considerable time and effort by New Zealand officials to obtain clarity on the details of the requirements. This caused delays and disruptions to consignments for New Zealand exporters, and the new requirements continue to add to the costs of exporting to Malaysia.

Halal Processing

Halal processing is a key component of the meat industry's business model, as it allows companies to export cuts from nearly every carcass to Muslim and non-Muslim customers around the world.

Without the ability to undertake halal processing, the meat industry would not be able to export any products to markets such as Saudi Arabia, Egypt, Indonesia and Malaysia, and would not be able to supply halal-certified meat to Muslim customers in other countries.

Halal processing is underpinned by a robust halal regulatory framework administered by MPI. This helps to provide assurances to importing countries and certainty for industry about the halal requirements that must be met while also adhering to New Zealand's high animal welfare standards.

However, the opaque and changeable nature of halal requirements in some importing countries mean that significant government and MIA resources are required to ensure that New Zealand can continue to export halal-certified meat to as many markets as possible.

New markets and new market access

New Zealand generally has good access into a wide range of markets, and in 2020/21 the meat industry exported products to 108 different countries.

Disruption caused by COVID-19 has emphasised the importance of having access to as many markets as possible, so as well as the work to maintain access into current markets, the sector is always seeking opportunities to open up new markets.

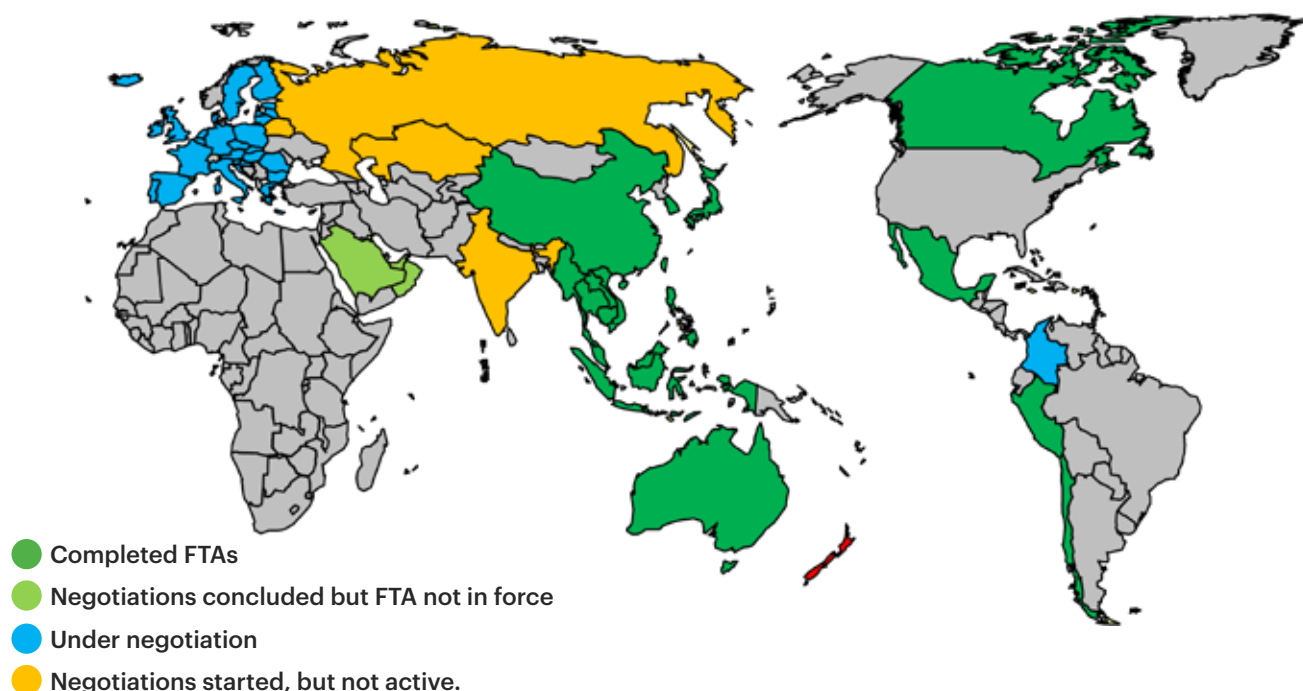
Traditionally, the main mechanism for opening up markets has been through free trade agreements FTAs.

In 2020, the Regional Comprehensive Economic Partnership (RCEP) agreement was finalised. While New Zealand already has FTAs with all the other RCEP partners, this agreement provides some further tariff reductions in Indonesia and includes some improvements in trade facilitation, which is expected to help reduce compliance costs for red meat exporters.

However, it is disappointing that RCEP does not include India, which is a potentially significant market for the sector, and one where FTA negotiations have not made any progress despite considerable effort.

The Government’s pursuit of “high-quality and comprehensive” FTAs has delivered significant results

Comprehensive network of trade agreements



for New Zealand as a small, largely liberalised economy. Increasingly, however, the Government may need to look for creative and novel ways of approaching trade relationships.

FTAs are not necessarily silver bullets that automatically open up trade. For example, trade between New Zealand and Malaysia is covered under three FTAs, but as highlighted above, Malaysia remains a very difficult market for meat exporters to trade with.

India is a prime example of where a different approach may be required, as the Indian government is not in a position politically to negotiate a comprehensive or high-quality FTA. However, access remains important for the sector, and New Zealand, and consideration should be given to whether there are other, commercially meaningful ways in which we could open market access.

MIA, as a member of the New Zealand International Business Forum, supported the commissioning of the report “Wanted! New FTA Partners” by Sense Partners. This report is a useful starting point for a conversation about new trade partners and creative solutions.



Advocacy

An important part of MIA's market access work is to ensure that decision makers in the New Zealand Government are well informed about the sector, and understand and prioritise the sector's interests, including the difficulties that the sector faces in key markets.

Every two years, MIA and B+LNZ Ltd jointly publish a Barriers to International Trade Report, which sets out the tariff and non-tariff barriers in the sector's key markets. A copy of this report is available on the MIA website. The most recent report has highlighted that New Zealand's network of FTAs has been effective in reducing the sector's tariff burden from \$370 million in 2010 to \$176 million in 2020. New Zealand's current network of FTAs covers approximately 58 percent of the sector's trade.

The report, however, also highlights the growing impact of non-tariff barriers (NTBs) on our sector. While tariffs are generally easy to measure, NTBs are more difficult to identify but can have a significant detrimental impact on trade. In 2016, NZIER estimated that NTBs cost New Zealand beef exports in the Asia-Pacific \$1 billion in additional costs. MIA is planning to commission an update to this report in order to identify the potential costs which would be reduced through FTAs and market access negotiations.



Differentiation

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

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

Product Benefits and Attributes

“Establishing the science and evidence base for claims relating to New Zealand production systems, animal welfare product attributes, nutrition and health benefits.”

Food Safety Interventions

In mid-2020, MIA carried out a review of food safety issues for red meat processors, consulting with industry experts and researchers on the priorities for food safety research and development. The review confirmed that the industry continues to have a strong food safety culture and system to ensure the integrity of our product

for all markets and that our current R&D programme is addressing key food safety issues. MIA maintains a watching brief on emerging food safety risks via ongoing Horizon Scanning processes and the development of a cross sector Emerging Risk Identification System (ERIS).

New Zealand Food Safety Science Research Centre

MIA continues to benefit from its relationship with and membership in the New Zealand Food Safety Science Research Centre (NZFSSRC). The NZFSSRC, established in 2015, is a virtual centre of excellence for Food Safety research in New Zealand. Through membership in the NZFSSRC, MIA and its members have access to co-funding for research projects and a seat on the NZFSSRC Industry Advisory Group. In the past year, NZFSSRC-supported projects have included:

- Ongoing monitoring of the literature and developments related to COVID-19 as it relates to concerns regarding food and worker safety, including a review of Personal Protective Equipment for workers and environmental testing for COVID-19;
- Update and rollout of a revised model for the Process Hygiene Index (PHI), which provides guidance to industry on food safety related to refrigeration processes; and
- Assessment of Blue LEDs as an antimicrobial treatment for pathogens. While blue light was found to be effective against pathogens, the time required to kill bacteria and its ineffectiveness on nutrient rich surfaces (such as meat) mean it is likely to have limited application for meat processing operations.

Emerging Risk Identification System (NZFSSRC)

The NZFSSRC, with support from MIA and in collaboration with the dairy, horticulture, seafood, and poultry sectors, is establishing and trialing an Emerging Risk Identification System (ERIS) for New Zealand. The purpose of the ERIS is to carry out horizon scanning to identify new food safety risks that might impact businesses.

Horizon scanning is a structured, systematic process that looks for signals and trends to anticipate possible future threats (and opportunities). While it may provide early warnings of potential threats, it cannot predict the future but rather is a technique used to anticipate future events and support current decision-making to minimise the impact of that event.

The ERIS will provide a central point for industry, MPI and researchers to combine their intelligence on emerging risks and place these risks in a New Zealand context. The information provided through the ERIS will be aimed at supporting members to prioritise their food safety research and thus increase their ability to proactively protect consumers and market access.

A Technical Response Fund will also be established as part of this project. The industry's need for rapid technical advice during 2020 on the potential for foodborne transmission of SARS-CoV-2 virus (the cause of COVID-19) highlighted the need for a budgeted, pan-industry fund to support rapid technical responses to future emerging threats.



Meat Quality

New Zealand exported \$1.3 billion worth of chilled meat in 2020/21. More than 60 percent of these exports were chilled lamb and the focus of meat quality research and development in recent years has been extending the shelf life of chilled lamb to 110 days or alternatively to minimise the rate of product failure at the later end of storage.

AgResearch has shown there are a significant number of failures for naturally contaminated product held at -1.5°C for 120-150 days and that when product reaches this age, spoilage is often due to the influence of minor, less well-known pathogens such as Clostridia or Shewanella species.

In 2021, work focused on the development of active packaging to extend shelf life and minimise spoilage due to these pathogens, by working to incorporate known antimicrobial agents into coatings on plastic films. The science behind coatings is in its infancy and not ready for commercial application, however the researchers have produced films coated with encapsulated antimicrobials that have reduced spoilage in vacuum packed chilled lamb held for longer than 90 days.

New Zealand exported \$1.3 billion worth of chilled meat in 2020/21. More than 60 percent of these exports were chilled lamb.

Nutritional Science – Pasture-Raised Advantage

Much of the global research on the health, nutritional and environmental aspects of red meat is based on intensive grain-finished farming systems. However, New Zealand specialises in naturally pasture-raised, free-range livestock farming, which is thought to impart a range of beneficial attributes to our meat. In addition, the majority of studies that investigate health implications for red meat consumption use quantities of meat in excess of dietary recommendations. We have lacked a comprehensive package of scientific research that demonstrates the impacts of eating New Zealand pasture-raised red meat as part of a balanced diet.

The Pasture-Raised Advantage is a 4-stage, \$2 million research programme exploring the health and nutritional benefits of New Zealand pasture-raised beef and lamb, compared to grain-finished beef and plant-based alternatives. The aim of the research is to provide robust scientific data to describe the impact of eating pasture-raised beef and lamb on the health and wellbeing of consumers, when eaten as part of a balanced diet.

MIA Innovation Limited has partnered with B+LNZ Ltd to undertake this critical piece of research and has support from Beef + Lamb New Zealand Inc, Ministry of Business, Innovation and Employment and the High-Value Nutrition National Science Challenge for the work. The research team is a multitalented one with experts from University of Auckland, AgResearch, Riddet Institute, Massey University and University of Otago collaborating on the project.

Further information is available at <https://www.mia.co.nz/nutrition/research/the-pasture-raised-advantage-nutrition-study/> and <https://www.beeflambnz.co.nz/pasture-raised>



Pasture-Raised Advantage Outcomes

The first stages of the Pasture-Raised Advantage (PRA) research programme, comparing the composition and digestion of premium New Zealand pasture-raised Angus, grain-finished Angus and a plant-based alternative product were completed in 2020-21.



In the stage 1 composition studies, researchers used advanced methods such as lipidomics and metabolomics to compare the differing products and provide new insights into the makeup of three different cuts of pasture-raised and grain-finished beef (tenderloin, striploin and topside) and a plant-based alternative, chosen for its on-pack nutrient claims.

more unsaturated fats than grain-finished meat, and polyunsaturated fats are more beneficial for health than other fats.

The analyses clearly showed differences, both between the cuts of meat and also between meat and the plant-based alternative.

There were also significant differences between meat and the plant-based alternative. The composition of the plant-based alternative reflected the ingredients it was made from. This example of a plant-based product contained less protein and more fat than cooked red meat. It was also poorly digested compared to meat, which is thought to be due to aggregates of proteins formed during its manufacture that resist digestion.

In meat, what the animal eats influences the nutrients found, particularly the fats. As expected from previous studies, pasture-raised meat was again shown to contain





Blood tests and psychological data from the trial are currently being analysed and full results from the trial will be available in 2022.

Two Human Clinical studies, analysing the impact of eating red meat on groups of healthy volunteers, are included in the PRA research programme.

The first, known as an acute study, looks at the impact of diet in the hours immediately following a meal. The feeding trial was completed in late 2020, with 30 young men participating over a six-week period. Researchers measured blood chemistry, digestive symptoms and mood of the participants in the four hours immediately after a meal of pasture-raised beef, grain-finished beef, pasture-raised lamb and the plant-based alternative served as a breakfast burrito.

The study was blinded – meaning the men did not know what they were eating – but 9 out of 10 were able to tell if the meal included the plant-based alternative in preference to meat, while only 1 out of 3 could tell whether they were eating minced-up lamb or beef.

The final stage in the PRA research programme is a 10-week human clinical trial, comparing the impact of eating either a flexitarian diet (largely vegetarian with three serves of pasture-raised red meat per week) or a vegetarian diet (vegetarian with three serves of plant-based alternatives per week) with 80 volunteers, while monitoring their health and well-being. The feeding trial for this stage started in May 2021 and runs until late December. Results from the final stage will be analysed and available in late 2022.



INNOVATION

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

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

Future Processing Plants

“Investing in research and development that increases the sustainability and productivity of our processing plants including through the use of new technology.”



Revision of Processing Sector Research and Development Strategy

The Red Meat Processing Sector Research and Development Strategy (R&D strategy), first developed around 10 years ago, is currently being revised and updated to reflect the structure and priorities of the refreshed 2020 Red Meat Sector Strategy.

The underlying values and goals of the strategy specific to our industry-good innovation programme remain the same – to ensure our sector remains profitable and has access to the best research and development and science innovations to achieve its aspirations. The industry is committed to a co-ordinated and sustained programme of R&D that ensures continued progress for the sector and supports the development of R&D capability to deliver on New Zealand’s needs that cannot or cannot easily be provided from overseas.

What has been advanced in the refreshed R&D strategy is a shift to reflect the importance of current sector issues and the emergence of developing technologies which have the potential to improve returns for red meat processors. Issues of prominence include the delivery of robust evidence to defend the position of red meat

in our diets, providing credentials and traceability for products, improving data capture and utilisation and the impact of climate change and social pressures on the sector as a whole. Our innovation programme needs to give the sector the best opportunities to take advantage of new and developing technologies and analytical capabilities, which science and engineering are offering to ensure a profitable and sustainable future.

The role of MIA Innovation and the R&D programme was highlighted at the 2021 Red Meat Sector Conference in Rotorua, with a “tech corner” on the floor of the exhibition hall. In collaboration with B+LNZ Ltd, innovation projects from the meat industry were on display, including the Pasture-Raised Advantage project, Automated Meat Cut Identification using computer vision artificial intelligence and the Plant of the Future. Of particular interest to participants was the shoulder support exoskeleton on loan from Silver Fern Farms for the event. The unit is fully adjustable and provides support for overhead lifting and tasks above shoulder height.

Innovating red meat processing

Red meat processing to 2040

New Zealand, Meat Industry Association



the project delivery company



Innovating red meat processing

To provide a view of what a meat processing plant might look like in 20 years' time, MIA Innovation Ltd engaged an analysis of in-industry and adjacent industry innovations and trends that are predicted to add value to processing over the next 20 years. The project team from Wiley combined insights from many industry stakeholders, innovation experts and academics to formulate a view of what significant impacts are expected to influence and enhance the industry by 2040.

While a significant number of emerging technology trends were identified, three key innovation areas were signalled as the most significant for the industry, namely

- (1) how we use data
- (2) future management of energy and
- (3) the evolution of integrated robotics, which are machines that learn and are driven by interaction with a human.

In each of these areas, the report details how these technologies might evolve over a 20-year timeline and critical priorities where processors might focus innovation activities to develop New Zealand-centric solutions and expertise to ensure the industry keeps pace with global developments and changing social requirements.

Insights from the report will be used to guide ongoing collaborative investment by MIA into red meat processing research and development.



Exoskeletons

Exoskeletons are spring-loaded, non-mechanical wearable devices that are worn to assist or “augment” workers and provide strength and support for mechanical and repetitive tasks. MIA has been working alongside Alliance Group and Silver Fern Farms to investigate the uptake of exoskeletons as a processing aid for meat workers.

The bulk of the work is being undertaken by the companies’ health and safety experts, who are engaging with their workers and health and safety representatives onsite to carry out suitability, comfort and risk assessments of exoskeletons as a processing aid for meat workers.

This focus on worker engagement ensures that we identify the tasks which most benefit from the tool and how they can be used to bring the most support to the workforce. We are finding that the suits will have a use for particular roles in processing but are not suitable for all jobs in the plant. They are an additional piece of protective equipment for workers, not an all-day, everyday tool for every job on the line.

The focus for MIA has been to work with AgResearch Limited to consider the food safety aspects of introducing exoskeletons in hygienic processing areas and ensure that the technology can be used without impacting food safety standards in primary and secondary butchery operations.



Artificial Intelligence

A priority in the 2020 strategy is to utilise innovation to guide development of future processing plants, and within that, a specific goal to investigate the development of a platform for hands-free or automated meat inspection. Current inspection processes are heavily reliant on observation and visual assessment of the carcasses and eviscera by teams of highly trained inspectors. We believe there is an opportunity, in the first instance, to aid and augment inspectors by training intelligent visioning systems to recognise and identify common visual defects found by inspectors.

Spark64, a NZ-based emerging technology company, is training a first-generation AI system to recognise five specific cuts of lamb on a conveyor belt, with first attempts reaching accuracies of >80% from images captured using a hand-held go-pro camera. The next stages of the work will expand the training set for the AI to improve its accuracy and manage the identification of cuts when the image is challenging, for instance when meat on the conveyor is piled together or occluded by other objects.

As a first step to understand the development of this technology for meat processing, we are investigating the power of artificial intelligence to “see” and make decisions in a boning room, by teaching an AI to recognise meat cuts on a conveyor belt.



SUSTAINABILITY

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





People

“Attracting and developing skilled and adaptable people across the value chain”

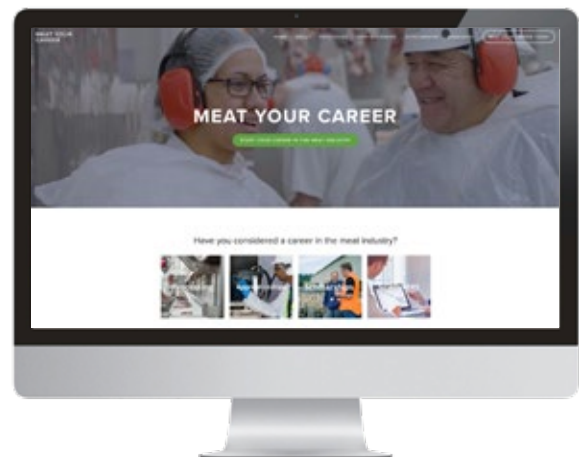
Meat processing is one of the biggest employers of New Zealanders, with about 25,000 New Zealanders employed in the industry. People capability issues have become increasingly important for MIA in the past few years, and MIA is engaged on a number of fronts, including, for the first time, beginning to promote the industry as a great place to work for New Zealanders.

Meat Your Career

As part of the industry workforce development strategy, MIA has developed a campaign which includes a website “Meat Your Career” – www.meatyourcareer.co.nz

The aim of the website is to promote industry career and training opportunities through case studies and video clips from people within the industry as well as providing links to individual companies’ employment opportunities on a real time basis.

This is part of MIA and the industry’s commitments to showcasing the opportunities within the industry and to attract more New Zealanders to join the sector.



MIA Scholarship Programme

MIA, with funding from the Food Innovation Training Trust, has operated a scholarship programme for graduates and undergraduate students since 2018.

The scholarship programme received a record number of applicants for the positions offered in 2021. From the 40 people applying, seven undergraduate and four graduate scholarships were awarded in January, with the 11 new scholars taking up their grant early in 2021. With nine existing recipients continuing their studies from previous years, there are a total of 20 scholars in the programme in 2021. The entire group consists of 15 undergraduate and five post-graduate students.

While traditionally the scholarship has focused on award of a stipend, the programme was enhanced in 2020 by the addition of a mentorship aspect to the programme. The scholarship programme now includes group meetings with the scholars during the academic year and one-on-one mentoring for the scholars from the MIA

Scholar Mentor. The enhancements to the programme are to encourage greater interaction with and between the MIA scholars as a group and to provide one-on-one assistance for scholars to find work or projects within the industry during their tenure in the programme.

In 2020, MIA held its first scholars day in Wellington, where the scholars came together as a group to learn more about the meat industry and career opportunities within the wider meat sector.

In 2021, a workshop for the scholars was included as part of the annual Red Meat Sector Conference and the group was sponsored to attend the conference, held over two days in Rotorua. Feedback from both the scholars and conference participants highlighted the success of bringing this group of young, emerging leaders to the industry forum, and the opportunity it provided for them to learn more about the sector and engage with leaders in the industry.



Industry Training

New Zealand meat processors are some of the biggest trainers of New Zealand workers – in most years, about 5000 workers are enrolled in NZQA qualifications, with an 85-percent pass rate. However, this past year

the number of people being trained by meat processors has fallen to 3,800, due to the impact of COVID-19 production difficulties and the worker shortage. The worker shortage prevents workers from being released from their normal jobs to do training.

MIA has been active in advocacy on the major reforms of the vocational training sector, the Review of Vocational Education (ROVE). Many of the functions such as qualifications development and standards setting are to be moved from Primary Industry Training Organisation (PrITO) to a new Manufacturing, Engineering and Logistics Workforce Development Council (WDC). The Government had promised that the WDCs will be “industry-led”. However, it remains to be seen if this will actually be the case. If meat processors believe that the new WDCs are less responsive to their needs than the previous system, then they may choose to disengage from formal vocational training. MIA awaits with interest the creation of the new MEL WDC. In the meantime, PrITO is beginning to move into the new vocational training provider, Te Pukenga. MIA has engaged on operational concepts for Te Pukenga, emphasising the importance of workplace-based employer-delivered training. It will also be important that critical experience in PrITO is not lost in the transition to Te Pukenga.

MIA has also facilitated a number of technical training workshops for the meat industry during the year.

In the 1980s, Meat Industry Research New Zealand, together with industry, developed a model for determining the bacterial growth potential in a meat cooling process. This model, the Process Hygiene Index (PHI), is still in use by the industry. Over the past two years, MIA and the New Zealand Food Safety Science Research Centre (NZFSSRC) have undertaken a research project to review and update PHI to ensure that it is fit for purpose. The review established a list of enhancements that could be made to modernise the model. These enhancements are now complete and PHI version 2 operating as a standalone application has been developed and is ready for roll-out to the industry in the coming months.

To introduce the updated model to industry, the PHI working group (MIA, MPI and meat companies) ran five workshops in June/July 2021. The workshops were popular, with over 120 people attending in-person from industry and a further set of verifiers and government agencies receiving the training online. The training included not only the workings of PHI but presentations on meat microbiology, refrigeration, meat quality and the red meat codes of practice. An extension to the updated PHI model, to include calculations for offal, is currently under development.



43%

of total exports are halal certified

250

halal butchers

\$3.3 billion

in export revenue

Migrant halal butchers

make up only 0.5%

of total workforce (but are key to halal processing)

Immigration

Immigration issues continue to be a significant source of frustration given the border closure and the uncertainty created by the Government's immigration reset.

MIA has continued to engage with numerous Ministers, the Ministry of Business, Innovation and Employment, the Ministry for Primary Industries and the New Zealand Meat Workers and Related Trades Union Incorporated on immigration issues throughout 2020/21, including trying to restart the Industry Sector Agreement (ISA) negotiations to allow easier access to halal butchers and other skilled migrants. However, the ISA is still on hold due to COVID-19 with no clarity as to whether it will be re-started by officials.

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 the visa settings for halal butchers.

Halal processing, underpinned by a robust regulatory framework, has become a key aspect of the industry's business model. In 2020, approximately 43% of New Zealand total red meat exports were halal certified for Muslim consumers around the world and contributed approximately \$3.3 billion in export earnings. Ordinarily, there are 250 halal butchers who work in the meat

industry, comprised of 100 New Zealand residents / citizens and 150 migrants. As at June 2021, there are under 100 migrant halal butchers under the MIA Approval in Principle (AIP). Due to the border closure there is no clarity on when, or if, the industry will be able to recruit additional migrants to meet the 50-odd shortfall.

Most migrants received various visa extensions and from July 2021, low skilled workers have the ability to apply for a two-year visa. MIA was granted the last AIP (due to the new Accredited Employer Work Visa that Immigration NZ are introducing) to employ 137 migrant halal butchers who are on shore for a two-year period. The introduction of the stand-down that applies to low skilled workers after working in New Zealand for three years has also been delayed. However, neither the extensions nor the AIP allow new halal butchers to enter New Zealand.

MIA continues to try and source halal butchers who are on-shore through an extensive recruitment programme, working with Muslim associations, community groups and Government agencies including the Ministry of Social Development (MSD).





Workforce Development Strategy

MIA is developing a Workforce Development Strategy to address the challenges to attracting, training and retaining a sustainable New Zealand workforce.

It is anticipated the Workforce Development Strategy will be finalised by the end of 2021. It will provide an overview of the industry and the workforce challenges caused by labor shortages. It will also highlight industry best practice and will propose solutions to address workforce issues.

Health and Safety

Health and safety is an important area of work for MIA, and while companies have the main responsibility to reduce injury rates, there are activities that can be undertaken at the industry-wide level. These include facilitating communication and direction, setting industry standards, and identifying significant areas of work for industry and Government.

MIA facilitates a Health and Safety Forum of industry health and safety managers. A focus for the forum during the year has been health and safety in relation to cleaning. The forum has undertaken a review to

determine the most significant and common risks associated with cleaning and maintenance of machinery, and best practices for minimising those risks.

The forum has also progressed a project to produce a series of videos aimed at cleaners, focusing on issues such as the importance of cleaning, chemical safety, working at height, machine safety and working alone. These videos will be made available as industry resources and will be translated into multiple languages to ensure maximum effectiveness.

Reputation

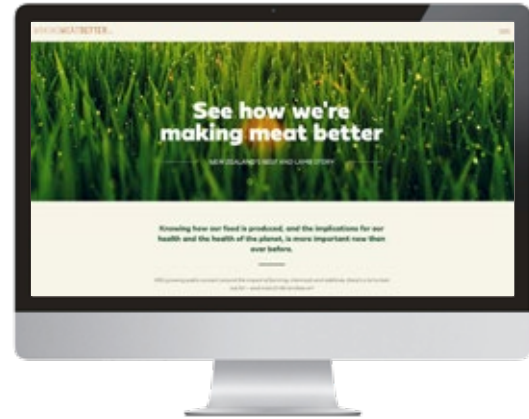
“Strengthening New Zealanders’ trust in, and connection with, the red meat sector.”

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

Changes in consumer perspectives and influences by overseas narratives has had a negative impact on the sector’s reputation. As a significant contributor to the nation’s economic and social well being, it is important for the sector to regain its position with the public.

Consequently, MIA, B+LNZ Ltd and B+LNZ Inc have been working together to develop a programme to reposition the sector with the public and to build enhanced trust and reputation. Work on this programme has now gathered some momentum with consensus on our joint direction and a busy work programme for the second half of 2021. This will involve research and consumer testing and developing a creative platform to share the sector’s story.

The aim will be to provide the public with credible facts and information to help put the debate in a New Zealand context and to help consumers make well-informed choices. The areas of focus will include: the sector’s contribution to tackling climate change, maintaining high animal welfare standards, contributing to jobs and thriving rural communities and the role of grass-fed red meat in a balanced diet.



In March, New Zealand’s red meat sector launched the www.makingmeatbetter.nz website to make it easier for Kiwis to find out the facts about the production and consumption of beef and lamb.

Developed by B+LNZ Ltd and MIA, the website brings together independently-verified facts and insights about beef and lamb from a health, nutrition and environmental perspective.

It aims to cut through the noise that surrounds beef and lamb produced in New Zealand, highlighting what’s good about our industry and why New Zealanders can feel proud of our farmers, our processors and the food we produce.

Sheep and Beef Sector Economic Contribution

92,000
New Zealand jobs



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



4.7%
of total national employment



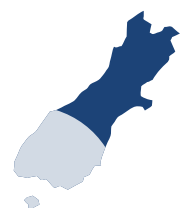
\$4.6b
in household income



10%
Taranaki Manawatu/
Whanganui regional
economy & employment



12%
Otago & Southland regional
economy & employment





Environment

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

MIA considers that climate change is a major threat to the future of the industry, but also that some Government policies – especially using forestry as a short-term offset for fossil fuel emissions – are temporary solutions that do not address the long-term problem of making cuts to fossil fuels.

MIA is aware that to continue to position New Zealand beef and lamb as a premium product, we have to couple that with ensuring that customers know they are buying an environmentally sustainable product. For this reason, MIA supports the ambition of making the whole sector “carbon neutral” by 2050, noting that it will incur significant costs on the sector in the short-term to do so.

The Government has made commitments to reduce New Zealand’s greenhouse gas emissions as rapidly as possible and MIA has been active in engaging with Government and the new Climate Change Commission on this. MIA devoted considerable resource in the past 12 months to analyzing and discussing the first Climate Change Commission report. A primary concern is that the Climate Change Commission is seeking steep reductions in on-farm biogenic methane emissions to avoid harder and steeper reductions in fossil fuels. MIA remains committed to continuing to work constructively with Government and the Commission on identifying pragmatic approaches to address climate change issues.



He Waka Eke Noa

In late-2019, MIA was one of the founding partners of the He Waka Eke Noa. This represents a high-level statement of our vision for, and commitment to, reducing agricultural greenhouse gas emissions, and outlines our collective commitment in response to the challenges posed by climate change, while enhancing our reputation for safe and sustainable food production and maintaining our competitiveness in international markets.

There have been two areas of focus for MIA in the past year.

MIA is working in good faith with other primary sector bodies, government and Māori to design a practical and cost-effective system for reducing emissions at farm level by 2025. The sector will work with government to design a pricing mechanism where any price is part of a broader framework to support on-farm practice change, set at the margin and only to the extent necessary to incentivise the uptake of economically viable opportunities that contribute to lower global emissions.

MIA has been active in the consideration of different on-farm emissions pricing options. The current preferred method would be a levy on emissions for farmers, with

the funds being recycled back to that sector through payments for research and development and uptake of new technologies. Sequestration of carbon dioxide from trees on farms would be recognised. How that levy would be set and what level should be, amongst other questions, will need to be answered before options are presented to MIA members and farmers in late-2021 for consultation.

The second focus of work has been on ensuring that all sheep and beef farmers “know their number”, i.e. their GHG emissions, by the end of 2022. This is a key priority of the He Waka Eke Noa programme. To support farmers to achieve this by the set deadline, a working group of meat processor managers was established, chaired by Grant Bunting from ANZCO Foods.

This working group has agreed that all meat processors will actively support farms to use GHG calculation tools, and to promote use of GHG calculators to their farmer-suppliers with industry-good communications materials <https://mia.co.nz/resources/know-your-number/know-your-number/>

MIA and meat processor members strongly urge all farmers to “know their number” by 2022, and that the B+LNZ Greenhouse Gas Calculator is a free tool designed for sheep and beef farmers.

What's your footprint?
By the end of 2022 all New Zealand farmers running 80ha or more will need to know their farm's greenhouse gas emissions and have a plan to monitor and measure their emissions.

These goals have been set to provide an alternative to the Emissions Trading Scheme which applies a blanket tax that doesn't recognise work being completed on-farm.

Visit ghgnumber.co.nz for more information and to link to the Beef + Lamb New Zealand calculator to find out your farm's number.



Transitioning from coal to renewable energy

Meat processors have been significant users of coal (mostly in the South Island) and natural gas (in the North Island) for heating boilers. The Government has put in place policies to wind down the use of coal over the next decade, and to more slowly wind down the use of natural gas and other fossil fuels used for process heating.

MIA was active in submitting on these policy developments. The MIA position is that meat processors recognise the need to transition away from fossil fuels. However, food processors with low-temperature boilers are being asked to stop using coal within 10 years while the rest of the economy gets 30 years to move from fossil fuels – and even then, their carbon emissions can

be offset. As a result, meat processors are being asked to make cuts that no other sectors of the economy are being asked to make.

Given that meat processors are being asked to phase down all low-temperature coal-fired boilers by 2030 ahead of other industries, MIA strongly urges continued Government financial support for processors in adopting new technologies to replace the old coal-fired boilers.

Pleasingly, many processors are already moving down the path away from fossil fuels, with several large meat processors working to replace their coal-fired boilers with electric heat pumps at significant cost to those processors.

Biosecurity

“Supporting world class biosecurity protection systems and preparedness.”

Government Industry Agreements

MIA is a partner in the Government Industry Agreement for Readiness and Response with MPI. Under this agreement, MIA accepts that it should pay a share of future biosecurity readiness and response costs where there is a benefit to meat processors, and in turn MIA gets a seat at the decision making table for those readiness and response activities.

However, since signing the GIA in 2017, the hoped-for agreements relating to key diseases of concern to MIA, such as Foot-and-Mouth Disease, have not been progressed at all, as MPI has been focused on the Mycoplasma Bovis response and then had concerns about cost sharing with industry.

This means that the promise of a biosecurity partnership between the meat processing industry and government has not been realised. While MIA continues to actively participate in GIA discussions, it is concerning that there has been little to show for the partnership to date.

Continuing to advocate for work in this area remains a focus for the MIA as it is imperative that the sector is well prepared in the event of a biosecurity event.

Biosecurity Business Pledge

The Biosecurity Business Pledge is a partnership that aims to help all New Zealand businesses take a proactive approach to their biosecurity practices. MIA was one of the founders of the pledge, and almost all MIA processor members have signed up. The members of the pledge meet regularly to share how they are taking practical actions to manage biosecurity risk and to be informed by MPI on how risks are changing.

MIA continues to actively promote the pledge, including by meat companies at the 2021 Fielddays and at the 2021 Red Meat Sector Conference.



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



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



SCAN TO LEARN MORE

BIOSECURITY BUSINESS PLEDGE
It takes all of us to protect what we've got
Kō Tātou
THIS IS US BIOSECURITY 2025

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



Animal Care

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

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

MIA is a member of the MPI-led Farm to Processor Animal Welfare Forum, which meets regularly throughout the year to review and address animal welfare concerns. During the year, the issues that the forum has considered include:

- Heat stress
- Winter grazing
- End of life solutions for dairy animals

Another issue that MIA has been involved in during the year is back rub in cattle, which is significant skin abrasions on the head, hips, neck, spine, or high points on the back of animals during transportation. MIA, in conjunction with MPI and the Road Transport Forum, continues 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.

Bobby Calves

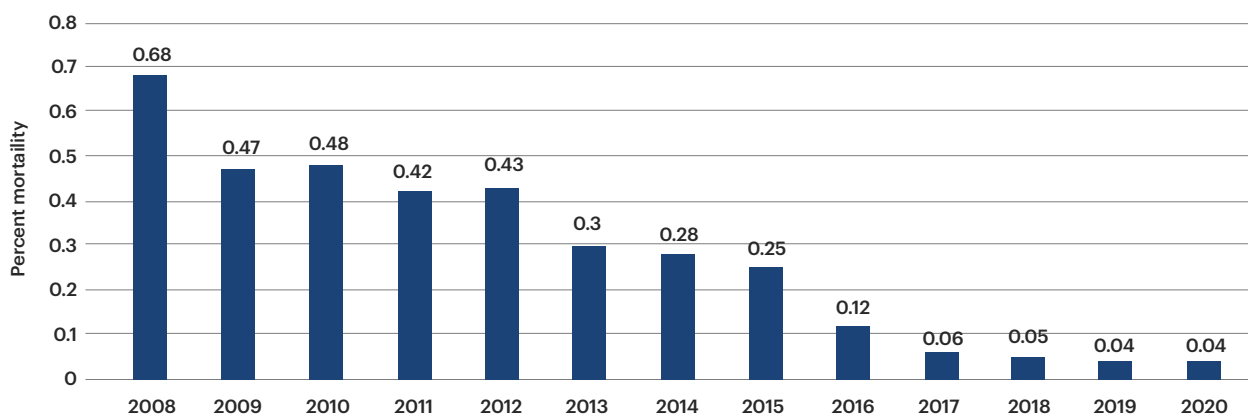
The industry has a goal of ensuring that the welfare of bobby calves is safeguarded during transportation and lairage prior to processing. Despite operating under the shadow of COVID-19, nearly 1.9 million bobby calves were processed in the 2020 season, with a calf mortality rate of just 0.04%.

This was the same as in the 2019 bobby calf season and consolidates the gains made in previous seasons, noting that the mortality rate in 2008 was 0.66%.

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

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

Season average calf mortality: Percentage of total calves processed





OTHER MIA ACTIVITIES

Renderers Group

The rendering industry provides important services to meat processors in turning waste material into wholesome animal proteins and fats for feed, renewable fuels, and various industrial products. By taking parts of animals produced for food that consumers choose not to eat and process them into safe and valuable ingredients used in non-food products, rendering helps to lift the overall value of each animal.

Rendered products comprise tallow and meat and bone meal (MBM). Tallow has a variety of uses, including most recently as input for biodiesel manufacturing while MBM is primarily used as an ingredient in animal feeds including aquafeed.


New Zealand exported 299,000 tonnes of rendered products worth \$329 million in 2020/21. These products were exported to 41 countries during the year.

The MIA Renderers Group represents producers and exporters of rendered products, and during the year the group has been working with MPI on a number of changes to overseas market access requirements for MBM. In addition, with the main use of tallow being raw material for biofuel production, MIA is working with tallow exporters to test whether some of the traditional certification requirements for tallow are still relevant.


In October 2020, MIA ran the 10th rendering workshop, which successfully delivered training and development to senior rendering staff, MPI verifiers and industry suppliers on the process of rendering.

Major uses for ingredients for rendered ingredients produced from New Zealand sheep and cattle

MEAT AND BONE MEAL




Aquafeed




Petfood


TALLOW



Edible tallow



Bio-diesel



Soap

MIA Technical Group

MIA facilitates an industry technical group as an open forum for consultation on technical matters among MIA members, MPI and other stakeholders.

Due to a number of reasons including COVID-19, the group has not been as active as in previous years. The industry-only members of the Strategic Directions Group have recognised that the technical working group provides value to the industry and plans are underway to refresh the function of the group to ensure it continues to benefit the membership through enhanced technical discussions, technical capacity building and networking opportunities.



Ovis Management

Ovis Management Limited (OML) is a wholly owned subsidiary of the MIA, whose role is to provide a minimal cost programme promoting the control of *Cysticercus ovis* (Ovis, or sheep measles) among sheep farmers and dog owners in rural areas. OML is operated out of Palmerston North by project manager Dan Lynch.

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

Social Media

Since 2018/19, Ovis management has utilised social media platforms to promote Ovis awareness. OML has worked with groups such as Walking NZ, the Department of Conservation and Fish & Game in promoting links to the OML website. The goal is to raise awareness of those bringing dogs into the countryside around sheep farms and the need to ensure they do not contribute to pasture contamination. It allows niche messages to be targeted to specific groups such as duck shooters at certain times.

Supplier contact

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

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

Veterinarians

OML provides resources to around 202 vet clinics across the country. Repeated surveys indicate that vets are the main source for farmers looking for information around dog treatments and control of sheep measles.

OML also attends events in conjunction with vet clinics, provides resources when required for use in in-store displays, and sends newsletters to clinics, giving updated prevalence data and advising of available resources.

Reducing prevalence

Surveys indicate monthly to six weekly dog treatments in suppliers of 1,000 plus lambs per season exceeds 82 percent. This level of treatment along with application of additional controls such as safe feeding and reducing exposure to external dogs reduces the ability of Ovis to replicate. This in turn leads to a reduction in the potential for non-farm dogs to become infected. Maintaining sheep farmers' commitment to programme participation is critical and industry-wide programmes promoting control alongside of processors will ensure the risks posed by sheep measles remain at a low level.



FINANCIAL REPORTS

Special Purpose Financial Statements
for the year ended 30 June 2021

CAUTION
2.9m 9' HIGH



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 54 to 62:

- i. present, in all material respects the incorporated society's and group's financial position as at 30 June 2021 and their financial performance for the year ended on that date in compliance with the incorporated society's rules.

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

- the incorporated society and group balance sheets as at 30 June 2021;
- 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 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Our firm has also provided other services to the incorporated society and group in relation to tax compliance 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 of 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's 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 incorporated society'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 the incorporated society and group special purpose 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

6 September 2021

Financial Statements

Councillors' Report

for the year ended 30 June 2021

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 2021.

On behalf of the Council these special purpose financial statements were approved for issue on 6 September 2021.


Councillor

Date


Councillor

Date

Statement of Comprehensive Income

for the year ended 30 June 2021

	Note	Group		Association	
		2021 \$	2020 \$	2021 \$	2020 \$
Operating revenue		3,683,859	3,616,665	2,022,601	2,463,033
Operating expenditure	1	3,736,753	3,877,984	2,094,383	2,749,808
Operating surplus/(deficit) before other income		(52,894)	(261,319)	(71,782)	(286,775)
Other Income/(expense)		131,500	389,670	131,500	389,670
Operating surplus/(deficit) before financing income		78,606	128,351	59,718	102,895
Financial income		1,662	2,087	969	1,039
Financial expenses		-	-	-	-
Net financing income	2	1,662	2,087	969	1,039
Operating surplus/(deficit) before tax		80,268	130,438	60,687	103,934
Income tax expense/(benefit)	3	-	-	-	-
Net surplus/(deficit) for the year		80,268	130,438	60,687	103,934
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		80,268	130,438	60,687	103,934

Statement of Changes in Equity

for the year ended 30 June 2021

	Note	Group		Association	
		2021 \$	2020 \$	2021 \$	2020 \$
Opening Balance		942,790	862,594	590,446	506,630
Prior year adjustment		-	(50,242)	-	(20,118)
Total comprehensive income for the year		80,268	130,438	60,687	103,934
Closing Balance		1,023,058	942,790	651,133	590,446

Balance Sheet

as at 30 June 2021

	Note	Group		Association	
		2021 \$	2020 \$	2021 \$	2020 \$
Equity					
Accumulated funds		1,023,058	942,790	651,133	590,446
Total Equity		1,023,058	942,790	651,133	590,446
Represented by:					
Current assets					
Cash and cash equivalents	4	3,557,275	3,285,867	1,829,040	1,707,958
Trade and other receivables	5	545,533	833,059	517,063	785,701
Total current assets		4,102,808	4,118,926	2,346,103	2,493,659
Current liabilities					
Trade and other payables	6	1,807,031	1,897,234	1,271,175	1,630,445
Employee benefits	7	189,461	167,446	149,948	133,203
Income in advance		1,059,323	1,109,814	233,533	110,019
Total current liabilities		3,055,815	3,174,494	1,654,656	1,873,667
Working capital		1,046,993	944,432	691,447	619,992
Non current assets					
Property, plant and equipment	8	31,572	46,220	15,193	20,648
Intangibles (software)	9	-	2,332	-	-
Total non current assets		31,572	48,552	15,193	20,648
Non current liability					
Lease reinstatement provision	11	55,507	50,194	55,507	50,194
Total non current liability		55,507	50,194	55,507	50,194
Net Assets		1,023,058	942,790	651,133	590,446

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 2021. The financial statements were authorised for issue by the directors on the 6 September 2021.

(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	
	2021 \$	2020 \$	2021 \$	2020 \$
Amortisation of Intangibles (software)	2,332	7,424	-	4,626
Audit remuneration	36,100	34,020	21,600	20,370
Other professional services	6,100	5,790	3,350	2,590
Contracts/consultants/projects	1,568,971	1,388,360	424,952	734,216
Depreciation	19,166	20,328	9,973	10,478
Director's fees - Chairman	75,000	75,000	75,000	75,000
Director's fees - Subsidiary's Chairman	18,000	18,000	-	-
Director's fees - Subsidiary	22,500	22,500	-	-
Personnel expenses	1,541,813	1,669,697	1,269,098	1,401,853
Rental & leasing costs	67,179	57,510	67,179	57,510
Other operating expenses	379,592	579,355	226,627	443,165
Total operating expenditure	3,736,753	3,877,984	2,094,383	2,749,808

2 Net financing income

	Group		Association	
	2021 \$	2020 \$	2021 \$	2020 \$
Interest income	1,662	2,087	969	1,039
Interest expense	-	-	-	-
Net financing income	1,662	2,087	969	1,039

3 Taxation

	Group		Association	
	2021 \$	2020 \$	2021 \$	2020 \$
Reconciliation of effective tax rate				
Operating surplus/(deficit) before tax	80,269	130,438	60,687	103,934
Income tax using Company tax rate	22,475	36,523	16,992	29,102
Non-assessable income/non-deductible expenses at company tax rate	(21,249)	(34,518)	(22,734)	(35,833)
Losses off set against subsidiary	-	-	6,968	7,486
Losses brought forward and utilised at Company tax rate	-	(1,271)	-	-
Tax @ 28%	1,226	734	1,226	734
Tax benefit of losses not recognised	(1,226)	(734)	(1,226)	(734)
Income tax expense/(benefit) per income statement	-	-	-	-

The Group has \$539,831 of tax losses to carry forward (2020: \$544,210). 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	
	2021 \$	2020 \$	2021 \$	2020 \$
Bank balances	738,323	687,649	117,307	257,863
Call deposits	2,818,952	2,598,218	1,711,733	1,450,095
Balance as at 30 June	3,557,275	3,285,867	1,829,040	1,707,958

5 Trade and other receivables

	Group		Association	
	2021 \$	2020 \$	2021 \$	2020 \$
Trade Receivables	399,848	745,600	391,990	704,539
GST Receivable	20,414	-	-	-
Other Receivables and Prepayments	125,271	87,459	125,073	81,162
Balance as at 30 June	545,533	833,059	517,063	785,701
Impairment loss deducted/(recovered)	-	-	-	-

6 Trade and other payables

	Group		Association	
	2021 \$	2020 \$	2021 \$	2020 \$
Trade Payables	1,295,015	834,387	763,652	582,980
GST Payable	31,566	61,224	31,566	49,266
Halal Certification	445,720	973,274	445,720	973,274
PAYE Payable	33,730	28,349	30,237	24,925
Balance as at 30 June	1,807,031	1,897,234	1,271,175	1,630,445

In addition to the Scholarship funding liability at 30 June 2021, MIA has committed \$100,000 for scholarships in future years for current scholars which is contingent on passing the current year of study.

7 Employee benefits

	Group		Association	
	2021 \$	2020 \$	2021 \$	2020 \$
Liability for Annual Leave	127,777	108,535	121,898	106,677
Liability for Retirement Leave	61,684	58,911	28,050	26,526
Balance as at 30 June	189,461	167,446	149,948	133,203

8 Property, plant and equipment

	Group		Association	
	2021 \$	2020 \$	2021 \$	2020 \$
Furniture and fittings				
At cost	27,330	22,812	26,555	22,037
Accumulated depreciation	20,925	20,433	20,150	19,658
	6,405	2,379	6,405	2,379
Current year depreciation	492	215	492	215
Leasehold improvements				
At cost	73,499	73,499	73,499	73,499
Accumulated depreciation	69,457	63,283	69,457	63,283
	4,042	10,216	4,042	10,216
Current year depreciation	6,174	6,174	6,174	6,174
Motor Vehicles				
At cost	37,540	37,540	-	-
Accumulated depreciation	24,306	16,423	-	-
	13,234	21,117	-	-
Current year depreciation	7,883	7,883	-	-
Computer hardware				
At cost	37,136	37,136	20,397	20,397
Accumulated depreciation	32,475	28,831	15,736	12,561
	4,661	8,305	4,661	7,836
Current year depreciation	3,644	5,083	3,175	3,957
Office equipment				
At cost	81,575	81,575	11,822	11,822
Accumulated depreciation	78,345	77,372	11,737	11,605
	3,230	4,203	85	217
Current year depreciation	973	973	132	132
Total property, plant and equipment				
At cost	257,080	252,562	132,273	127,755
Accumulated depreciation	225,508	206,342	117,080	107,107
	31,572	46,220	15,193	20,648
Current year depreciation	19,166	20,328	9,973	10,478

There is no impairment loss recognised during the year (2020: nil)

9 Intangible Assets - Software

	Group		Association	
	2021	2020	2021	2020
	\$	\$	\$	\$
At cost	48,047	48,047	41,052	41,052
Accumulated amortisation	48,047	45,715	41,052	41,052
	-	2,332	-	-
Current year amortisation	2,332	7,424	-	4,626

10 Investments in subsidiaries

Name of entity	Principal activity	% Interest held	
		2021	2020
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

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	
	2021	2020	2021	2020
	\$	\$	\$	\$
Operating leases				
Not later than one year	74,836	74,836	74,836	74,836
Later than one year and not later than five years	56,127	130,962	56,127	130,962
Later than five years	-	-	-	-
Total	130,963	205,798	130,963	205,798

13 Capital commitments

There are no capital commitments as at 30 June 2021 (2020: nil).

14 Contingent liabilities

There are no contingent liabilities outstanding as at 30 June 2021 (2020: 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 (2020: \$20,000) to Meat Industry Association of New Zealand (Inc) for administration services provided. As at year end, the Association has recognised a nil receivable from Ovis Management Limited (2020: \$5,716). This relates to service fees and office expenses paid by Meat Industry Association on Ovis Management Limited's behalf.

MIA Innovation Limited pays service fees of \$56,250 (2020: \$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 \$19,770 (2020: \$16,362). 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 2021, the Group received \$3,629,923 (2020: \$5,187,020) from companies related to the nine Council members which was included in operating revenue, the \$3,629,923 amount includes the Halal certification revenue which is offset off by expenses within the Profit and Loss statement, and has recognised a receivable of \$391,218 (2020: \$639,710) from these companies. In addition, included within the Halal Certification payable, there is \$245,138 (2020: \$620,168) 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 (2020: nil).



PEOPLE

MIA Council



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, Rokit 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.



Simon Limmer

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



Peter Conley

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



Fred Hellaby

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



Tony Egan

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



Craig Hickson

Craig is the Managing Director of Progressive Meats Ltd. He was a Council member since 2003 and resigned in September 2020.



Simon Gatenby

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



Nigel Stevens

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



Tim Harrison

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



David Surveyor

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



Arron Hoyle

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

MIA Council Meetings

The MIA Council held five ordinary meetings in the year ended 30 June 2021, in addition to the Annual General Meeting in September 2020.

* = Present	8 September 2020	3 December 2020	18 February 2021	20 April 2021	14 June 2021
J Loughlin	*	*	*	*	*
P Conley	*(via Zoom)	*	*(via Zoom)	NO PROXY	*
T Egan	*(via Zoom)	*	*(via Zoom)	*	*
S Gatenby	*	*	*	*	*
T Harrison	*	*	*(via Zoom)	*	*
S Limmer	*	*	*(via Zoom)	*	*
F Hellaby	*(via Zoom)	*	*(via Zoom)	*	*
C Hickson	*				
N Stevens	*	*	*	*	*
D Surveyor	*	*	*(via Zoom)	*	*
Arron Hoyle				*	*

Annual General Meeting



The Association's 36th Annual General Meeting (AGM) was held in Wellington on 8 September 2020. Proceedings saw the unanimous adoption of the 2019 AGM minutes and the 2020 Annual Report. The motion to reappoint KPMG as the Association's auditor for the year ending 30 June 2021, and the election and confirmation of the MIA Council for the 2020/2021 year were adopted.

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 (until September 2020), Arron Hoyle (from February 2021).

SUB-GROUPS

Strategic Directions Group

Industry: Sirma Karapeeva (Co-Chair), Willie Wiese, Simon Gatenby (to December 2020), Karsten Wishnowsky (from March 2021), Gary Lindsay, Rowan Ogg, Neil Smith, Brent Crawford (from March 2021)
MPI: Vincent Arbuckle (Co-Chair), Alan Cook, Allan Kinsella, Steve Ainsworth, Paul Dansted

HR Leaders' Group

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

Meat Industry Health and Safety Forum

Andrew Mitchell, Shane Fletcher, John Walters, Keith Flockhart, Keith Gibson, Allan Jack, Shane Baty, Ross Smith, Kristy Elstone, Bruce Ramsey, Paul Goldstone (to May 2021), Richard McColl (from May 2021)

WorkSafe NZ: Julie-Anne Mail

New Zealand Meatworkers' Union: Amanda Stephens

Renderers' Group

Marcus Adam (Chair), Amanda Bignall, Gordon Henderson, Dave King, Tom Macleod, Matthew Spence, Kevin Cresswell (until July 2021). Richard McColl (from July 2021).

ASSOCIATION DIRECTORSHIPS / APPOINTMENTS

Beef + Lamb New Zealand Limited / NZ Meat Board (a statutory body that operates under the Meat Board Act 2004)

Mark Clarkson (until 17 March 2021), Tony Egan

Beef + Lamb New Zealand Incorporated

Sirma Karapeeva

Food Innovations Training Trust

Sirma Karapeeva (Trustee), John Loughlin (Trustee)

MIRINZ Food Technology and Research Incorporated

Tony Egan, Sirma Karapeeva

WHOLLY OWNED SUBSIDIARIES

Ovis Management Limited

Board: Roger Barton (Chair), Jim Goodall (until 31 December 2020), Andrew Morrison, Sirma Karapeeva, Greg McSkimming (from 23 March 2021)

Associate Director: Alice Allsop

Staff: Dan Lynch

Meat Industry Association Innovation Limited

Chair: John Loughlin

Board: Margo Buick, Owen Young, John Brader

Staff: Kaylene Larking

Meat Industry Association Holdings Limited

Board: William Falconer

OTHER ENTITIES

American Chamber of Commerce in New Zealand Incorporated (AmCham)

Sirma Karapeeva – Board Member

New Zealand Council of Cargo Owners Incorporated (formerly New Zealand Shippers Council)

Sirma Karapeeva - Member

Staff



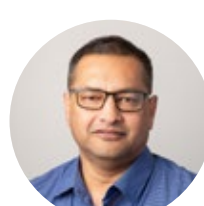
Sirma Karapeeva
Chief Executive Officer



Kevin Cresswell
Technical Executive (until July 2021)



Esther Guy-Meakin
Senior Manager Strategy, Trade Policy and Advocacy (from February 2021)



Michael Pran
Accountant



Paul Goldstone
Policy Manager



Richard McColl
Innovation Programme Manager



Matt Conway
Policy Analyst



Kaylene Larking
Partnership Manager



Christopher Guy
In-house Legal Counsel



Beverley Dixon
Executive Assistant

Members

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

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