



RED MEAT SECTOR BRIEFING  
TO INCOMING MINISTERS

## **PUTTING MEAT ON THE BONE**

Jointly produced by the  
Meat Industry Association and  
Beef + Lamb New Zealand



August 2023

## Foreword

Following the mid-October elections a new Government will form, and the decisions and policies they make must meaningfully increase the wellbeing of all New Zealanders.

We share in the aspiration, which is why in this Briefing to Incoming Ministers (BIM) we are calling for a bipartisan strategic approach to the red meat sector that acknowledges its long-term importance to our economy and seeks to tackle these issues together.

Our BIM “Putting Meat on the Bone” provides a red meat sector perspective on how to do this as well as a number of immediate policy requirements. The intention is to provide food for thought, to ensure decision-makers are focussing as much on our governance system as they are to the rules and regulations within it.

The red meat sector is nationally significant and will continue to grow but could grow substantially more with the right policy settings.

Beef + Lamb New Zealand and MIA respectively represent the farmers who raise New Zealand’s world leading sheep and beef, and the processors, exporters and marketers who sell it to global customers in more than 100 countries.

As the red meat sector, our aim is to improve New Zealand as a country, as a leading sustainable economy, and as a great place to raise a family, secure in the knowledge that future generations will benefit.

To make it a reality, all we need is the courage, as citizens, communities, industries, sectors and politicians, to embrace it.



Kate Acland  
Chair and Farmer Elected Director  
Beef + Lamb New Zealand Ltd

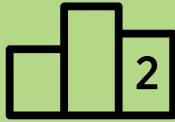


Nathan Guy  
Chair  
Meat Industry Association of New Zealand

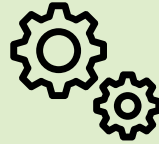
## About the red meat sector



The sector supports over 92,000 jobs across both sides of the farmgate.



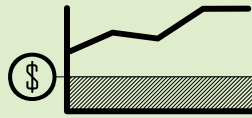
The sector is New Zealand's second largest goods exporter.



Red meat processing is New Zealand largest manufacturing industry.



Over 95 percent of our products are exported to 108 countries.



Red meat earned \$12b in export revenues in 2022.



New Zealand beef and lamb is among the most carbon efficient in world.



The sheep and beef farming sector has reduced absolute GHG emissions by 30 percent since 1990.



98 percent of our product exported is value-added cuts.



Halal certified products are worth \$3.5 billion in export revenue.

# Let's start working together

This BIM sets out, at a high level, a number of strategic challenges that New Zealand must grapple with to improve the prosperity of the nation and people and sets out five broad system level interventions on how to do this.

These interventions include:

- Putting the red meat sector at the centre of New Zealand's economic strategy.
- Aligning our science and innovation system to strategic outcomes.
- Partnering with industry to improve sustainability.
- Encouraging greater coordination across Government departments.
- Enabling streamlined regulation underpinned by robust regulatory impact assessments.

To varying degrees, these activities have been undertaken by different governments over the years, but what has been missing is approaches that are enduring, that reach across different coloured governments, and that give industries and business clear direction and a runway to invest in the future with confidence.

As an example, the bipartisan political consensus that "trade is good" has seen New Zealand successfully establish and grow a network of Free Trade Agreements over the past 30 years that is the envy of many countries. This has directly contributed to the prosperity of our country and the competitiveness of our economy on the world stage. One in four jobs in New Zealand is related to export and on average wages are 14% higher in those companies.

Our first and most important observation from this experience is this: if Government wants to secure the future that New Zealand deserves, it needs to expand political partnerships in areas that are critical to our ongoing prosperity.



# Setting core strategic objectives

## Putting agriculture and the red meat sector at the centre of New Zealand's economic strategy

Building on the experience in the trade policy space, Beef + Lamb New Zealand and MIA strongly urge the incoming Government to develop a bipartisan long-term economic strategy for New Zealand that puts agriculture and the red meat sector at its centre.

The red meat, dairy, horticulture, fish, and fibre produced from our land and seas make a significant contribution to our GDP (just under \$50 billion in the year ending June 2022), and with the right economic strategy and enabling legislative framework can contribute even more.

Agriculture is also our only scale industry and sole area where we have significant comparative advantage on the world stage.

This economic activity flows into other parts of the economy from manufacturing to logistics, shipping, banking, insurance, and construction, and supports jobs, households, and communities in small towns and cities alike. It also makes a significant contribution to tax revenues which flow back into public goods and services like hospitals, schools, universities, and roads.

Agriculture is also a driving force behind most of New Zealand's innovation and technology services and goods exports. Our integrated landscapes are key to New Zealand's tourism.

This strategy should also recognise the on-going critical role of livestock production as a basis for not only meat production but also an additional \$1.3 billion of co-products exported annually. Red meat production is a core part of New Zealand's agricultural sector and overall economy.

We are already some of the best and most sustainable red meat farmers in the world, and by bringing our sector on the journey and crafting fair and practical regulations, we can be even better.

### Immediate policy recommendation:

#### **Trade**

Trade is fundamental to the future prosperity of New Zealand, and the red meat sector is a significant contributor to our economy. To succeed in the current complex trading environment and weather the storm of rising protectionism, volatility and geo-political tension, our sector needs secure access to a multiplicity of existing and future markets, and push for the removal of tariff and nontariff barriers in order to improve the competitiveness of our products in export markets.

#### **We recommend:**

- Ensuring any agriculture strategy has livestock production at its heart.
- Making long-term investments in foundation building cooperation programmes to pave the way for new trade deals with lucrative markets such as India.
- Evolving our trade strategy to include a focus on resolving non-tariff barriers, which are estimated to add \$370 million in unnecessary costs to red meat exports each year.
- Revisiting New Zealand's trade policy strategy to ensure it remains fit for purpose and consider creative pathways for deeper trade relationships. This includes both new markets and upgrading existing FTA's.
- Continuing support for a strong international rules-based framework through the WTO.
- Supporting industry-led initiatives to build awareness of New Zealand grass-fed beef and lamb in strategic markets.



## A Nature Positive Future

Supporting our comparative advantage is New Zealand's highly efficient and sustainable production system. Our farmers are among the most efficient in the world, producing enough sustainable food to feed 40 million people each year.

Red meat export values have more than doubled since 1990, while at the same time halving the number of animals needing to be farmed. We are highly efficient producers - since 1978 the agriculture sector's multifactor productivity has increased 270 percent.

Our pasture-based farming system means we also rank among some of the most sustainable agricultural producers in the world. We can put a kilogram of New Zealand-reared lamb into the UK market with a lower carbon emissions profile (including transport) than an UK-reared equivalent. We must look to improve this but do it in such a way that avoids emissions leakage offshore.

The extensive sheep and beef rearing system also means our environmental footprint across a range of measures, such as freshwater and biodiversity, is highly favourable compared to the intensive feedlot systems used around the world. This puts New Zealand in an extremely advantageous position, particularly as global consumers are increasingly looking for high sustainability attributes in the products they buy.

We are acutely aware that food production has an impact on the environment and have a commitment to continually learning and improving. To do this, improving the environmental performance of the country's agricultural system needs to be included as a core priority in our economic strategy, but done in a way that works with the agricultural industry for ensuring and practical solutions.

### **Immediate policy recommendation:**

#### **Climate change**

The carbon footprint of New Zealand beef and lamb from farm to plate is amongst the lowest in the world. While the sector is up for the challenge of doing even better, we are asking for some specific changes.

#### **We recommend:**

- Reporting annually on new warming as well as emissions.
- Amending the methane targets to ensure they are aligned with carbon dioxide emissions reductions to achieve no additional warming by 2050.
- Establishing a robust measurement and reporting framework for agricultural emissions, which sets common standards across sectors ensuring practical and cost-effective reporting.
- Completing with urgency a system that fairly rewards sequestration on farms.
- Continuing to support industry through investment in climate change mitigation and adaptation research funding.
- Continuing to support the processing sector's transition away from coal to renewable energy.
- No pricing of emissions unless there is an identified need and benefit for reducing emissions if our sector is tracking to meet current targets - there is therefore no justification for pricing.

### **Immediate policy recommendation:**

#### **Carbon farming**

New Zealand's agricultural output is generated from a finite landmass and must be protected from land use changes that threaten to diminish the viability of this strategic economic asset. Current ETS settings that are catalysing rapid land use change, are risking the viability of rural communities, and will significantly reduce export receipts and undermine NZ's future wealth.

#### **We recommend:**

- Making changes to the permanent category of the ETS to limit forestry offsetting to long-lived exotics, and pines such as within Māori land and small-scale blocks within farms.
- Amending the Emissions Trading Scheme so it can limit the amount of offsetting fossil fuel emitters can sequester in trees, particularly exotic pines.
- Expanding the ETS to recognise more on-farm types of sequestration.



**Immediate policy recommendation:**

**Water**

Water is the lifeblood of agriculture and food production systems, but also of significance to all New Zealanders. It is vital that we sustainably manage and use our freshwater resources.

**We recommend:**

- Setting more realistic timeframes for implementation of some of the new freshwater rules.
- Adopting a more regional and risk-based approach to managing freshwater, with better acknowledgment of the community benefit of economic activity.
- Focusing certified and audited Freshwater Farm Plans on at risk catchments and at risk activities.
- Amending the intensive winter grazing slope trigger to 15 degrees from the current 10 degrees, as it's currently capturing far more areas of land than is necessary for the risk.

**Immediate policy recommendation:**

**Biodiversity**

New Zealand's sheep and beef farmers are passionate guardians of the land, and the biodiversity on it. Up to a quarter of New Zealand's native vegetation is located on sheep and beef farms, the largest stock for native flora outside of public conservation land. Our sector wants to protect and enhance this, but needs enabling regulations that work production systems.

**We recommend:**

- Reviewing the recently introduced National Policy Statement Indigenous Biodiversity with industry to ensure the final NPSIB supports and encourages good biodiversity outcomes, not just red tape compliance.
- Working with industry to narrow the definition of Significant Natural Areas.
- Providing greater support and recognition for farmers social good role in protecting indigenous biodiversity. Ensuring it's an asset not a liability.



## **Aligning Government actions to strategic objectives**

Establishing growth in agricultural exports and improving the sustainability of primary production as the two core pillars in New Zealand's economic strategy is not sufficient in and of itself to achieve these aspirations.

These outcomes need to be embedded into and across our system of Government. We acknowledge the ambition for agencies to work in this way, but in our experience, they are not sufficiently coordinated and all too often the siloed nature of agencies results in poor outcomes.

A good example is the seven-month visa period granted to migrant meat workers when the processing season runs for 12-months, or the haphazard approach to the introduction of a raft of environmental regulations, without properly accounting for the interactions between water, biodiversity and climate change.

## **Aligning performance of agencies**

Where agencies have a shared interest in a particular policy area, it is vital that they are required to work collaboratively in a Whole-of-Government approach to break down the entrenched silos and speed up the development of policy.

To do this, agencies need to be given shared quantifiable targets that they are collectively responsible for achieving.

This will mean seating economic promotion agencies and regulators at the same table and giving them the job to deliver on a specific outcome. There's good precedent for this in other countries.

Furthermore, these Whole-of-Government bodies must be structured to give industry an appropriate level of representation to ensure that policy work is leveraging hands-on expertise and experience. This is a feature that should also be adopted in New Zealand to avoid poor policy outcomes. The exclusion of industry from proper development of the NPS Freshwater Management resulted in a number of regulations being introduced that subsequently had to be amended due to impracticality.

Immigration and environment are priorities for this change. For example ensuring that visa duration settings are aligned to the respective agricultural seasons to maximise output. This is compared to the status quo, where the Government has taken the Recognised Seasonal Employer scheme that is suitable for horticulture and applied it across all agricultural sectors on a one-size-fits-all basis.





**Immediate policy recommendation:**

**People and immigration**

People are our most important asset. We are focused on attracting and retaining talent, supporting training and development opportunities for our people and ensuring the policy settings allow companies to hire internationally where there are shortfalls. The sector's sustained labour shortage is hampering processors from reaching their full potential and results in a loss of value and reduced export revenue (estimated to be approximately \$600 million). It also has knock on implications for training and development opportunities for staff, and innovation.

**We recommend:**

- Ensuring immigration settings help address genuine industry labour shortages where they can't be filled domestically and are regularly aligned with industry needs in terms of numbers, visa duration and types of roles.
- Ensuring that visas are processed efficiently and without undue delay to ensure workers can be in New Zealand at the right time in the season.
- Establishing a special halal butcher visa category to ensure the sector can capture the greatest value from exports.
- Ensuring that the work of Workforce Development Councils, Te Pūkenga and TEC is strongly connected, responsive and accountable to the needs of industry.

**Immediate policy recommendation:**

**Biosecurity**

New Zealand's prosperity relies on our ability to protect our economy from external shocks. For agricultural the biggest risk is unwanted diseases organisms entering the country, disrupting our production and export abilities. Foot and Mouth Disease (FMD) is a particular risk, and while the Government has systems in place to prevent it entering the country, and structures to respond in the event of an infection, more could be done to shore up our economy.

**We recommend:**

- Continuing the cooperative biosecurity partnership between government and the sector.
- Concluding an operational agreement with industry, including compensation structures.
- Resolving long-standing policy problems, such as stock in transit.
- Resolving resumption of trade conditions.
- Ensuring we take a risk-based approach to biosecurity response decisions.
- Introducing mandatory inter-agency response simulations.

## Aligning the science and research system

Science and innovation are critical enablers of the agricultural sector and will continue to contribute to the success of the sector. The Government plays a significant role in this space by funding underpinning science infrastructure, as well as being a core funder of science and innovation.

It is crucial that we leverage our science and research system to enable the agricultural sector to thrive, particularly around reducing greenhouse gas emissions from livestock, but also across other environmental attributes as well.

We recognise that good science is taking place within this system, but it lacks sufficient strategic alignment on the areas where New Zealand can get the greatest returns. A review of the specialist study areas of our existing Crown Research Institutes suggests our approach is overly broad in ambition, and insufficiently focused on areas that make a difference.

Equally, our 11 National Science Challenges also appear widely spread and insufficiently aligned on reducing environmental externalities to enable economic growth in the primary sector. The current review of the research and science system, Te Ara Paerangi – Future Pathways, does not appear to be focussed on these areas at all, instead prioritising climate change adaptation, emerging health challenges and digital transformation. In-fact funding signals from MBIE seem to be deliberately steering away from agriculture.

In calling for the science and research system to focus on the primary sector, we are not diminishing the importance of the subject matter currently covered. But the extent to which we can undertake this work in New Zealand is primarily determined by the health of the public purse, and to maximise this we need a thriving economy.

### **Immediate policy recommendation:**

#### **Innovation, research and development**

Innovation has been a cornerstone of the New Zealand sheep and beef sector since the first shipment of frozen meat to the United Kingdom in 1882. Innovation, and implementation of new technology both on farm and in processing operations has built our reputation as a global leader in agricultural science and technology, resulting in high-quality products for the world. It adds value and grows returns for New Zealand. The next phase of innovation will require the industry to tackle difficult issues including via blue sky R&D. We want to partner with Government to deliver a focused R&D strategy/plan.

#### **We recommend:**

- Ensuring there is a targeted national strategy for R&D and innovation that is responsive to industry needs and able to support innovative transformational projects.
- Supporting industry-led initiatives to develop shared innovation and technology platforms that will help all firms gain access to new and emerging technologies.



## Modernising the regulatory system

Our regulatory framework, and the rules that underpin it, add real value to New Zealand's production system. It ensures that sheep and cattle are reared in a responsible manner that respects the animal, environment, and workers, while assuring the quality of our red meat exports. And as global consumers become more discerning, it is likely that there will be more pressure on the systems to drive improvements in these critical areas.

The red meat sector supports this direction of travel - we share the aspirations of our global consumers to rear and produce the best quality and most sustainable sheep and beef in the world.

However, there is a balance to be struck. Too much red tape drags on the competitiveness of exports by adding unnecessary cost, particularly in those areas where the additional rules do not lead to increased value as perceived by consumers in-market. An overly complex regulatory environment also serves to discourage new entrants from entering the market, even as it encourages existing participants to sell up and exit.

A fair assessment of New Zealand's regulatory system as it relates to agriculture is that we are not striking this balance well.

Since 2017 a raft of new regulations has been put in place, particularly in the areas of freshwater, planning, and biodiversity, with little consideration given to the cumulative impact of these on the agricultural sector, or indeed a reasonable expectation that they will be effective.

This is something New Zealand cannot afford if we want to make agriculture the champion of our economy and if we want to materially lift the prosperity of all Kiwis.

### Reduce system complexity

A core principle of the regulatory reform programme must be to reduce the complexity of the system, and a new Government should introduce an administrative efficiency test into Regulatory Impact Statements to ensure we are making the system easier for users to navigate.

A good example of this would be the reform of the Resource Management Act through the Natural and Built Environment Act. Nearly all stakeholders, including the Auditor General have raised concerns that the Natural and Built Environment Act will make this system more complex and confusing.

### Regulatory impacts

Government has a responsibility to ensure it is minimising the impact of new regulations. To do this, it should require all Regulatory Impact Statements to assess the ability of the policy receiving environment to absorb and adapt to the new regulations and this assessment should take account of other pieces of regulation that are being introduced, the inter-relationship between them and the cumulative impact.

These assessments should also set out off-ramps for policy reassessment should the core underlying assumptions (such as economic conditions) materially change, such that pursuing the policy as is will place an unfair burden on the regulated parties.

### Outcomes focussed

A weakness of our regulatory system is that we are overly focussed on process and insufficiently focussed on outcomes. Shifting the focus to outcomes opens opportunities for innovation and efficiency that process-based alone cannot achieve.

### Immediate policy recommendation:

#### Regulatory Review

A strong reason for New Zealand's economic achievement to date has been our relatively streamlined, outcomes-based approach to regulation which has enabled our businesses, while ensuring high standards are met.

#### We recommend:

- Reviewing new, and in-train, environmental policies and their cumulative economic impact on farming businesses and whether there are other ways the same desired outcome could be achieved.
- Reviewing the Natural Built Environment Act.
- Reinstating a rigorous approach to impact analysis as part of regulatory processes.





**Beef + Lamb New Zealand Ltd**  
Level 4, Wellington Chambers  
154 Featherston Street  
Wellington 6011  
enquiries@beeflambnz.com  
+64 4 473 9150 or 0800 BEEFLAMB  
(0800 233 352)  
www.beeflambnz.com



**MIA - Meat Industry Association**  
of New Zealand (Inc.)  
Level 5, Wellington Chambers  
154 Featherston Street  
Wellington 6140  
info@mia.co.nz  
+64 4 473 6465  
www.mia.co.nz