



BULLETIN

Dear Colleagues,

Thanks for your support and engagement throughout the year. At Beef + Lamb New Zealand, we are focused on strengthening the sheep and beef sector, but we are only one player on the sector team. Our vision is for profitable farmers, thriving farming communities, valued by all New Zealanders. While the sector has some immediate challenges, it also has immense opportunities.

We hope you enjoy a Merry Christmas and restful holiday period.

Warm Regards,

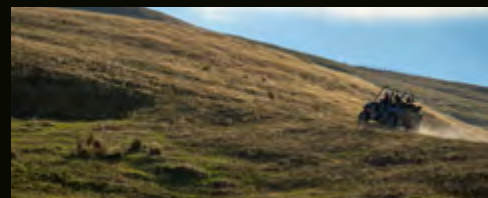
James Parsons
Chairman, B+LNZ

Sam McIvor
CEO, B+LNZ



MYCOPLASMA BOVIS

B+LNZ is working closely with MPI and other industry groups in response to M.Bovis



DRY CONDITIONS

Farmers across the country are facing drier conditions than is normal for this time of year



A MESSAGE FROM OUR CEO

Since our last 'Bulletin' in September, there have been a number of developments which have kept us busy.

We now have a new Government with whom we are committed to working constructively with to grow our sector, ensure our farming communities thrive and help support a stronger New Zealand economy.

As mentioned in my last update, B+LNZ has undergone a strategy refresh and we have made a number of changes at the organisation to ensure we are better able to support our key priority areas.

We are continuing to work closely with MPI and other industry groups on the response to Mycoplasma bovis (M.Bovis). It is a real concern M.Bovis has spread further with four new properties testing positive.

This is the first time New Zealand's emergency animals' disease response systems and preparedness has been significantly tested and presents an opportunity to assess the strengths of current arrangements. A number of areas have already been identified for improvement.

Another challenge for farmers has been the high temperatures and minimal rainfall throughout the country. Feed quality and quantity has fallen away as feed crops struggle in the extreme heat.

That's why Beef + Lamb New Zealand recently launched an online resource for

farmers affected by the dry conditions. The resources include fact sheets outlining strategies to manage and mitigate the effects of drought, coping with stress on the farm and advice on feed requirements and animal welfare during the dry period.

In the face of these bio-security and weather setbacks, it's encouraging to see sheep and beef farmers displaying real resilience and rural communities working together.

Although undertaken prior to the onset of the dry conditions, our latest farmer survey reveals confidence in the sheep and beef industry is strong.

The research by UMR, commissioned by B+LNZ found industry confidence rose to 59 per cent, an increase of 16 per cent, between August and November 2017. Confidence in the industry is at its strongest level since November 2014.

Farmers surveyed attributed the increased industry confidence to strong product prices, growing demand for product from an increasing population and belief in the quality of the product farmers were producing.

Confidence showed strong increases in most regions with only the far north seeing a modest increase.

There have been positive signs on the trade front. We were pleased with the progress made by the new Government on TPP, now known as CPTPP, as there are significant benefits, not just for the sector, but for New Zealand Inc. We continue to support the government in bringing the CPTPP into force as soon as possible.

2018 is shaping up to be an incredibly busy year as we work towards launching the Red Meat Story and Environment Strategy. We are well placed to meet these challenges because of the structure and team that we have put in place over the last year.

Finally, I would also like to take this opportunity to acknowledge the work and commitment that our Chairman, James Parsons, has shown over the last nine years. James recently announced that he will not be seeking re-election in the Director elections in March 2018. James' passion for the sector has been evident in his work and I wish him all the best for his future endeavours. Andrew Morrison, of Gore, B+LNZ's Southern South Island Farmer Director, has been supported unanimously by the board to take over the Chair when James retires next year, however his election will require a vote of the board following our annual meeting on 22 March.

DRY CONDITIONS

Farmers across the country are facing drier conditions than is normal for this time of year. Our extension managers are supporting farmers with advice and information including an online resource.

With the correct planning and use of tools such as early weaning, body condition scoring and feed budgets, farmers can make the most efficient and effective use of limited feed resources.

While no-one can make it rain, there are a number of management strategies that farmers can put in place to protect the future performance of their capital breeding stock. One of the key concerns is the timing of this dry period, which will affect lamb growth. Farmers who would normally be able to wean and sell lambs are now looking at options around store lambs, at lighter weights, meaning lower values.

The current weather patterns appear to be persisting with forecast rain not arriving. In the event we do get rain, small amounts can add to the frustration with increased risks of internal parasite burden and in some areas facial eczema. Conditions are variable between and within regions.

We're urging farmers to seek advice from rural professionals, talk to their neighbours and look out for each other.

→ ONLINE RESOURCE



B+LNZ LAMB CROP REPORT

The latest B+LNZ Lamb Crop report highlights a record lambing percentage, with the number of lambs tailed in spring 2017 up by 1.9 per cent on the previous spring. The average ewe lambing percentage was up 6.4 percentage points on the 10-year, meaning 127 lambs were born per hundred ewes put to the ram compared with an average of 121 over the last 10 years.

This demonstrates the good work beef and sheep farmers are doing to produce more with less and their continued ability to preform well despite changing climatic conditions.

Export lambs slaughter for 2017-18 is estimated to remain similar to 2016-17 mainly due to more replacement lambs being kept to maintain flock numbers.

→ READ ONLINE



BIOSECURITY



M-BOVIS

B+LNZ is working closely with MPI and other industry groups in response to Mycoplasma bovis (M.Bovis).

It is disappointing that M.Bovis has been detected on properties in the Hastings district; in Winton, Southland and a suspected property near Ashburton. While all properties are still linked by livestock movements, it does make the task of eradication more difficult.

We know this is a difficult time for these rural communities and our focus is on ensuring all available support is provided to affected farmers in these regions.

We continue to encourage farmers and rural contractors to follow MPI's recommendations on how to protect their farms, to keep an eye out for symptoms in herds, and to ensure all farm records and National Animal Identification and Tracing (NAIT) records for stock they buy, sell or move are accurate and complete.

→ [ADVICE FOR FARMERS](#)

GOVERNMENT INDUSTRY AGREEMENTS ON BIOSECURITY READINESS AND RESPONSE

Over 250 levy payers provided feedback on Beef + Lamb New Zealand's proposal to sign the Government Industry Agreement for Biosecurity Readiness and Response Deed. B+LNZ collected submissions via the return of paper forms mailed to all registered levy payers and electronically via an independent webpage.

85%

of responders supportive of B+LNZ joining GIA

Analysis of feedback is continuing but it is clear that there is strong support among those choosing to provide a submission electronically, with approximately 85% of responders being supportive of B+LNZ joining GIA.



B+LNZ is looking forward to engaging with the new government and departments over the next few months to understand their policy objectives.

We see major areas of alignment in terms of what sheep and beef farmers are trying to achieve and are keen to work closely with government for the good of our sector and New Zealand.

UPDATE ON ENVIRONMENT STRATEGY

B+LNZ has worked with farmers and other stakeholders to refresh our Environment Strategy, which we are now sharing with the sector and other groups for feedback.

The Environment Strategy is underpinned by four priorities; clean water, thriving biodiversity, addressing climate change, and managing soil.

Through the strategy, our vision of success is that:

- NZ farmers' commitment to the environment is unquestioned.
- Every farmer is using a Farm Environment Plan to set out tangible actions to manage their farm's interaction with the environment.
- B+LNZ is openly recording and reporting progress; and
- Farming landscapes are biologically diverse, freshwater is clean and improving, soils are healthy and carbon rich, our sector's carbon footprint continues to decrease.



ENVIRONMENT

ZERO CARBON BILL

The Government has announced it will be starting consultation on a Zero Carbon Bill (the Bill) early next year.

The Bill reflects the new Government's climate change policies. Of most interest for our sector would be a proposed process for setting economy-wide targets for reducing emissions, and of course, the question of agriculture's role in the Emissions Trading Scheme (ETS).

The Government wants the country to be a world leader in reducing greenhouse gas (GHG) emissions.

We welcome this aspiration.

NZ sheep and beef farmers share the same vision as the rest of New Zealand public about the need to improve our environment.

Sheep and beef farmers are already taking active steps to look after the environment. We are developing a strategy to help take our farmers and our sector to the next level including on climate change.

The sector has made major efficiency gains since the 1980s, which have significantly improved our environmental efficiency: creating more from less.

Carbon emissions from the sheep and beef sector have already decreased by 19 percent since 1990, exceeding the current Paris target for NZ of 11% below 1990 levels.

If we can maintain the current rate of improvement the sector could reach the 50% below 1990 by 2050.

For meaningful change to happen, however, it has to be at farm level. Processor level obligation disincentivises individual action.

Many farms have trees that contribute to carbon sequestration, but often do not meet ETS rules for inclusions. They may also have opportunities for increased use of trees. We are looking at how much sequestration there is on farm and how this might be included in a farm carbon balance.

Our ultimate long-term objective is to get our sector to a net carbon neutral or better position - balancing emissions against sequestration. There are no magic bullets that will reduce emissions from livestock to zero but we are investing and partnering in research into ways meaningful emissions reductions can be achieved.

If we want to be world leaders on reducing GHG emissions, we also have to be world leaders in recognising and understanding the contribution we already make. Pastoral farming systems contribute to GHG reduction in ways that are not currently recognised - through shelter belts, bush blocks, wooded gullies, riparian planting etc.

A discussion on agriculture's role in reducing GHG emissions has to take place with an understanding of what we contribute, and with an emphasis on flexibility and making sure rewards flow to the people that create benefits. We will be talking with the Government about these fundamentals as we help develop its thinking on the Bill.

B+LNZ STUDY ON BIODIVERSITY

B+LNZ has commissioned an independent analysis to estimate the amount of indigenous biodiversity, particularly woody vegetation, that occurs on sheep and beef farms throughout the country.

While sheep and beef farmers have known that there is quite a lot of indigenous biodiversity on their land, just how much is now starting to become much clearer and we are excited by the preliminary findings. Once the draft report is finalised, the report will be made public next year.

NZ JOINS GLOBAL ROUND TABLE FOR SUSTAINABLE BEEF

B+LNZ is pleased to have been elected on to the Board of Directors of the Global Roundtable for Sustainable Beef (GRSB) for a two-year term.

The GRSB is a global initiative developed to advance continuous improvement in sustainability of the global beef value chain through leadership, science, engagement and collaboration.

We look forward, on behalf of New Zealand beef farmers and the wider industry, to taking a global leadership role and working with other countries to share information on sustainable beef production.

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MARKET DEVELOPMENT

RED MEAT STORY DEVELOPMENT UPDATE

B+LNZ is making good progress on the Red Meat Story with work underway on visuals to bring the story to life and the development of a plan for its activation in our global markets.

This follows seven months of intensive market research and testing to determine how we're positioned and understand our competitors and key consumer trends.

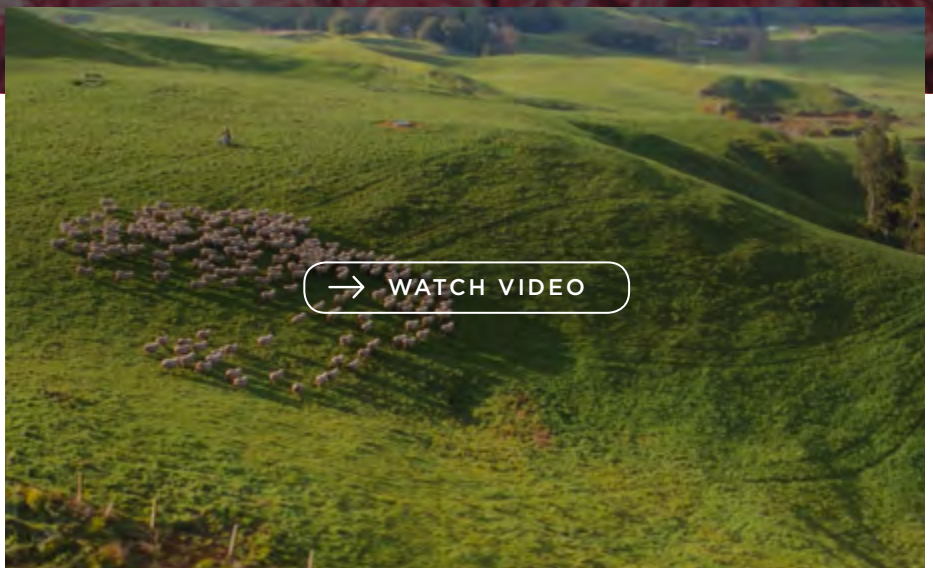
This has underpinned the development and testing of the brand propositions and helped validate our story. Every step of the way, we've engaged our customers and consumers.

Ultimately, the pieces of the puzzle from this work have formed a powerful story, positioning New Zealand's red meat sector strongly to meet the needs of our consumers and capture more market value for our farmers and exporters

Based on our research, our understanding of our consumers has never been clearer. Consumers are increasingly anxious about food production values. Environmental, animal welfare and health concerns are driving their food choices.

With greater public scrutiny of "industrial" food production, consumers want meat raised as nature intended - natural, grass-fed, with integrity and respect, and with little intervention. New Zealand can meet that need.

Country of origin is foremost in the mind of consumers, retailers and food service businesses when they're choosing food products.



Although New Zealand's image overall is positive, our meat proposition is weak and lacks the sophistication of other nations. Retaining the status quo is not an option - we will slip further behind our competitors.

We're confident the Red Meat Story we're creating is strong. It harnesses what our research tells us appeals most to customers and consumers globally - the unique taste of New Zealand natural grass-fed lamb and beef, raised in an authentic way that is in harmony with our beautiful environment.

We're now using film and still photography to support the story and developing an activation strategy to launch the brand in partnership with our partners and other stakeholders. This includes the identification of the right countries, channels and initiatives to prioritise. Because, ultimately, how we collectively choose to execute our brand will define its success.



Country of origin

is foremost in the mind of consumers, retailers and food service businesses when they're choosing food products.



ALTERNATIVE PROTEINS

We are expecting to release an in-depth report early in 2018 on the implications of alternative proteins for sheep and beef.

We initiated this project in August last year to understand how New Zealand's red meat industry should respond to potential future disruption relating to alternative food sources such as plant based proteins; cellular, lab grown meat and insects. Our aim is to take advantage of this disruption, telling the Red Meat Story to position New Zealand red meat as a premium natural and sustainably produced protein that will appeal to changing consumer needs.

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This must be underpinned by deep insight. As an industry we need to anticipate the rapidly changing world of consumer preferences, food and food production, and lead the industry to ensure it remains relevant to consumers who value safe, nutritious, ethical and sustainable food.

Specifically, we want to:

- Better understand the shifts in food and food production technology that's occurring today from business models to products to consumer acceptance
- Determine the hype from reality
- Identify threats and opportunities for New Zealand's red meat sector
- Identify the types of shifts and activities required to address these threats and opportunities

Based on the work so far, we know that alternative proteins are an issue that our industry needs to take seriously. We are seeing clear signs that disruption is emerging among meat consumers, which has been validated by feedback from consumers in America and China.

The report that we have commissioned and the work we are undertaking will help us fully understand and respond to the potential scenarios that might play out, and in some cases, change the direction of travel. So, no matter which way the winds blow, our industry will have a way forward.

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TRADE

SECTOR WELCOMES PROGRESS ON CPTPP

Significant progress was made on the Trans-Pacific Partnership Agreement (TPP), now known as the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (CPTPP), at the 25th APEC Economic Leaders meeting held in Da Nang, Vietnam in November.

The future of the agreement was uncertain throughout the talks in Da Nang. However, the outcome was positive, and although we had hoped that final agreement would be reached at the meeting, we are still pleased with the progress made and are hoping it will be possible to sign the agreement in the next few months.

CPTPP has the same market access gains from the previous TPP version and it also addresses some of New Zealand public's concerns around TPP – the preservation of PHARMAC, foreign ownership of land and housing, and freedom to regulate for our own environmental protection.



NZ WINS WTO CASE AGAINST INDONESIA

The sheep and beef sector welcomes the recent ruling from the World Trade Organization (WTO) Appellate Body upholding New Zealand's challenge to 18 agricultural non-tariff barriers imposed by Indonesia.

The barriers are estimated to have cumulatively cost the New Zealand beef sector \$1 billion in lost trade since 2011. As recently as 2010, Indonesia was New Zealand's second-largest beef export market by volume, worth \$180 million a year.

This win reinforces the continued importance of the WTO as it provides a mechanism for a small country like New Zealand to take on our larger trading partners.

New Zealand and the United States jointly brought the case against Indonesia in 2013 over a range of barriers imposed on agricultural imports since 2011. These included import prohibitions, use and sale restrictions, restrictive licence terms and a domestic purchase requirement.



B+LNZ ATTENDS SUCCESSFUL IBA CONFERENCE

B+LNZ attended another successful International Beef Alliance (IBA) Conference in Paraguay from 15 - 20 October and welcomed the commitment by the Alliance to trade reform and liberalisation, sustainable beef production and ensuring confidence amongst global beef consumers.

The conference was attended by B+LNZ CEO Sam McIvor, Director George Tatham and two Young Leaders, Mark Murphy and Dani Darke. This year focused on encouraging progress on eliminating trade distorting agricultural subsidies at December's WTO Ministerial in Argentina; concerns about the various implications of the United Kingdom's exit from the European Union; and sharing information about each country's various FTA negotiations, including TPP11 (now known as the CPTPP).

IBA members represent

63%

of global trade in beef

The organisations also shared information about steps they were taking to improve the sustainability of beef production; and discussed consumer trends such as alternative proteins and how to position beef as a premium protein.

The IBA represents the beef producing organisations of seven of the largest beef producers and exporters in the world including Australia, Brazil, Canada, Mexico, USA, Paraguay and New Zealand. Overall, the members represent around 63 percent of global trade in beef.

BREXIT - LIAM FOX'S VISIT TO NEW ZEALAND

B+LNZ was pleased to meet with the United Kingdom's Secretary of State for International Trade Liam Fox during his visit to New Zealand in late November.

Although Secretary Fox shared some pro-trade perspectives, the sector was disappointed to hear his strong view that the EU's WTO quotas should be split between the EU27 and the UK.

The sector and the New Zealand Government have always maintained that New Zealand should be no worse off as a result of Brexit, a sentiment that was recently reiterated by Hon David Parker. Splitting the quota would essentially erode our WTO access and we believe there are other solutions that could be considered.

We will continue to work with the New Zealand Government to ensure the quality and quantity of our quotas into the EU28 is preserved during the 'divorce' process.



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RESEARCH

RED MEAT SECTOR RESEARCH STRATEGY UPDATE

In early 2017, B+LNZ embarked on a comprehensive design process with representatives of the government, research, farming, commercial and industry good sector to develop the Red Meat Sector Research Strategy. The purpose of the Red Meat Sector Research Strategy is to:

“Ensure novel research acts as a catalyst for increasing product value, enhancing farm profitability and optimising stewardship of land and water.”

A research portfolio will be built around five research themes: data insights, creating value, innovation and adoption, stewardship, and transparency.

The research strategy aims for a more planned, collaborative and co-operative approach to an outcome-driven red meat sector research pipeline, which will benefit the whole sector. It will be characterised by the following approaches:

- B+LNZ will provide facilitation and coordination
- A red meat sector science board will govern the strategy
- Outcome focused with a clear pipeline to adoption and impact
- Projects co-designed by farmers, researchers, processors, government and industry representatives – led by the best person
- A mixed portfolio of short, medium and long-term research
- Incorporating private, government and industry good investment (minimising double up and maximising impact)
- Linked to non-sector programmes



The Board has endorsed a draft of the Red Meat Sector Research Strategy. The next stage will commence in the first quarter of 2018 when B+LNZ will implement the strategic principles and framework through consultation with farmers, Government, CRI's, meat companies and local government. A small team from senior management and governance will undertake a series of briefing meetings with key sector stakeholders.

B+LNZ is currently recruiting a Sector Science Strategy Manager to oversee this process.

B+LNZ SUPPORTING SUSTAINABLE HILL COUNTRY SCIENTIFIC PROGRAMME

Beef + Lamb New Zealand is pleased to have just launched a major new scientific programme (in partnership with MBIE, PGG Wrightson and Seed Force New Zealand), aimed at improving the sustainable production of hill country for sheep and beef farming.

A strategy and action plan to increase the sustainability of hill country farming (economic, environmental, social and cultural) will be one of the key priorities for the initiative. This includes the development of a new farm class classification system for red meat production systems, using production based analysis, as compared to the current topographic/soil based system.

The programme aims to apply a new lens to developing our hill country production systems: maintaining a sustainable balance between production, what is taken from the land, and enhancing the health and wellbeing of our land.

B+LNZ will be investing \$700,000 per annum (\$3.5 million over five years) along with PGG Wrightson and Seed Force New Zealand. MBIE is contributing \$3.1 million over five years to the project via its Partnerships Scheme.

We are also really pleased to be partnering with the Federation of Māori Authorities and Pakihiroa Farms, as the principle of kaitiakitanga, guardianship and protection, will be integral to this project.

This research project is in its early stages. The focus over the next few months will be on identifying an independent Chair of the programme to provide a robust governance structure around the research programme.

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NEW FACES TO HELP DELIVER NEW STRATEGY

We have welcomed some new people to the team at B+LNZ to support us to deliver on our refreshed strategy.

Environment

Our Environment Team will be managed by our new Environment Strategy Manager Julia Beijeman, who was previously Environment Policy Manager South Island. Julia will lead a team of Policy Managers and Environment Capability Managers, who will support farmers by advocating on their behalf and building their skills to respond to their environmental challenges.

We are also finalising our Environment Strategy and the new team will play a pivotal role in implementing this plan to help our farmers improve their environmental outcomes.

Innovation

We have created a team focused on Innovation, which will be led by Richard Wakelin, previously General Manager Farm.

Our new Sector Science Strategy Manager will be focused on aligning our organisational science strategy and investment with the sector science strategy. This will create synergies and efficiencies for our science and research investment.

Within the Innovation team, we have also designed new roles to link science and research outcomes with designing practical resources and tools for farmers. We have a new role in this team that works directly with farmers to design the best delivery method for these resources and tools.

Regional team

Our regional team has also been strengthened with two new General Manager roles created, one in the North Island and one in the South Island.

Matt Ward is the new General Manager North Island position and he will be based in Hamilton.

John Ladley has been appointed General Manager South Island and will be based in Christchurch.

Matt and John will lead their respective islands' 'field' teams of Extension Managers and Economic Service Managers. This will bring these two operational teams closer together with the aim of supporting farmers with a more coordinated and collaborative regional presence.

Our two General Managers based in our regional offices will work closely with the leadership team on strategy and decision making.

Insights

Jeremy Baker has been appointed Chief Insight Officer and will lead our Wellington team of economists and market analysts. This Insight team will bring together the wealth of information, data, and knowledge we have within B+LNZ, wider industry knowledge and technology and emerging international trends to deliver insights for farmers that are forward looking, and based on robust analysis.

Engagement and Communications

Rowena Hume, previously Senior Manager International Trade, is our new General Manager Engagement and Communications. Rowena will be working closely with Government and other key stakeholders to ensure that farmer issues and needs are front and centre of the decision-making process.