



ANNUAL REPORT

— 2021 —





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CHAIRMAN AND CHIEF EXECUTIVE'S REPORT

This has been a year of change, disruption and uncertainty brought about by Brexit, Covid and its various strains and the knock-on affects of these on global value chains and logistics. At the same time we've seen rapid progress on the UK FTA and by comparison glacial progress on the EU one. These factors have impacted on both NZ Meat Boards core functions of quota management and reserves management.

Despite all that, the 12 months from October 2020 through to September 2021 have demonstrated the resilience of New Zealand's red meat sector as we have continued to deliver strong export receipts. While we have benefitted from reduced supply from competitors, our mature markets and deep relationships with our customers in them has meant that we have been able to adapt as circumstances changed.

In many ways, New Zealand's red meat sector has been ideally positioned to thrive during these disruptions. The flexibility we have in our choice of markets, our world-leading farming and processing practices, and the globally recognised quality of our beef and sheepmeat has meant that in an uncertain world, consumers are looking for products they can trust. Support from the New Zealand Meat Board (NZMB) for initiatives such as the Red Meat Ambassador representation in London, and our investment in Beef + Lamb New Zealand Genetics (B+LNZ Genetics) in their work, further reinforces the strengths of our sector.

Given concerns we all held about increasing protectionism in global trade over the past few years, the news in October 2021 of an Agreement in Principle for a free trade agreement with the United Kingdom (UK) is a significant achievement for both New Zealand and our sector. This agreement sees all restrictions on beef and sheepmeat into the UK being removed after 15 years.

We are also hopeful for further progress on a free trade agreement with the European Union (EU) as well, and we continue to work with negotiators on this.

The NZMB's responsibility is regulated by the Meat Board Act 2004. It once again managed the \$2.3 billion worth of quota to the highest standard. The second role of managing livestock farmer reserves which grew to \$82.2 million as at the 30th September 2021 a gain of \$5.8 million. The Jarden investment fund recorded an annual return of 10.2% after fees and taxes.

For the year ending September 2021, the NZMB reported a surplus of \$5.78 million (2020 surplus \$443,000).

The surplus after tax comprises of surplus of \$6.11 million from reserves management (2020 surplus \$561,000) and a deficit of \$331,000 from quota management activities (2020 deficit \$118,000). Full detail of the Board's work in managing industry reserves is included in this report.



Andrew Morrison
CHAIRMAN



Sam McIvor
CEO



Performance against Statement of Intent

The Statement of Intent sets out the deliverables targeted by the New Zealand Meat Board, its activities, how success is measured, while the colours indicate the level of attainment. Further commentary is contained in the body of the report.

PART I: QUOTA AND INFORMATION

Deliverable	Measure	Status
Initiative 1: BREXIT - Maintaining Trade Flows		
<ul style="list-style-type: none"> Minimise the risk of disruption to access to quota markets as a result of Brexit. 	<ul style="list-style-type: none"> Trade flows into the EU and UK are not affected by issues associated with NZMB certification. 	●
Initiative 2: BREXIT impact on Quota Management Systems		
<ul style="list-style-type: none"> Developing and implementing changes to quota management systems and processes that may be necessary post Brexit. 	<ul style="list-style-type: none"> Changes are implemented as necessary, with industry and government support and in accordance with the Board's statutory objectives. 	●
Initiative 3: Quota Allocation Mechanism Review		
<ul style="list-style-type: none"> Conduct quota allocation mechanism review (QAMR) as required by section 29 of the Meat Board Act 2004. 	<ul style="list-style-type: none"> Conclude outcomes of (QAMR) consultation, and consult on cost recovery review, by March 2021. Amended documents framework approved by the Board by 30 May 2021. The review poses genuine alternatives to the status quo. 	●
Initiative 4: Cost Recovery Review		
<ul style="list-style-type: none"> Review quota administration fees as required by section 36 of the Meat Board Act 2004, particularly with a focus on impacts of any quota allocation mechanism review outcomes. Contract external support to conduct the review. 	<ul style="list-style-type: none"> Proposals consulted with meat industry, in parallel with the quota allocation mechanism review initiative above. Proposals deliver break even in the medium term for quota administration recoveries and are accepted by industry, and do not generate litigation. Amended cost recovery framework approved by the Board by August 2021. 	●
Initiative 5: Quota Compliance Statutory Audit		
<ul style="list-style-type: none"> Comply with statutory obligations relating to compliance audit requested by the Minister of Agriculture under s.38 of the Meat Board Act 2004. 	<ul style="list-style-type: none"> Audit completed and issues identified resolved within agreed timelines and to standard agreed. 	●
Initiative 6: NZMB Business Services project		
<ul style="list-style-type: none"> Progress removal of requirement for paper quota certification for the US Beef and Veal quota. Work with USCBP on verification proposals for USBV quota. 	<ul style="list-style-type: none"> Amendments to certification systems piloted prior to 2021 quota year. Initiative progressed with USCBP so investment and obligations are understood and available for consultation with industry by May 2021. 	●
Initiative 7: Delivery of NZMB statutory functions consistent with NZMB's objects		
<ul style="list-style-type: none"> Operation of quota management systems (s8(1)(a) Meat Board Act 2004). Collection, processing and maintenance of information to support the operation of quota management systems (s8(1)(b) Meat Board Act 2004). Provision to the industry good organisation, on request, of information held by NZMB (s8(1)(e) and s79 Meat Board Act 2004). Maintenance of meat export registrations (s52 Meat Board Act 2004). 	<ul style="list-style-type: none"> Quota certification and information services are continually maintained. Technology supporting NZMB's business continuity processes ensure continuous delivery of services. Export registration and re-registration processes continually maintained and reported on appropriately. Information held by NZMB continues to be available to industry good organisation. 	●
Initiative 8: Trade Policy Monitoring and Response		
<ul style="list-style-type: none"> Continual scanning for, and assessment of, trade policy issues with implications for quotas administered by NZMB. 	<ul style="list-style-type: none"> No unexpected developments occur that impact on quota administration. NZMB has strong engagement with the New Zealand Government and other stakeholders (including through trade policy services contracted from B+LNZ Ltd). 	●
Initiative 9: Personnel and Succession Planning		
<ul style="list-style-type: none"> NZ and Brussels-based staff have opportunities to extend their skills and experience, and the Board has enough trained staff to ensure its core activities are not compromised. 	<ul style="list-style-type: none"> Staff development plans, tailored to the specific circumstances of individual staff, are in place and material process failure does not occur as a result of staff absences or departures. 	●
Initiative 10: Stakeholder Trust and Satisfaction		
<ul style="list-style-type: none"> The NZMB proactively consults and communicates with stakeholders especially companies and farmers. 	<ul style="list-style-type: none"> Feedback shows that stakeholders are informed, trust NZMB and are satisfied with its performance. 	●

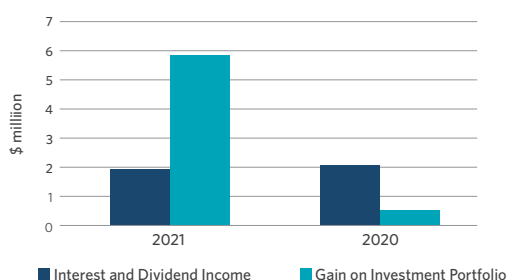
PART II: RESERVES MANAGEMENT - SPECIFIC INITIATIVES & DELIVERABLES

Deliverable	Measure	Status
Initiative 11: Reserves Policy		
<ul style="list-style-type: none"> Reserves Policy which includes industry good funding complied with. Due for review in 2020-21. 	<ul style="list-style-type: none"> No non-compliance reported. Reviewed and approved in April 2021. 	●
Initiative 12: Statement of Investment Policies and Objectives (SIPO)		
<ul style="list-style-type: none"> Investment management is conducted in accordance with the approved SIPO. Professional management of relationships with the financial sector. Investment fund performance is benchmarked against the required 3.5% after fees, tax and inflation. 	<ul style="list-style-type: none"> Quarterly reporting for investment fund performance and compliance required in the SIPO. Board obtains an unqualified audit opinion that its annual financial statements comply with New Zealand accepted accounting practice and give a fair and accurate view of the financial position, financial performance and cash flows. Investment Fund performance is measured against target. 	●
Initiative 13: Stakeholder Trust and Satisfaction		
<ul style="list-style-type: none"> The NZMB proactively consults and communicates with farmers. 	<ul style="list-style-type: none"> Feedback shows that farmers are informed, trust NZMB and are satisfied with its performance. 	●



RESERVES MANAGEMENT

The Board generates returns from its reserves from two sources: interest and dividends, and unrealised gains or losses from changes to the portfolio value over the year.



Investment income (interest and dividends) generated from reserves management was \$1.90 million (2.31% yield) compared with \$2.04 million (2.63% yield) in 2020.

Net finance income of \$5.86 million (2020 \$484,000) represents the gain on the investment portfolio managed by Jarden.

Reserve management expenses were \$588,000 (2020: \$524,000) representing 0.71% of total assets (2020 0.69%).

Industry good funding of \$1.0 million from investment income was paid to Beef + Lamb New Zealand (B+LNZ) for genetics research and uptake (2020: \$1.2 million).

During the year \$10,000 of funding was paid to B+LNZ for the Red Meat Ambassador representation in London (2020: \$38,000). This representation cost was shared with the Meat Industry Association (MIA) and had a funding contribution from AGMARDT.

The Board's investments moved to a balanced growth portfolio in December 2018. This policy is detailed in a Board Approved Statement of Investment Policies and Objectives (SIPO). The investment fund has been fully invested since April 2020 and the September 2021 financial year was the first full year of investment.

Jarden is the Investment Manager and independent investment advice is provided by Cambridge Partners.

Quota Management Fees

The Board operates quota management activities on a breakeven basis over the medium term. Quota management fees are received from quota holders and applicants.

In the current year a deficit of \$331,000 was made (2020: deficit of \$118,000).

The deficit was incurred as the Board incurred expenditure to manage Brexit and amend systems and processes for the quota split between the EU and the UK. This is planned to be recovered from quota holders over the next two years.

Quota management activities include the cost of operating the NZMB office in Brussels. A service fee of \$200,000 (2020: \$475,000) was received from B+LNZ which operates market access trade policy activities from the Brussels office. This decrease was largely due to personnel costs and appreciation of the New Zealand dollar against the Euro exchange rate.

Balance sheet

The NZMB is in a strong financial position with assets of \$82.4 million (2020: \$77.2 million) and equity of \$82.2 million (2020: \$76.4 million).

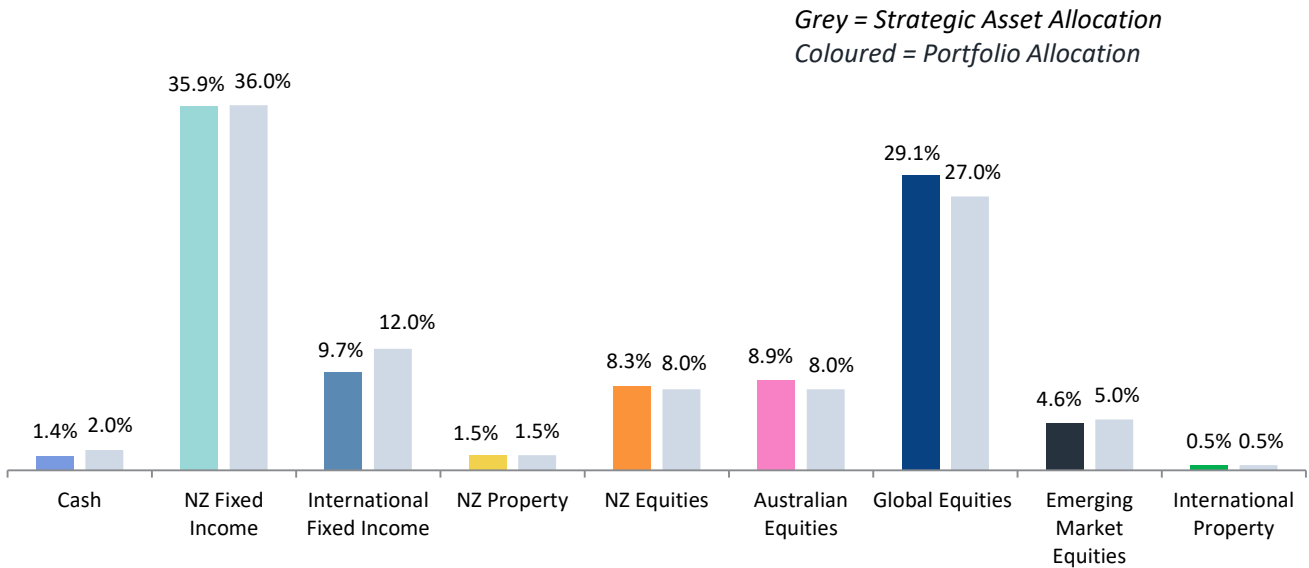
In December 2019, \$1 million was transferred into an Investment Buffer Fund held as a current asset. This was created from gains from the investment portfolio in 2019 of \$3.5 million and is reserved for situations where investment earnings are negatively impacted and industry good funding is required.

The investment portfolio is carried at market value \$79.2 million (Current and Non-Current assets) on the Balance Sheet (2020: \$73.1 million).

The Investment portfolio is allocated across a range of investments and equities which are subject to market movements. These include domestic cash, fixed interest, property and equities, global cash, fixed interest and equities and Australian equities.

The allocation of the investment portfolio across asset classes is shown below.

Current Portfolio vs Strategic Asset Allocation



The Board operates four reserves as follows:

- Contingency Fund
- Quota Jeopardy Reserve
- Investment Fluctuation Reserve, and
- Quota Management Reserve.

The Contingency Fund totals \$61.5 million representing \$58.8 million for restoring market demand after contingent events (e.g. a biosecurity event that shuts markets down) and \$2.7 million for quota jeopardy events (a reserve for if critical quota market funding is required to maintain access). The fund has been inflation adjusted since September 2019 and this year the inflation adjustment totalled \$3.5 million with annual inflation at 4.9% for the September 2021 year (2020: 1.4%).

The Investment Fluctuation Reserve comprises unit movements which includes the impact of foreign currency movements on the investment fund managed by Jarden. This reserve totals \$4.1 million (2020: \$1.8 million). The investment fluctuation reserve funds the inflation adjustment of the Contingency Fund and general reserve funds included in the investment fund.

The quota management function has a reserve deficit of total \$333,000 (2020: \$2,000 deficit).

The NZMB Investment Portfolio remains well aligned to its Strategic Asset Allocation and has achieved the dual objectives of maintaining the value of the asset in real terms and ensuring that the portfolio is highly liquid. In the year to 30 September 2021, the investment return after tax and after fees was 10.20% (2020: 2.91%).

Investment Performance

Commentary from Jarden, the New Zealand Meat Board's Investment Fund Manager

Over the 12 months to 30 September 2021 the NZMB Investment Portfolio returned 10.36%, before tax and after fees.

During that time the portfolio has maintained a 3-5% underweight position in income assets (cash and bonds) and a corresponding overweight position in growth assets (property and shares). This positioning reflected a view that long term interest rates in New Zealand and offshore would increase and be a headwind for returns in these asset classes. This view was correct and enhanced the return for the 12 months to 30 September 2021.

The last 12 months has seen a continuation of COVID-19's impact on the health and mobility of populations and global economies. An unprecedented level of monetary and fiscal stimulus from governments and central banks continues. Currently most central banks are either talking about withdrawing stimulus, or removing it by increasing interest rates, or reducing quantitative easing.

Early in the pandemic, financial markets and economists anticipated widespread unemployment, declines in housing prices and a marked slowing of global economic activity. However, the support provided to economies, and the surprising resilience and flexibility of businesses and households has resulted in a more muted economic and financial impact. Furthermore, there have been a number of sectors and companies that have been beneficiaries of the environment, in particular, companies involved with cloud computing and ecommerce.

More recently, a number of supply side distortions have asserted themselves, and resulted in cost pressures, shipping delays and volume reductions. Furthermore, the last year's lockdowns and associated financial pressures and a corresponding reduction in capex and investment

from energy companies is now manifesting itself in shortages of oil, natural gas and coal. The combined effects of these factors is resulting in a spike in inflation.

While most economists expect these issues and cost pressures to dissipate, there is increasing debate about how long this will take.

As such, financial markets are reacting to these risks and pricing in the risk that inflation may be less transient than originally thought and with short term interest rates showing an upward trend. Over the reporting period the NZ 10-year swap rate has increased from 0.52% on 1 October 2020 to 2.21% as at 30 September 2021, while the globally important US 10-year bond rate has moved from 0.67% to 1.53%.

For equity markets, the US has performed strongly, outperforming both Europe and Emerging Markets over the 12 months. Emerging Markets are dominated by the performance of China, which has underperformed due to ongoing political tensions with the US, issues with their residential property market, regulatory changes to ensure products and services are affordable for Chinese citizens, and more recently energy shortages.

Looking ahead, economies are expected to continue to reopen as vaccination rates improve, resulting in COVID-19 becoming less severe. Demand is expected to remain strong, although it is likely to be hampered by the continuation of supply side constraints. Inflation is likely to persist in the short term but gradually start to ease in the latter parts of 2022, and Central Banks are expected to continue their monetary support, albeit at reducing levels. A number of developed economies are forecasted to increase short-term interest rates in 2022.

These factors continue to mean a supportive environment for equities in the medium term, however markets are likely to be volatile in the short-term. There remains a low probability of a US recession in the short term and global company earnings revisions also continue to be positive.

INDUSTRY GOOD FUNDING

The NZMB has provided grant funding of \$1 million in the 2021-21 financial year out of total genetics expenditure of \$3.5 million.

B+LNZ Genetics investment programme is broken into four areas: sheep, beef, dairy beef, and new tools and research for farmers.

SHEEP

Strategic review of sheep programme

B+LNZ Genetics' activities in sheep encompass the provision of genetic evaluations and genetic tools (covered below) and supporting activities including progeny testing, genetics extension and other activities to support the sheep breeding community (e.g. the Sheep Breeder Forum). 2022 will see a review of the sheep programme to ensure B+LNZ Genetics helps farmers achieve their goals in the most efficient and productive way possible.

Sheep Progeny tests

The Sheep Progeny Test programme is a longstanding and critical component of New Zealand's sheep genetics system. With four sites around the country measuring a different combination of traits, the progeny tests allow B+LNZ Genetics to link flocks together genetically, increasing the number of farmers getting value from the New Zealand Genetic Evaluation. After mating disruptions in 2020 due to COVID-19, 2021 has progressed smoothly. A strategic review of the sheep programme in early 2022 will ensure the industry, breeders and the commercial industry all get what they need from the progeny tests.

nProve Development

Commercial Farmer/Industry Access

nProve's commercial farmer/industry facing tool was launched last year at **nProve.com**. Already it has been used more than 6,000 times by farmers while B+LNZ Genetics continues to make further minor enhancements to the tool.

Breeder/Bureau Access

Development on nProve's breeder (and bureau) software has progressed well. Early adopter bureaus and breeders are fully testing nProve's functionality. This has been positively received by breeder and bureaus as B+LNZ Genetics moves to the next generation of evaluation software.

Genetic evaluation (NZGE) ongoing development

The development of New Zealand's world leading genetic evaluation infrastructure has continued with updates deployed or currently under testing. Updates include for the upcoming Terminal evaluation, i.e. the evaluation of sheep genetics primarily for meat production.

Working with partners at AgResearch and AbacusBio, B+LNZ Genetics is expanding the use of various genotypes (data collected by farmers) and updating the assumptions in B+LNZ Genetics' formulas. This will ensure farmers can be confident they are using the most up to date information when they make genetic decisions.



BEEF

Informing New Zealand Beef Programme

In late 2020, work got underway in the Ministry for Primary Industries (MPI) co-funded Informing New Zealand Beef (INZB) programme.

Informing New Zealand Beef is a future focused seven-year programme (2021 - 2027) designed to generate more income for beef producers and the economy while protecting the environment.

Building on skills and knowledge that already exist in New Zealand - courtesy of B+LNZ's world-leading sheep genetic evaluation and previous work such as the B+LNZ Genetics Beef Progeny Test - this is the industry's response to evolving consumer expectations around food quality and how it is produced.

INZB will focus on breeding objectives, and resulting traits, important to New Zealand farmers. Providing a single genetic evaluation for comparing bulls of different breeds. Development of tools will enable commercial farmers to quickly and easily select the right genetics for their farm system and environment.

B+LNZ Genetics will focus on five areas:

- 1) New national breeding objectives
- 2) Standardised trait measurements
- 3) Commercial herd genomics
- 4) Genetic evaluation and data management
- 5) Industry uptake and project management

Work continues at the three progeny test sites - Rangataiki, Mendip Hills and Whangara where data will flow into the INZB datasets.

DAIRY BEEF

Working in partnership with the Livestock Improvement Corporation (LIC), the Dairy Beef Progeny Test continues to deliver for dairy and beef farmers, identifying the best genetics for their farms. Based on Pamu's Renown and Orakanui farms, the test is showing the bulls who have short gestation and easy calvings, combined with rapid growth and good carcase characteristics.



TRADE POLICY

New Zealand's red meat sector has had one of its best performing years due to high international prices for beef and sheepmeat. This is not to say that the year has not been without its challenges, as the ongoing international shipping issues demonstrate.

COVID-19

New Zealand has been relatively sheltered from the COVID-19 pandemic to date, with low numbers of cases compared to overseas. During times of community transmission, New Zealand has kept COVID-19 out of processing plants. Meat Industry Association (MIA) and Ministry for Primary Industries (MPI) worked together early in the pandemic to ensure the appropriate protocols were in place to allow processing to continue in the event of a COVID-19 outbreak. While these protocols have not yet been needed, this work provides assurances that the sector is well placed to deal with any future challenges as the Government adopts new containment and management approaches to COVID-19. As an essential service, the NZMB was able to continue to support New Zealand's exports during the restrictions required by COVID Alert Level lockdowns.

Brexit

The UK formally left the EU on 31 December 2020. The preparatory work done by the NZMB on quota administration meant that New Zealand's red meat exports have continued to enter the UK market. However, New Zealand exporters continue to experience difficulties accessing the Northern Ireland market due to an administrative decision by the UK regarding quota management. B+LNZ, MIA, NZMB, and the New Zealand Government continue to petition the UK Government to address the matter.

New Zealand exporters have experienced supply chain issues accessing the UK and EU markets this year, but it's difficult to discern whether these are related to the COVID-19 pandemic or the UK leaving the EU. EU-UK trade has been impacted by lorry driver shortages and new customs arrangements. Consequently, New Zealand companies have changed how they export to the UK.

Before the UK left the EU, products were regularly shipped to the EU and then onto UK and other member states. New Zealand exporters now ship directly to the UK and to the EU to avoid the new challenges.

Free trade agreements


Ongoing FTA negotiations with the EU continue. There is still some way to go before a high quality, comprehensive agreement can be reached. New Zealand remains committed to a deal that provides new and commercially meaningful market access for agricultural products, including red meat.

The UK free trade agreement in principle was announced in October 2021, with significantly improved access for sheepmeat, beef and co-products. As part of this agreement in principle, NZMB will administer transitional sheepmeat and beef quotas and safeguards. The successful negotiation of the transitional administration was critical as it will ensure New Zealand can capture the full value of its new and improved access.

The agreement in principle outlines the transitional arrangements to New Zealand having unlimited zero tariff access to the UK for sheepmeat and beef 15 years after the inception of the FTA. For sheepmeat, New Zealand will be granted an additional 35,000 tonne quota in Year One of the agreement coming into force. This will increase to 50,000 tonnes after Year Four. For beef, New Zealand will be granted a 12,000 tonne quota in Year One which will increase to 38,820 tonnes in Year Ten. Beef access will then be subject to a safeguard, with an out-of-safeguard tariff of 20 percent, which will steadily increase from 43,056 to 60,000 tonnes in Year 15. Other sheep and beef industry co-products, such as processed meats, offal and petfood will have zero tariffs from Year One.

United States of America

The US market remains an important destination. However, port blockages have resulted in high shipping prices and long wait times for unloading. NZMB has seen a rise in exports to smaller ports in order to avoid



delays at major ports like Los Angeles, Houston and Seattle. There were two vessels chartered in 2021 to the USA by exporters to limit exposure to unreliable shipping schedules and to reduce costs. Such ventures have proved successful.

While 2021 has been characterised by uncertainty, the sector has demonstrated its resilience and how well placed it is to take advantage of opportunities as they arise. We expect 2022 to be very similar, with many of the same challenges and opportunities to continue.

Other international markets

The international beef market continues to perform strongly. This has been driven by increased protein demand from China, because of African Swine Fever impacting pork production, and constrained supply. Other major beef exporters are experiencing significant supply pressures: Australia is in a process of herd rebuilding; the Government of Argentina has introduced export restrictions to battle the rate of inflation; and Brazil is currently experiencing a BSE outbreak. As a result, China has overtaken the US as the main destination for New Zealand beef exports.

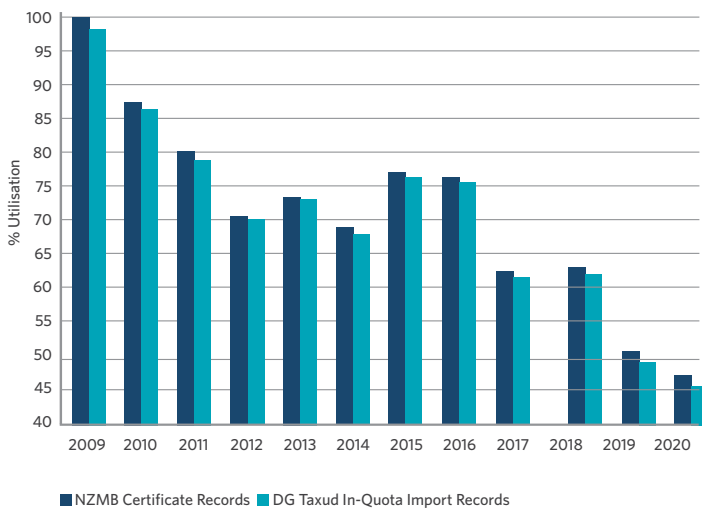
QUOTA MANAGEMENT

EU Sheepmeat & Goatmeat Tariff Rate Quota (TRQ)

For the quota year ending 31 December 2020, New Zealand exported 108,245.9 tonnes cwe of sheepmeat and goatmeat under the quota. The quota allows a maximum of 228,389 tonnes cwe. There were 6,459 EU quota certificates issued between New Zealand and Belgium offices. With the UK having left the EU at midnight 31 December 2020, this will be the last EU28 quota utilisation comparison.

This represented 47.4% utilisation of the TRQ according to NZMB certificate records, while European Commission Taxation and Customs Union recorded in-quota imports of 46.0%. This variation is due to a small amount of quota certificates not being drawn against by companies for various reasons. The United Kingdom Sheepmeat and Goatmeat TRQ came into effect on 1 January and is not reported in these numbers below.

Utilisation of EU sheepmeat and goatmeat quota



Source: NZMB, DG Taxud
Data for quota year ending 31 Dec 2020

Table 1: Comparison of utilisation of 2020 EU sheepmeat and goatmeat quotas

	Quota Volume tonnes (c.w.e.)	Quota Used tonnes (c.w.e.)	Utilisation %
New Zealand	228,389	105,065	46.0
Argentina	23,000	1,549	6.7
Australia	19,186	17,607	91.8
Chile	8,200	1,574	18.7
Uruguay	5,800	354	6.1

Source: DG Taxud
Data for quota year ending 31 Dec 2020

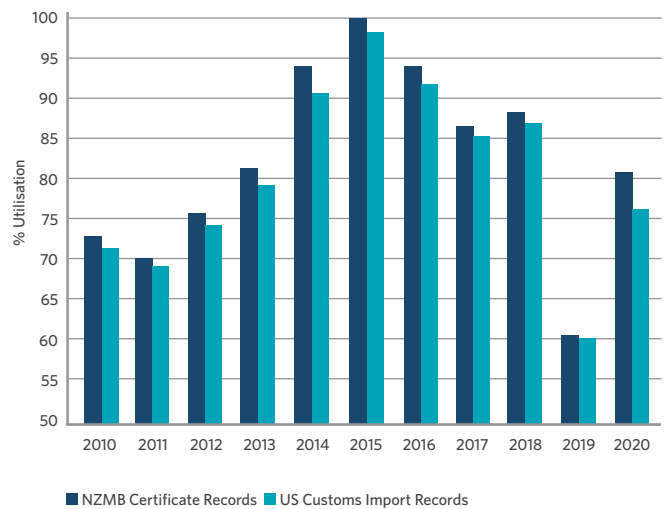
USA Beef & Veal Tariff Rate Quota (TRQ)

The USA Beef and Veal TRQ for the year ending 31 December 2020 was 213,402 tonnes (product weight).

NZMB certificates show 80.82% of that quota was utilised and the US Customs and Border Protection recorded in-quota imports at 76.4% utilisation.

There were 10,711 USA quota certificates issued in Wellington, New Zealand and they covered 172,465.3 tonnes by product weight.

Utilisation of US beef and veal quota



Source: NZMB; US Customs and Border Protection Website
Data for quota year ending 31 Dec 2020

Table 2: Comparison of utilisation of 2020 US beef and veal quotas

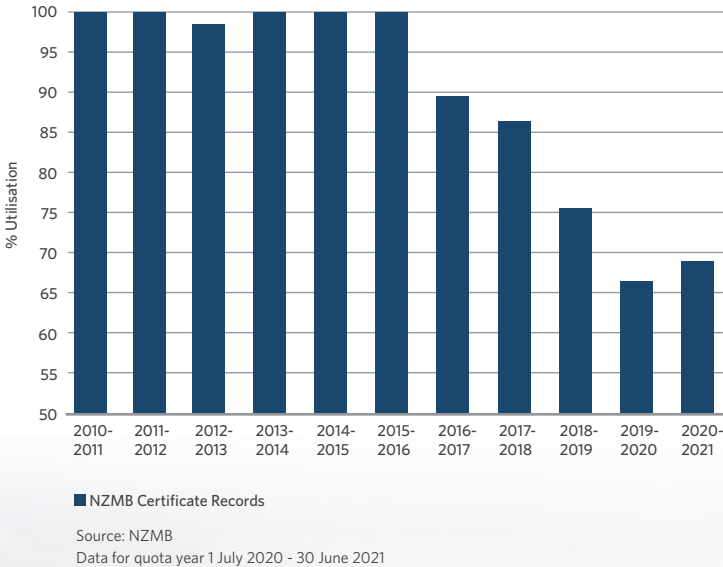
	Quota Volume (tonnes)	Quota Used (tonnes)	Utilisation %
New Zealand	213,402	172,465.3	80.8
Argentina	20,000	20,000.0	100.0
Australia	378,214	214,426.1	56.7
Japan	200	0.0	0.0
Uruguay	20,000	19,697.9	98.5
Other	64,805	29,460.4	45.5

Source: US Customs and Border Protection Website
Data for quota year ending 31 Dec 2020

EU High Quality Beef Tariff Rate Quota (TRQ)

Since the UK left the EU on 31 December 2020, New Zealand’s quota access of 1,300 tonnes was split and New Zealand now has quota rights to 846 tonnes by product weight of high-quality beef into the EU27 each quota year. In the quota year to 30 June 2021 69.07% of that quota was utilised and that represented 584.4 tonnes of high-quality beef, by product weight. Covid-19 continued to have an impact on demand for high-quality beef in the latter part of the quota year with restaurant closures due to lockdown restrictions in many European Union member states.

Utilisation of EU high quality beef quota

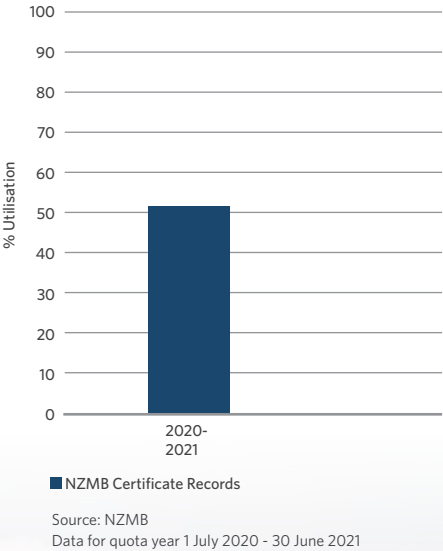


NZ: NZ’s CSTRQ volume was 1,300 tonnes per annum to 31 December 2020; now 846 tonnes per annum from 1 January 2021 NB the 1,300 tonne quota product weight was allocated for 1 July 2020 but split into EU27 and UK volumes on UK’s exit from EU on 31 December 2020

UK High Quality Beef TRQ

An independent High-Quality Beef TRQ for the UK was created when the UK exited the EU on 31 December 2020 allowing access of 454 tonnes (product weight) for New Zealand into the UK. In the quota year ending 30 June 2021 NZMB certificates show 52.1% of that quota was utilised. This represented 236.6 tonnes (net product weight).

Utilisation of UK high quality beef quota



NZ: NZ’s CSTRQ volume was 1,300 tonnes per annum to 31 December 2020; now 454 tonnes per annum from 1 January 2021 NB the 1,300 tonne quota product weight was allocated for 1 July 2020 but split into EU27 and UK volumes on UK’s exit from EU on 31 December 2020



GOVERNANCE STATEMENT

The Board has responsibility for the strategic direction of the NZMB, approving business strategy and objectives, and monitoring performance of the Chief Executive Officer.

The NZMB Board has adopted a Board Charter which sets out the responsibilities of the board, the delegations to management and a Board review of performance.

The Board comprises six Farmer Directors, two Processor-Exporter Directors, and two Government appointed Directors. Farmer and Processor-Exporter Directors are appointed to the NZMB Board by virtue of their B+LNZ Ltd directorships.

The Board meets six times per annum with extra meetings if required.

The Board has two Committee's both shared with B+LNZ Ltd:

Audit & Risk Committee

This committee assists the Board with its governance responsibilities for financial reporting, external audit, and risk management.

The Audit & Risk Committee comprises Martin Coup (Chair), Bayden Barber (B+LNZ director only), Tony Egan, Sarah Paterson, George Tatham and Scott Gower (until December 2020).

People and Culture Committee

This Committee assists the Board in the oversight of the remuneration policies for the NZMB team, reviews for the CEO and his reports and the oversight of culture and development with the NZMB.

The People & Culture Committee comprises Scott Gower (Chair from May 2020), Kate Acland, Alex Guilleux (from August 2021), Renee Hogg (until August 2021), Nicky Hyslop, and Andrew Morrison.

	Board Meeting	Audit & Risk Committee	People & Culture Committee
Number of Meetings	6	3	4
A Morrison	6		4
K Acland (from March 2021)	3		2
M Clarkson (until March 2021)	2		
M Coup	6	3	
T Egan	6	3	
S Gower	5	1	2
A Guilleux (from July 2021)	2		
R Hogg	6		4
N Hyslop	6		4
S Paterson	6	3	
G Tatham	5	3	
P Smith (until March 2021)	3		2

BOARD OF DIRECTORS

As at 30 September 2021



ANDREW MORRISON
CHAIRPERSON
Southern South Island
Farmer Director

Served since: 2014
Term expires: 2023



NICKY HYSLOP
Central South Island
Farmer Director

Served since: 2019
Term expires: 2022



MARTIN COUP
Northern North Island
Farmer Director

Served since: 2018
Term expires: 2024



TONY EGAN
Processor-Exporter Appointee

Served since: 2019
Term expires: 2022



GEORGE TATHAM
Eastern North Island
Farmer Director

Served since: 2014
Term expires: 2023



ALEX GUILLEUX
Processor-Exporter Appointee

Served since: 2021
Term expires: 2024



SCOTT GOWER
Western North Island
Farmer Director

Served since: 2019
Term expires: 2022



RENÉE HOGG
Government Appointee

Served since: 2020
Term expires: 2022



KATE ACLAND
Northern South Island
Farmer Director

Served since: 2021
Term expires: 2024



SARAH PATERSON
Government Appointee

Served since: 2018
Term expires: 2024



CHIEF EXECUTIVE OFFICER
SAM McIVOR

FINANCIAL STATEMENTS

Statement of Comprehensive Revenue and Expense

For the year ended 30 September 2021

In thousands of New Zealand dollars	Note	2021	2020
Exchange Revenue			
Investment Income	4	1,903	2,036
Quota Revenue	4	1,202	1,178
Other Income	4	200	475
Other operating expenses	5	(3,321)	(3,504)
Capital grant expense	5	(10)	(38)
Net operating (deficit) / surplus from operating activities		(26)	147
Net finance income	6	5,863	484
Surplus / (deficit) before income tax		5,837	631
Taxation expense	7	55	188
Surplus / (deficit) for the year		5,782	443
Total comprehensive income for the year		5,782	443
Attributable to:			
Reserves Management		250	77
Quota Management		(331)	(118)
Investment Fluctuation Reserve		5,863	484
Total comprehensive income for the year		5,782	443

These statements are to be read in conjunction with the accounting policies and notes on pages 22 to 35.

Statement of Changes in Equity

For the year ended 30 September 2021

	Retained Earnings - General Reserve	Retained Earnings - Quota	Contingency Fund	Investment Fluctuation Reserve	Total Equity
In thousands of New Zealand dollars					
Balance at 01 October 2020	15,985	(2)	58,614	1,774	76,371
Surplus / (Deficit) for the year	250	(331)	-	5,863	5,782
Capital maintenance adjustment	617	-	2,872	(3,489)	-
Total comprehensive income for the year	867	(331)	2,872	2,374	5,782
Balance at 30 September 2021	16,852	(333)	61,486	4,148	82,153

Statement of Changes in Equity

For the year ended 30 September 2020

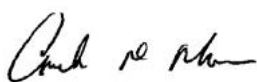
	Retained Earnings - General Reserve	Retained Earnings - Quota	Contingency Fund	Investment Fluctuation Reserve	Total Equity
In thousands of New Zealand dollars					
Balance at 01 October 2019	15,731	116	57,805	2,276	75,928
Surplus / (Deficit) for the year	77	(118)	-	484	443
Capital maintenance adjustment	177	-	809	(986)	-
Total comprehensive income for the year	254	(118)	809	(502)	443
Balance at 30 September 2020	15,985	(2)	58,614	1,774	76,371

These statements are to be read in conjunction with the accounting policies and notes on pages 22 to 35.

Statement of Financial Position

As at 30 September 2021

In thousands of New Zealand dollars	Note	2021	2020
EQUITY EMPLOYED			
Contingency Fund		61,486	58,614
Retained earnings - Reserves Management		16,852	15,985
Retained earnings - Quota Management		(333)	(2)
Retained earnings - Investment Fluctuation Reserve		4,148	1,774
TOTAL EQUITY EMPLOYED	10	82,153	76,371
Represented by:			
CURRENT ASSETS			
Cash and cash equivalents		1,088	2,870
Trade and other receivables		60	145
Term Deposits	8	1,000	-
Jarden - Managed Investment Portfolio	9	4,406	2,249
Jarden Reserve Buffer Fund	9	1,029	1,018
Total Current Assets		7,583	6,282
NON-CURRENT ASSETS			
Property, plant & equipment		33	72
Intangible assets		40	12
Jarden - Managed Investment Portfolio	9	74,753	70,835
Total Non-Current Assets		74,826	70,919
TOTAL ASSETS		82,409	77,201
CURRENT LIABILITIES			
Trade and other payables		249	725
Deferred Income		7	105
TOTAL LIABILITIES		256	830
NET ASSETS		82,153	76,371



A Morrison
Chairman



M Coup
Chairman Audit & Risk Committee

The Board of Directors authorised these financial statements for issue on 6 December 2021.
These statements are to be read in conjunction with the accounting policies and notes on pages 22 to 35.

Statement of Cash Flows

For the year ended 30 September 2021

In thousands of New Zealand dollars	2021	2020
OPERATING ACTIVITIES		
Cash was received from:		
Receipts from Customers	1,411	1,618
Investment Income Received	1,857	2,009
Interest Received	26	221
Net GST received	-	12
	3,294	3,860
Cash was applied to:		
Payments to Suppliers, Employees and Statutory Expenses	2,375	1,673
Industry Grant Funding to Beef + Lamb New Zealand Ltd	1,400	1,724
Net GST paid	7	-
Capital Reserve Funding to Beef + Lamb New Zealand Ltd	10	930
Taxation Paid	55	188
	3,847	4,515
Net cash flows applied to operating activities	(553)	(655)
INVESTING ACTIVITIES		
Cash was received from:		
Maturity of Investments	-	4,000
	-	4,000
Cash was applied to:		
Purchase of Investments	1,205	-
Purchase of fixed assets	16	23
Purchase of intangibles	8	-
Purchase of Managed Fund	-	16,017
	1,229	16,040
Net cash flows from investing activities	(1,229)	(12,040)
Net increase / (decrease) in cash held	(1,782)	(12,695)
Add: Opening cash and cash equivalents	2,870	15,565
Closing cash and cash equivalents	1,088	2,870
CASH AND CASH EQUIVALENTS COMPRISE		
Bank balances	655	501
Jarden Working Capital Account	433	2,369
	1,088	2,870

These statements are to be read in conjunction with the accounting policies and notes on pages 22 to 35.



NOTES TO THE FINANCIAL STATEMENTS

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1. Reporting Entity

The financial statements are for the New Zealand Meat Board. The New Zealand Meat Board is a statutory body that operates under the Meat Board Act 2004. The objective of the New Zealand Meat Board is to facilitate the capture of, for New Zealand and in the interests of the meat industry, the best possible ongoing returns available from quota markets and to manage the Board's reserves and other assets in the interests of livestock farmers (persons engaged in New Zealand in the business of farming sheep, cattle and goats for the purpose of producing meat).

The Board is designated as a public benefit entity for financial reporting purposes.

2. Basis of Preparation

(a) Statutory base

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013 and the Meat Board Act 2004.

(b) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the Public Benefit Entity Accounting Standards as appropriate for Tier 2 not-for profit public benefit entities.

They were authorised for issue by the Board of Directors on 6 December 2021.

(c) Basis of measurement

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

The financial report has also been prepared on a historical cost basis except for the following:

- Derivative financial instruments are measured at fair value.
- Financial instruments at fair value through profit or loss are measured at fair value.
- The methods used to measure fair values are discussed further in note 10.

(d) Going concern

New Zealand Meat Board is a going concern and the financial statements are prepared on that basis.

(e) Critical accounting estimates

The entity has not applied any critical accounting estimates or judgements in the preparation of the financial statements. The Jarden Managed Investment Portfolio is monitored, and fair values reported by FNZ, the custodian of the Investment Portfolio.

(f) Foreign currency

(i) Functional and presentation currency

The financial statements are presented in New Zealand dollars, which is the Board's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(g) Changes in Accounting Policies

There have been no changes in accounting policies.

3. Statement of Reserves Management and Quota

Income Statement

For the year ended 30 September 2021

In thousands of New Zealand dollars	2021			2020		
	Reserve Management	Quota Management	Total	Reserve Management	Quota Management	Total
Revenue - Investment Income	1,903	-	1,903	2,027	9	2,036
Revenue - Quota Management Recoveries	-	1,202	1,202	-	1,178	1,178
Revenue - Service Recoveries	-	200	200	-	475	475
Other operating expenses	(1,588)	(1,733)	(3,321)	(1,724)	(1,780)	(3,504)
Capital grant expense	(10)	-	(10)	(38)	-	(38)
Net operating surplus / (deficit) from operating activities	305	(331)	(26)	265	(118)	147
Net finance income	5,863	-	5,863	484	-	484
Surplus / (Deficit) before income tax	6,168	(331)	5,837	749	(118)	631
Income tax expense	(55)	-	(55)	(188)	-	(188)
Surplus / (Deficit) for the year	6,113	(331)	5,782	561	(118)	443

4. Revenue

Revenue is recognised as follows:

Revenue from exchange transactions

(i) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered.

Quota fee revenue is received from meat exporters in exchange for Quota allocation (in accordance with the Quota Allowance Allocation System) and certificates issued.

(ii) Investment income

Interest income on held to maturity deposits is recognised on a time-proportion basis using the effective interest method.

Interest income on cash and cash equivalents is earned on cash balances and term deposits with an original maturity of three months or less.

Dividends received are recognised when they are received into the cash account from the Jarden Managed Investment Portfolio.

Revenue

For the year ended 30 September 2021

In thousands of New Zealand dollars	2021	2020
Exchange Revenue		
Interest Income on Held-to-Maturity investments	21	66
Interest Income on Cash and Cash Equivalents	7	28
Dividends and Interest received from Jarden - Managed Investment Portfolio	1,875	1,942
Quota Management Recoveries	1,202	1,178
Service recoveries	200	475
Total Exchange Revenue	3,305	3,689

In thousands of New Zealand dollars	2021	2020
Other income		
Service fee recoveries	200	475

Other income comprises \$200,000 of service fee recoveries (2020: \$475,000) – refer to note 11 for further detail.

5. Other Operating Expenses

The following items of expenditure are included in operating expenses:

In thousands of New Zealand dollars	2021	2020
Audit Fees		
<i>Auditor remuneration to KPMG comprises:</i>		
- audit of financial statements	21	21
Total auditor's remuneration	21	21
Depreciation	6	8
Software amortisation	29	16
Rental expense relating to operating leases	88	88
Directors fees	172	175
Insurance	64	63
Annual meeting and report	52	18
Other Operating Expenses - NZ	965	921
Other Operating Expenses - Overseas	94	110
Fees (Legal, Consultancy, Investment Manager)	397	291
Wages, Salaries and allowances	433	593
Capital Grant funding to Beef + Lamb New Zealand for:		
- Brexit - Red Meat Ambassador London	10	38
Operating Grant funding to Beef + Lamb New Zealand for:		
- Genetics research and uptake	1,000	1,200
	3,331	3,542

6. Finance Income and Expense

Finance income comprises changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains, and gains on hedging instruments that are recognised in profit or loss.

Finance expenses comprise foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss and losses on hedging instruments that are recognised in profit or loss.

In thousands of New Zealand dollars	2021	2020
Gain on investments - Jarden Managed Investment Fund	5,863	484
Finance Income	5,863	484
Net finance income / (expense)	5,863	484

7. Income Tax Expense

Unrecognised tax losses of \$68.6 million (2020: \$69.9 million) are available to the consolidated tax group (which includes the New Zealand Meat Board and Beef + Lamb New Zealand Limited), subject to assessment of the current year losses by the Inland Revenue Department. There has been no recognition of a deferred tax asset as future taxable profits with which to offset the tax losses is not deemed probable.

Taxation has been deducted at source for foreign currency investments and not all the tax deducted will be refundable.

8. Term Deposits

Term deposits classified as held to maturity and measured at amortised cost.

In thousands of New Zealand dollars	2021	2020
Current	1,000	-
	1,000	-

The term deposits were transitioned to Jarden Managed Investment Portfolio during the 2020 financial year. Funds held in the working capital account are invested in current term deposits.

9. Investment Portfolio

Jarden – Managed Investment Portfolio

The Statement of Investment Policy and Objectives (SIPO) was approved in February 2018 by the New Zealand Meat Board. The SIPO provides the policy framework that allowed the Board to effectively establish, implement, monitor and evaluate the investment portfolio activities.

The SIPO defines the Board's

- objectives, risk tolerance and strategic asset allocation
- duties and responsibilities
- investment parameters and guidelines
- risk management procedures
- investment performance objectives

The SIPO is to be reviewed at least three yearly or as required to ensure it reflects best practice. The SIPO was last reviewed in September 2020.

The detailed SIPO can be read on the website www.nzmeatboard.org/reserves/investment-policy

Objectives

The Board's primary investment objectives are:

- To protect and maintain the real value of the current investment assets and all future additions to investment assets.
- To maximise investment returns within reasonable and prudent levels of risk.
- To ensure all investments are liquid.
- To maintain an appropriate asset allocation in order to make distributions as required while preserving the real value of the Meat Board's capital from the effects of inflation.

Investment Beliefs

The Board's approach to investing is framed by a set of clearly defined over-arching beliefs that drive investment decisions. The Board's investment philosophies are as follows:

- Strong governance and well-defined investment decision making structures enable appropriate investment decisions to be made.
- Setting a Strategic Asset Allocation that is appropriate to the objectives and risk tolerance is the primary determinant of long-term success.
- A broadly diversified portfolio, both across and within asset classes, improves the risk and expected return characteristics of the portfolio.
- The Board seeks to minimise overall investment costs.

Jarden Reserve Buffer Fund

In December 2019, the Board approved the establishment of the Jarden Reserve Buffer Fund.

On an annual basis, following the end of the NZMB financial year, the annual return and accumulated value of the Investment Fund should be tested against portfolio objectives and, if considered appropriate, a portion of the unrealised capital gains may be crystallised and allocated to the Reserves Buffer Fund managed by the Investment Manager.

The Board has an objective of building up three years of cash reserves for industry good funding.

This reserve is managed by Jarden and held in NZ cash and fixed interest investments only.

Investment Advisor

The Board appointed Cambridge Partners as its independent Investment Advisor who advised on the development and reviews of the SIPO and the selection of a fund manager. Cambridge Partners provide an independent overview of the quarterly portfolio compliance reporting from Jarden.

Investment Manager

The Board appointed Jarden as its Investment Fund Manager in December 2018.

Jarden Managed Investment Portfolio

In thousands of New Zealand dollars	2021	2020
Opening Portfolio Value	73,084	57,668
Capital Contributed	1	16,000
Investment Income Withdrawn	(1,360)	(2,619)
Capital Changes to Investments		
Realised Capital Gain / (loss)	825	(405)
Unrealised Gain / (loss)	5,038	889
Accrued Interest	18	33
Income		
Interest	834	824
Dividends	1,023	1,083
Less Costs		
Tax	(64)	(188)
Management Fees	(240)	(202)
Total Costs	(304)	(391)
Net Income	1,553	1,517
Net Gain / (loss) for the year	7,434	2,034
Closing Portfolio Value	79,159	73,084
Gross Portfolio return for period	10.36%	3.19%
Net Portfolio Return after fees and taxes p.a	10.20%	2.91%
Expected return (after fees, tax and inflation)	3.30%	3.30%
Annual inflation to 30 September	4.90%	1.80%

Asset Allocation as at 30 September 2021	2021	2020
Current Investments		
NZ Cash and Cash Equivalents	1,121	1,328
NZ Fixed Interest	3,285	921
Total Current	4,406	2,249
Non Current Investments		
NZ Fixed Interest	25,150	26,073
NZ Property	1,211	1,240
NZ Equities	6,600	5,944
Australian Equities	7,015	5,814
Global Fixed Interest	7,664	8,429
Global Equities	27,112	23,336
Total Non Current	74,753	70,835
Closing Portfolio Value	79,159	73,084

Cash and Cash equivalents comprises cash and call balances and term deposits with an original maturity of three months or less.

Current Fixed Interest comprises fixed interest investments with an original maturity greater than three months and less than one year.

Non Current Investments comprises investments with a maturity greater than one year.

10. Financial Instruments

The Board's policies do not allow any transactions that are speculative in nature to be transacted. The investment portfolio is managed by Jarden directed by the Statement of Investment Policies and Objectives.

(a) Credit risk

Credit risk is the risk that a third party will default on its obligations to the Board, causing the Board to incur a loss. The Board is exposed to credit risk through its investments and its trade receivables.

(i) Investments – NZ Fixed Interest

The Board's primary objective is the protection of its investment and this is specifically referenced in the SIPO. Creditworthy counterparties (other than government) are selected on the basis of their current Standard & Poor's rating, which must be Investment Grade (BBB or better). Credit risk is further minimised by placing maximum issuer and portfolio limits.

(b) Interest Rate and Liquidity risk

Liquidity risk is the risk that the Board will encounter difficulty in meeting obligations associated with financial liabilities.

Within the SIPO, the New Zealand Meat Board also seeks to:

- ensure that investments are negotiable and liquid;
- maximise investment return; and
- manage potential capital losses if investments need to be liquidated before maturity.

Investments have been categorised as non-current for fixed interest maturity dates that are beyond twelve months and equity and managed fund investments. All non-current investments are in investments that have a ready market to liquidate if required.

(c) Market risk

i. Foreign exchange risk

The foreign currency denominated investments in the investment fund managed by Jarden is unhedged. Due to the likelihood of a contingency event coinciding with a negative currency event, it is the policy of the Board to invest funds in international equities and international fixed interest to retain purchasing power in offshore markets. The rationale to be unhedged is that if a contingent event occurred the NZD would depreciate and this would increase the value of the international portfolio in New Zealand dollars.

ii. Equity market risk

Equity market risk of \$40.728 million (2020: \$35.094 million) is held in equity securities which is subject to market movement. The portfolio includes domestic, global and Australian equities. The Board does not hedge to minimise market risk invested in equities and managed funds.

(d) Quantitative disclosures

i. Foreign currency exchange risk

The Board's exposure to foreign currency risk is as follows based on notional amounts:

In thousands of New Zealand dollars	USD	AUD
2021		
Jarden - Managed Investment Portfolio	34,776	7,015
Gross balance sheet exposure and net exposure	34,776	7,015
2020		
Jarden - Managed Investment Portfolio	31,764	5,814
Gross balance sheet exposure and net exposure	31,764	5,814

(e) Capital management

The New Zealand Meat Board's capital includes reserves and retained earnings.

The Meat Board Act 2004 ('the Act') requires the Board to maintain a prudent level of net assets to avoid jeopardising quota markets and the integrity of quota management systems. The Act also specifies that the Board must maintain, and comply with, a policy on the use of reserves developed in consultation with livestock farmers.

The Board complies with these requirements by maintaining a reserves policy and consulting livestock farmers on that policy on an annual basis. The key aspects of that policy are that:

- The Board's current policy is to maintain a contingency fund of \$61.486 million (2020: \$58.614 million). The contingency fund has been inflation adjusted 4.9% (2020: 1.4%) for the year and this adjustment was \$2.872 million (2020: \$809,000).
- Within this contingency fund, \$2.659 million inflation adjusted (2020: \$2.535 million) is held to avoid jeopardy to quota markets and quota system integrity, while the remainder is held to contribute to a response to a major industry crisis.
- The remaining reserves are available as grant funding for industry-good activities, subject to applications for grant funding being supported by an appropriate business case. Applications for capital funding (funding from earnings on reserves) are also subject to specific criteria that target such funding towards longer projects that aim to improve longer-term returns to livestock farmers.
- The Investment Fluctuation Reserve comprises unit price movements, which includes the impact of foreign currency fluctuations for the investment fund managed by Jarden.

(f) Classification and fair values

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables, term receivables and other investments, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value, plus (for instruments not at fair value through profit or loss) any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

(g) Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Investments in debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted exit price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(ii) Equity investments

The Jarden Managed Investment Portfolio has been designated as fair value through surplus or deficit as it is managed on a fair value basis and its performance is actively monitored.

This is reported in the unrealised gains and losses.

As at 30 September 2021

In thousands of New Zealand dollars	Other Financial Liabilities	Designated at Fair Value	Held to Maturity	Loans and receivables	Total carrying amount	Fair Value
Assets						
Cash and cash equivalents	-	-	-	1,088	1,088	1,088
Term deposits	-	-	1,000	-	1,000	1,000
Jarden - Managed Fund	-	4,406	-	-	4,406	4,406
Investment Reserve	-	1,029	-	-	1,029	1,029
Trade and other receivables	-	-	-	60	60	60
Total Current Assets	-	5,435	1,000	1,148	7,583	7,583
Jarden - Managed Fund	-	74,753	-	-	74,753	74,753
Total Non-current Assets	-	74,753	-	-	74,753	74,753
Total Assets	-	80,188	1,000	-	82,336	82,336
Liabilities						
Trade and other payables	249	-	-	-	249	249
Total current liabilities	249	-	-	-	249	249
Total Liabilities	249	-	-	-	249	249

As at 30 September 2020

In thousands of New Zealand dollars	Other Financial Liabilities	Designated at Fair Value	Held to Maturity	Loans and receivables	Total carrying amount	Fair Value
Assets						
Cash and cash equivalents	-	-	-	2,870	2,870	2,870
Jarden - Managed Fund	-	2,249	-	-	2,249	2,249
Investment Reserve	-	1,018	-	-	1,018	1,018
Trade and other receivables	-	-	-	145	145	145
Total Current Assets	-	3,267	-	3,015	6,282	6,282
Jarden - Managed Fund	-	70,835	-	-	70,835	70,835
Total Non-current Assets	-	70,835	-	-	70,835	70,835
Total Assets	-	74,102	-	-	77,117	77,117
Liabilities						
Trade and other payables	725	-	-	-	725	725
Total current liabilities	725	-	-	-	725	725
Total Liabilities	725	-	-	-	725	725

11. Related Party Transactions and Balances

Beef + Lamb New Zealand Limited

Transactions and balances with related parties

The New Zealand Meat Board provides grant funding to Beef + Lamb New Zealand Limited for industry-good projects in accordance with its reserves policy and the Meat Board Act 2004. These are disclosed in note 5.

The New Zealand Meat Board operates an office located in Brussels. This office is shared with Beef + Lamb New Zealand Limited for market access work. The costs associated with running this office, inclusive of staff costs, are recovered from Beef + Lamb New Zealand Limited as noted below.

In thousands of New Zealand dollars	2021	2020
Service Recovery Fee: Overseas Offices	200	475

Renee Hogg and Sarah Paterson are New Zealand Meat Board Directors only. All other New Zealand Meat Board Directors are also Directors of Beef + Lamb New Zealand Limited.

The New Zealand Meat Board pays costs in relation to services provided by Beef + Lamb New Zealand Limited. The staff of Overseas Offices are employed directly by the New Zealand Meat Board.

The following services were provided by B+LNZ over the financial year:

In thousands of New Zealand dollars	2021	2020
Governance	18	18
Administration and Information Technology	82	79
Finance	175	175
Trade Policy for Quota Administration	539	510
	814	782

At balance date, the New Zealand Meat Board owed net total of \$144,630 to Beef + Lamb New Zealand Limited comprising \$2,248 for expenses incurred on its behalf (2020: \$7,253) and \$200,000 for Grant funding to Beef + Lamb Genetics Limited (2020: \$600,000). Beef + Lamb New Zealand Limited owed the New Zealand Meat Board a refund of \$57,618 for reduced Brussels office costs during the year.

Grant funding has been paid to Beef + Lamb New Zealand Limited for the following:

In thousands of New Zealand dollars	2021	2020
Genetics research and uptake	1,000	1,200
United Kingdom Representation - BREXIT	10	38

Key management personnel compensation and transactions

Key management personnel compensation for the year is set out below. The key management personnel are the Directors of the company. Salaried management personnel are paid from Beef + Lamb New Zealand Limited and costs are recovered as appropriate via service fee income, given the nature of the shared services arrangement.

There are 10 directors covered under key management personnel.

In thousands of New Zealand dollars	2021	2020
Salaries, Directors fees and other short-term employee benefits	172	175

12. Commitments

Commitments are disclosed at the point a contractual obligation arises, to the extent that there are equally unperformed obligations.

Operating Leases

The lease commitments are based on current rentals. The New Zealand Meat Board leases premises in Brussels with lease terms of 1 to 9 years (2020: 1 year). One motor vehicle was leased part of the year and some items of office equipment are also leased.

The New Zealand Meat Board's non-cancellable lease commitments are as follows:

In thousands of New Zealand dollars	2021	2020
Within one year	46	70
Within one to two years	45	-
Within two to five years	134	-
Later than 5 years	164	-
Total Operating leases	389	70

Funding and Contractual Commitments

In thousands of New Zealand dollars	2021	2020
Within one year - B+LNZ Genetics research and uptake	1,000	1,200
Total Funding and Contractual Commitments	1,000	1,200

The Board has grant funding available from annual investment income for Beef + Lamb New Zealand Limited funding application for genetics research and uptake. This funding is from investment income and funding is capped to investment income less reserve management expenses, which is budgeted to be \$1.0 million in the 2021-2022 financial year. This requires consultation with livestock farmers.

Capital commitments

There are nil capital commitments as at 30 September 2021 (2020: nil).

13. Contingencies

There are no contingent liabilities.

14. Events Occurring after Balance Sheet Date

There were no significant events after balance sheet date that would have a material impact on the financial statements.

15. Directors Fees

In thousands of New Zealand dollars	2021	2020
Chairman	29.0	29.0
Farmer Directors (5)	81.5	81.5
Processor-Exporter Directors (2)	29.1	32.6
Government Appointees (2)	32.6	32.6
	172.2	175.7

The above fees represent the annualised fees payable per Directors. The New Zealand Meat Board pays no other fees to Directors. A Processor-Exporter Director position was vacant from March until July 2021.

The total approved pool of Director fees for the Chairman, Farmer Directors and Processor-Exporter Directors is \$143,100. The fee for Government appointed directors is set by the Minister of Agriculture.

The New Zealand Meat Board Directors and Officers are covered by Directors' & Officers' Liability Insurance.

16. Employee Remuneration

Set out below is the number of employees of New Zealand Meat Board who received remuneration and other benefits of \$100,000 or more during the year in their capacity as employees. New Zealand Meat Board operations in New Zealand are provided by a service contract with Beef + Lamb New Zealand Limited.

The remuneration of staff resident outside New Zealand has been converted to New Zealand dollars for the purpose of this disclosure.

Remuneration Range \$000	Number of Employees	
	2021	2020
101-110	1	1
261-270	1	0
341-350	0	1

The People and Culture Committee approves the Board's remuneration policy.

Independent Auditor's Report

To the stakeholders of New Zealand Meat Board

Report on the audit of the financial statements

Opinion

In our opinion, the accompanying financial statements of New Zealand Meat Board (the 'board') on pages 16 to 35:

- i. present fairly in all material respects the board's financial position as at 30 September 2021 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with Public Benefit Entity Standards Reduced Disclosure Regime (Not For Profit).

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 30 September 2021;
- the statements of comprehensive income, changes in equity and cash flows 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 board 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 financial statements section of our report.

Other than our capacity as auditor we have no relationship with, or interests in, the board.



Use of this independent auditor's report

This independent auditor's report is made solely to the stakeholders as a body. Our audit work has been undertaken so that we might state to the stakeholders 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 stakeholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of the Directors for the financial statements

The Directors, on behalf of the board, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being Public Benefit Entity Standards Reduced Disclosure Regime (Not For Profit));
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and 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 financial statements

Our objective is:

- to obtain reasonable assurance about whether the 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 financial statements.

A further description of our responsibilities for the audit of these 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-8/>

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

KPMG
Wellington

6 December 2021

USE OF STATUTORY POWERS

For the period 1 October 2020 – 30 September 2021

Registration

Sections 48-56 of the Meat Board Act 2004 outline the requirements in relation to meat export registration. Export Registrations issued under the Meat Board Act 2004 are valid for a period of three years and expire on 30 September in the final year of the registration period, unless they are renewed earlier.

12 Export Registrations were issued and 18 Export Registrations were cancelled.

As at 30 September 2021 a total of 202 Export Registrations were current.

The holders of these Registrations are listed as follows:

1007	LSG Sky Chefs Limited
1014	Fern Ridge Ltd
1015	Garra International Ltd
1016	Harrier Exports Ltd
1019	ANZCO Foods Green Island Limited
1022	Wilson Hellaby Limited
1024	Kanematsu New Zealand Ltd
1029	Highford Marketing Group Ltd
1034	Garrett International Meats Ltd
1035	Prepared Foods Processing Ltd
1039	W H Grove & Sons Ltd
1040	Ottogi New Zealand Ltd
1044	Blue Sky Meats (Gore) Limited
1046	Silver Fern Farms Limited
1047	Taylor Preston Ltd
1049	Fresha Export Ltd
1054	Ballande NZ Ltd
1060	Waitaki Biosciences a division of Pharmazen Ltd
1062	Auckland Meat Processors Ltd

Quota Management

Under Part 3 of the Act, the New Zealand Meat Board must consider the establishment and operation of mechanisms for the allocation of quota in country-specific tariff quota markets.

During the year, five quota allocation mechanisms operated in accordance with Part 3 of the Act: European Union sheepmeat and goatmeat, United States beef and veal, European Union high quality beef and United Kingdom high quality beef. The two United Kingdom Quotas were established as a result of the United Kingdom's withdrawal from the European Union effective 1 January 2021.

1065	Crosby Exports Limited
1068	Davmet New Zealand Ltd
1074	South Pacific Sera Limited
1079	Prime Range Meats Limited
1083	Milton Marketing Limited
1089	Pasifika Trading Ltd
1091	Te Kuiti Meat Processors Ltd
1093	Musgrave Meat Holdings Ltd
1102	Tradexport Corporation Limited
1103	Alliance Group Ltd
1105	Ovation New Zealand Ltd
1107	Columbia Exports Ltd
1111	Comgroup New Zealand Ltd t/a Franklin Foods Ltd
1116	Genesis Bio-Laboratory Ltd
1119	Greenlea Premier Meats Ltd
1122	McCallum Industries Ltd
1123	Tara Exports Limited
1129	Nelson and Robertson Pty Ltd
1133	Lean Meats Limited t/a Atkins Ranch
1134	Swift & Company Trade Group
1138	Wallace Corporation Limited
1139	Pacific Basin Exports Limited
1142	Canterbury Meat Packers Limited
1144	Norman Evans Limited
1145	Heinz Wattie's Limited
1150	JW Hartnell 2000 Ltd

1152	Advance Marketing Ltd	1462	Westalea Limited
1159	FJ Ramsey Meats (Paerata) Limited	1468	Ziwi Limited
1160	Crusader Meats New Zealand Ltd	1472	Export Plus Ltd
1166	Aroma NZ Limited	1483	Martin Brower New Zealand
1199	Back Country Foods Ltd	1490	GR 8 Marketing Ltd
1212	Mount Erin Exports (NZ) Ltd	1493	Country Imports & Exports Ltd
1214	Blue Sky Meats (NZ) Limited	1496	Farm Brands Limited
1221	Lanexco Limited	1501	Farmers Meat Export Ltd
1236	Shinpoh NZ Ltd	1506	Southern Seafoods International Limited
1240	Juno Exports Ltd	1517	BHJ New Zealand Limited
1256	Lowe Corporation Limited	1518	Luttick (New Zealand) Pty Limited
1259	RCI Limited	1519	Samex Limited
1262	Farmlands Mathias International Ltd	1523	Barn Door Ltd
1270	LANZ Company Limited	1524	Peter Stubbs Trading Ltd
1272	UBP Limited	1525	Food Partners Ltd trading as Leader Products
1273	ABBEX International Ltd	1530	The Produce Company Ltd
1275	New Zealand Freight Management 2010 Limited NZ Agent for Dunnett & Johnston Group Pty Limited	1532	Firstlight Foods Limited
1279	Affco New Zealand Ltd	1536	Archer Foods Limited
1280	Ellis Agricultural Services Ltd	1544	Moregate Exports Ltd
1288	Walcovit New Zealand Limited	1547	FOODCHAIN Ltd
1289	Riverlands Ltd	1550	Kisco Foods International Ltd
1296	NZ Meat & Seafood Exports Limited	1557	Pacific Vision Ltd
1300	Life Technologies (NZ) Ltd	1559	Panamex New Zealand Ltd
1301	ANZCO Foods Limited	1563	NEI BAA (NZ) Ltd
1307	Alpine Export NZ Limited	1576	Riclin Farms Ltd
1340	Lyford & Burkhart Exports (NZ) Ltd	1580	Yik Lung Tong International New Zealand Limited
1342	Land Meat New Zealand Ltd	1588	Latitude Commodities Ltd
1347	Cabernet Foods Ltd	1589	NAC Trading Ltd
1348	South Pacific Meats Limited	1590	Khiwi International Ltd
1359	AMI Export Ltd	1591	New Zealand Meat Exports Ltd
1364	Progressive Meats Ltd	1592	Quality New Zealand Ltd
1366	Robert J Aitchison	1598	New Zealand Trade Centre Ltd
1370	The Neat Meat Company Ltd	1601	Meateor Foods Ltd
1374	Samex Australian Meat Co Pty Ltd	1608	CSI Foods Trading Ltd trading as Greenmount Foods
1381	Agri-Lab Co-Products Ltd	1609	Natural Produce New Zealand Ltd
1395	Halabi Holdings Ltd	1611	Merit Meats Limited
1404	Mountain River Venison Ltd	1620	Oravida NZ Limited
1411	Agrifoods Global (NZ) Limited	1621	David J Hislop Ltd
1440	Pacific Asia Co Ltd	1629	Brocklyn Trading Ltd
1452	ORION 2000 Ltd	1635	Tahi Pacific NZ Ltd
1455	Tara International Limited	1636	Oasis Exports
		1639	Hellers Ltd

1640	Taunoka Land Co Limited	1717	WXL Export Co Ltd
1646	Cuilam Industry Limited	1718	Whangara Global Beef Limited
1648	Future Cuisine Trading	1719	Peak Commodities Limited
1650	Indo-NZ (Corp) Ltd	1720	Shoal Bay Ltd
1653	NZed DVG International Ltd	1721	KaiEtica Ltd
1654	Greenage Meats Export Limited	1722	Independent Meats Limited
1656	Grand & Pure Trading Limited	1723	Kereru Foods Limited
1658	Mua Export Ltd	1724	Alex Enterprises Ltd
1659	Turners International Marketing (NZ) Limited	1725	New Zealand Organic Meats
1660	General Distributors Ltd	1726	Edart Limited
1663	Binxi Food NZ Ltd	1728	M & W Import Export Ltd
1664	S Foods NZ Limited	1729	Moreish Limited
1665	Deda International Company Limited	1730	NZ Wagyu Corporation Limited
1666	Allpacific Limited	1731	Cuisine360 Limited
1667	Ample Group Limited	1732	Davmet New Zealand (2020) Limited
1668	RTC Foods Limited	1733	Cogel Enterprises TA Frank's Sausages
1671	Kiwi Spring Premium Group Ltd	1734	Ana Min New Zealand Limited
1676	Arex International NZ (2017) Ltd	1735	Kaurifield Trading Limited
1678	Alpine Deer NZ LP	1736	Rawhiti Environmental Park Ltd
1680	Stellare Merchants Ltd.	1737	Unicorn Fine Foods Limited
1681	Provenance Meat (NZ) Ltd	1738	Animal Breeding Services (2007) Limited
1682	Pure Nature Pasture NZ Ltd	1739	Cuilam (New Zealand) Food Company Limited
1683	New Zealand Premium Goat Meat Ltd	1740	Sunwave New Zealand International Company Ltd
1684	Azis Global Investments Ltd	1741	Waratah Farms Limited
1686	Grocers International (NZ) Limited	1742	Streamlands Export NZ Ltd
1688	Home Paddock Foods Limited	1743	ASJ Commodities NZ Ltd
1690	Wilkins Farming Company Limited	1744	Organic Farm New Zealand Ltd
1694	Mana Services Ltd	1745	Pacific Natural Gut String Co Ltd
1695	New Zealand Green Farm Limited	1746	Kiwi Products Limited
1704	The Pure Food Co	1747	Waimarie Meats GP Limited
1705	Dynamic Supply Company NZ Limited	1748	Y.TQ Investment Limited
1708	The Produce Company International Limited	1749	Pendarves Ltd
1712	Tasman Export Solutions Ltd	1750	Specialty Meats Ltd
1713	Pristine Station Limited	1751	Linkco Pacific Limited
1714	Green Meadows Beef Limited	1752	Humble Freight & Trade Company Limited
1715	Awanui Foods Limited	1753	Integrity Food Distributors
1716	TradePoint Distribution Ltd	1754	Cusmode Holding Limited



