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MEAT SECTOR LAUNCHES SECTOR STRATEGY PROJECT

The initiation of the meat sector strategy is a critical step towards improved profitability within the sector, according to project Co-chairs Meat Industry Association (MIA) Chairman, Bill Falconer and Beef + Lamb New Zealand (B+LNZ) Chairman, Mike Petersen.

Mr Petersen says the concept of developing an overarching strategy for the meat sector was championed by the organisation previously known as Meat & Wool New Zealand during last year's referendum debate, when farmers expressed frustration at volatile and marginal profitability.

"We are delighted that through the Meat Industry Association, the processor/exporter part of the sector also sees the need to do this, and is prepared to work alongside farmers in identifying the opportunities for step-change improvement."

B+LNZ, MIA, New Zealand Trade and Enterprise and MAF have agreed terms of reference and funding for Phase one of a two stage strategy process, which entails an overarching 'umbrella' study of the issues and opportunities across the sector from market to farm. Mr Petersen and Mr Falconer are optimistic that there will be a number of 'quick-wins' identified from that Phase one process.

In Phase two, willing industry participants will collaborate to adopt and implement initiatives to drive change. These may include research & innovation, market development or whole of supply-chain initiatives.

Mr Falconer expects Phase one to be complete in the first quarter of 2011.

"The development process will be independently facilitated by Deloitte Partner Alasdair MacLeod, who has assisted similar strategy development processes within the primary sector.

"Results of an initial period of information capture and analysis will form the basis for broad consultation within the sector. All interested parties will be offered an opportunity to engage in the process."

Mr Falconer stresses the project will focus on identifying opportunities across the value chain from market to farm, not on proposing new commercial structures.

"Value in any debate around industry strategy can only come from robust analysis that objectively demonstrates the opportunities for improved profitability. This project will

identify opportunities that participants within the supply chain can evaluate and invest in on their merits.”

Mr Petersen expects the strategy will have a five to 10 year outlook, but immediate opportunities within the value chain will be identified for rapid action.

“We need to be able to move quickly to implement the results of this work and will be looking for like minded partners to get on with it. Support for implementation could come from industry alongside New Zealand Meat Board funding, and through bids to the Government’s Primary Growth Partnership (PGP).”

Both Mr Petersen and Mr Falconer acknowledge the firm support of Government for the industry-led initiative.

“The meat sector continues to represent nearly \$6 billion in export receipts and supports tens of thousands of jobs across the country,” says Mr Petersen.

“The support of both MAF and New Zealand Trade and Enterprise demonstrates that Government appreciates the significance of this strategy work, not only in terms of profitability within the sector but also its ongoing contribution to the New Zealand economy.”

Mr Petersen and Mr Falconer say it is critical that this strategy is owned and developed by the sector, for the sector.

“This collaborative approach will certainly have its challenges but we have no doubt this is the only way to deliver step-wise profitability improvements for the sector,” says Mr Petersen.

Sector facts

- The New Zealand meat industry (lamb, beef, mutton, veal and co-products) is unique in the world with the great majority of production exported to overseas markets (more than 90 per cent of lamb and over 80 per cent of beef exported).
- The New Zealand meat industry generated \$5.8 billion in export revenue in 2009 – 15 per cent of New Zealand’s merchandise exports.
- In 2009, New Zealand meat products were exported to 119 different countries.
- Total meat production (on a bone-in basis) was 1.2 million tonnes for year ended 30 September 2009.
- Total labour employed in the New Zealand meat industry is 72,000, which is 5 per cent of the total labour force (according to New Zealand's 2006 Census).

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