



Media Release

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Red Meat Sector Strategy consultation begins next week

Preliminary findings from the red meat sector strategy will show there are significant opportunities over the next five years to secure and accelerate improvements the sector is already making.

A round of consultation meetings to discuss the preliminary findings for farmers, following four months of information gathering and analysis, begins on Monday in Gore and will conclude on February 14.

The strategy is being facilitated by Deloitte on behalf of Beef + Lamb New Zealand, the Meat Industry Association, the Ministry of Agriculture and Forestry, and New Zealand Trade and Enterprise.

Deloitte partner Alasdair MacLeod, who has led the team which is facilitating the strategy report, says the aim of the meetings is to “road-test” some key findings with farmers, and he anticipates the report will be finalised by late March.

“This isn’t an academic exercise – the views of the sector on these findings to date are vital and we want to hear them. But we’re also wanting an indication of the appetite for some of the changes that we think need to occur, as this will be vital for the sector to really progress,” Mr MacLeod says.

The strategy has identified a number of key areas which require change from farmers and industry in order for market signals to flow through and to maximise returns to the sector. These areas include stock procurement processes, stock management and logistics, processing and marketing, and variable farm performance.

“What we’ve discovered during our discussions with farmers and industry is that by following the sector’s best practice, using existing technology and knowledge, many of the sector participants can make significant improvements in returns over the next five years,” Mr MacLeod says.

It’s important for sheep and beef farmers and the wider industry to know that their sector continues to be a significant earner for the country, generating in total over \$7 billion a year, and that there are a number of farmers making very good returns, he says.

“These two points indicate that the sector is critical to New Zealand and is economically viable.”

Mr MacLeod says the most profitable farmers are concentrating on factors they can influence and not getting bogged down by issues they can’t manage such as exchange rates and climate extremes.

Clear opportunities exist around improving stock procurement and stock management but they will require behaviour changes.

For instance, farmers need to consider whether they are best served in the long run by opting for short-term, ad hoc arrangements to optimise revenue or engaging in long-term relationships with processors to allow true market signals to flow through.

Analysis of the role of stock agents and other third parties across the value chain indicated that in most cases they were viewed as adding more cost than value.

“We will be very interested to hear from farmers and others as to whether this is valid. The feedback in this area will be crucial in determining our final view.”

There are also significant opportunities to increase sector returns through greater in-market collaboration by processors.

“We are still completing analysis of the processing sector. While we will not be covering processing as part of these meetings we will have completed our views in time for the release of the report around the end of March.

“The key element in a number of our findings is that the red meat sector in general needs to become more market-led, and make these considerations the main driver in any decision-making.”

The strategy development process has been split into two phases, with the current work focused on securing the sector by increasing shared best practice. The next phase that needs to occur will require a focus on ways to grow the sector.

Visit www.beeflambnz.com for a full list of Red Meat Sector Strategy farmer consultation meetings.

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