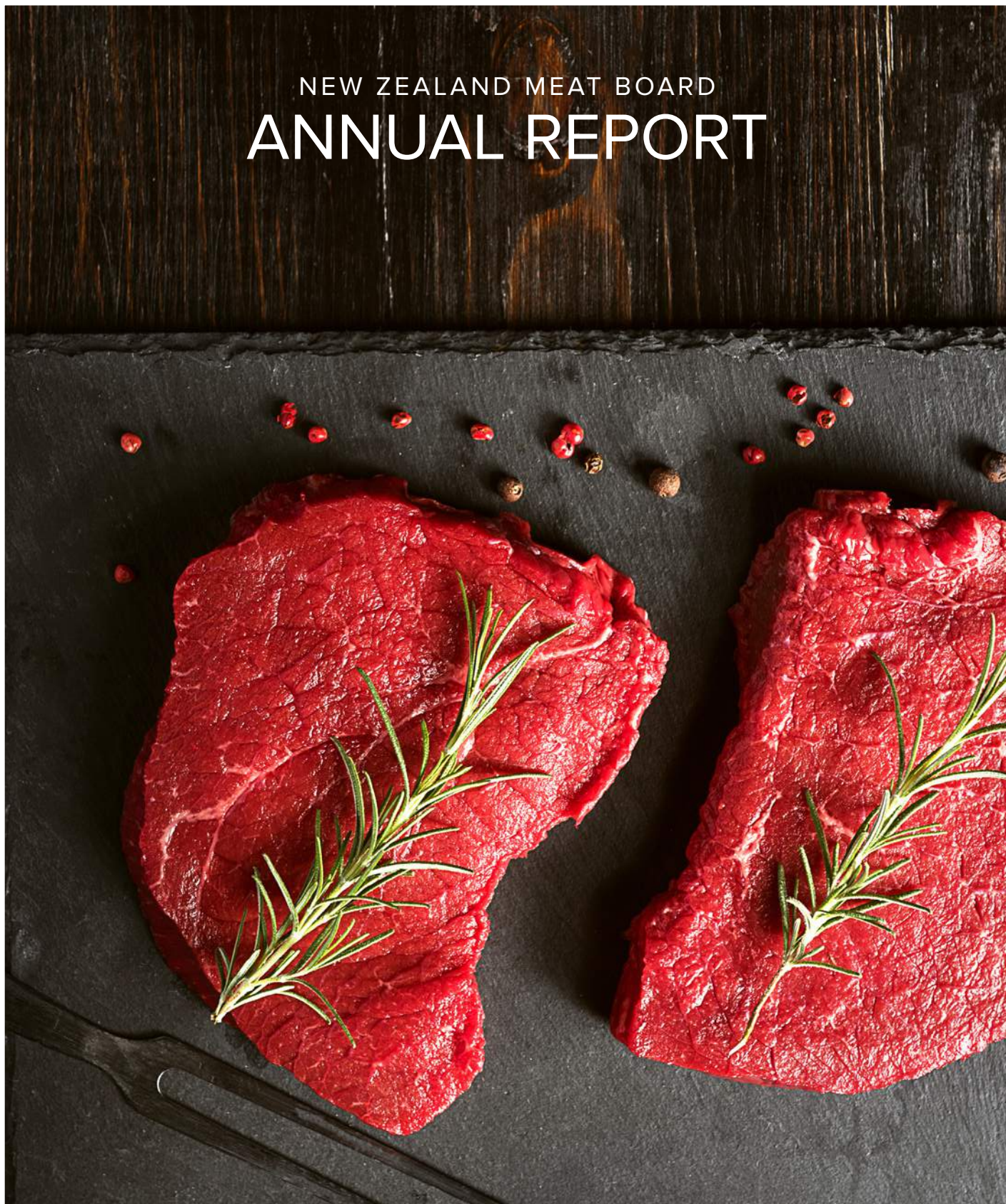
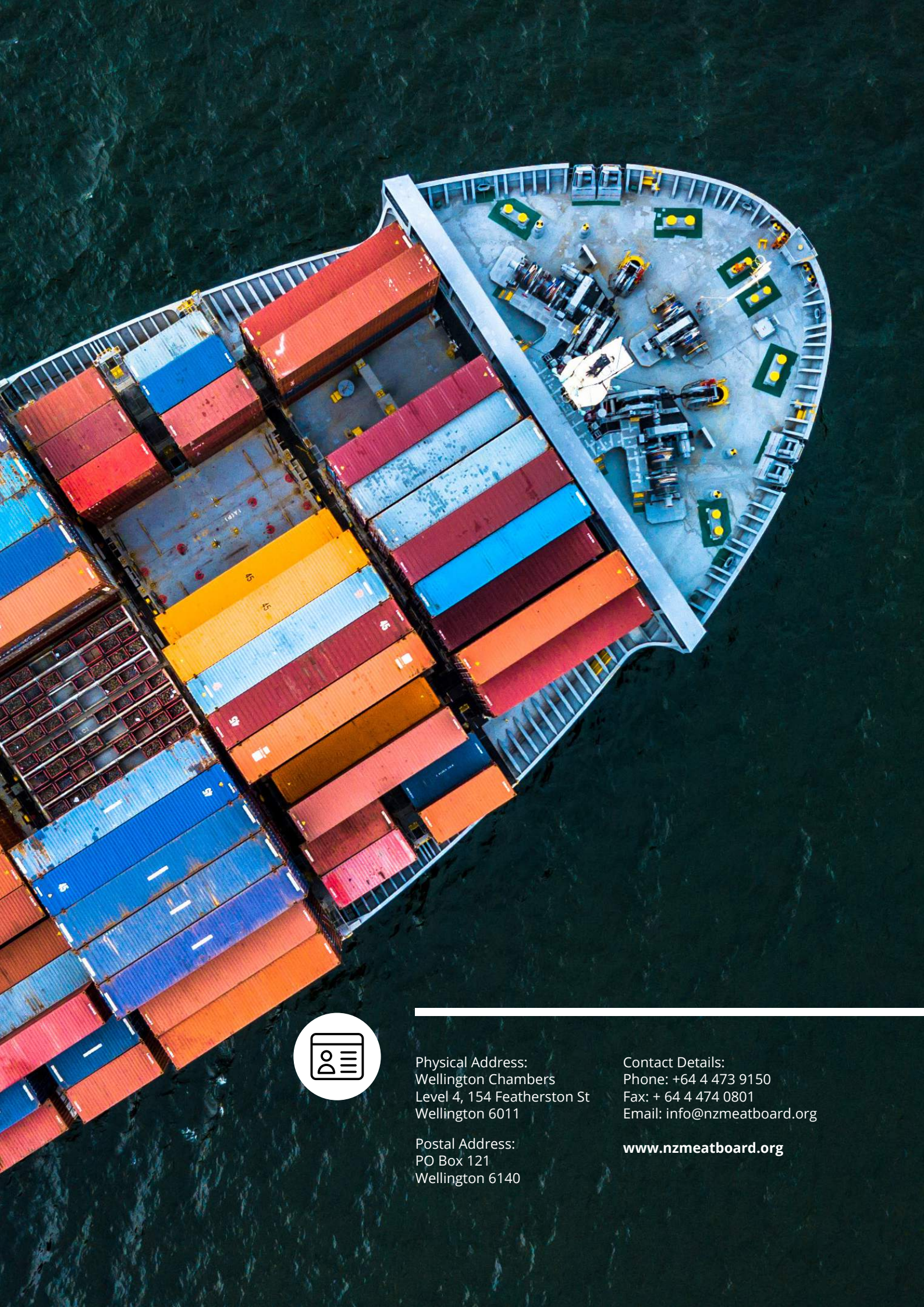


2018

NEW ZEALAND MEAT BOARD  
**ANNUAL REPORT**





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# REPORT — CHAIRMAN & CHIEF EXECUTIVE

The year has been one of significant activity for NZMB with planning for potential outcomes of the Brexit negotiation between the United Kingdom and the European Union and in the transition to a new investment management policy.

Global opportunities for New Zealand sheepmeat and beef have increased over the past decade. Nonetheless, the European market remains an important one in both value and volume. Ensuring that Brexit does not affect the flow of product into Europe has been a key concern for the Board over the past year.

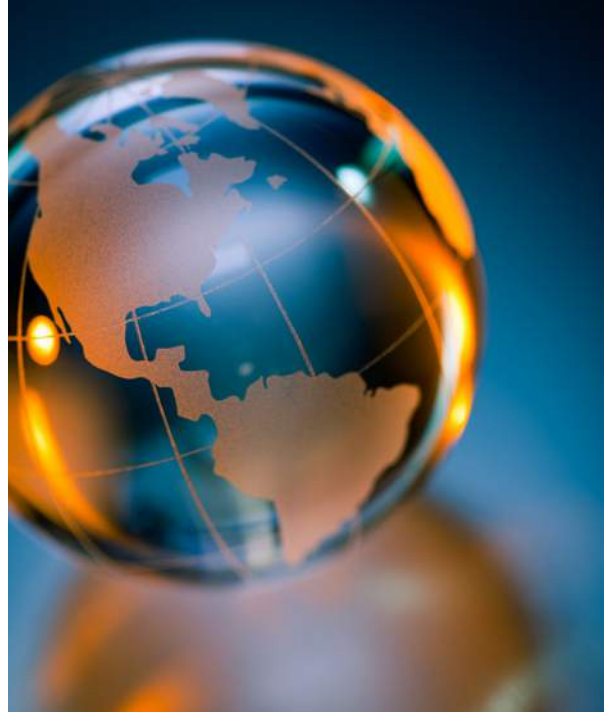
Following consultation with farmers this year, the NZMB will be transitioning from a conservative fixed interest investment strategy, to a medium to longer term balanced portfolio investment philosophy. The New Zealand Meat Board manages \$75 million of reserves. While the new investment strategy has a slightly higher risk profile, independent advice indicated that over the longer-term the NZMB should receive higher returns from its reserves investments. First NZ Capital was appointed in October 2018 to be the Board's Investment Manager and the transition to the new strategy commenced in December 2018.

For the year ending September 2018, the New Zealand Meat Board reported an operating deficit of \$1.64 million (2017 \$3.25 million). The 2018 financial year included the second year of capital funding for B+LNZ for the Red Meat Profit Partnership of \$3.345 million which has the consequence of reducing reserve balances.

Net finance and income expense of \$1.52 million (2017 \$42,000) includes a foreign currency translation gain on the revaluation of the contingency fund offshore investment portfolio.

The reported deficit comprises of:

- a deficit of \$3.27 million from reserves management (2017 \$3.26 million),
- a surplus of \$20,000 from quota management activities (2017 deficit \$29,000),
- a gain of \$1.61 million on the foreign currency investments (\$42,000).



## OUR ROLE

The New Zealand Meat Board is tasked under the Meat Board Act 2004 with administering and allocating preferential access to quota markets, and the management of livestock farmer reserves.



**ANDREW MORRISON**  
CHAIRMAN



**SAM McIVOR**  
CHIEF EXECUTIVE

# RESERVES MANAGEMENT

The Board approved a Statement of Investment Policies and Objectives in February 2018 supported by an independent investment advisor Cambridge Partners.

Farmer consultation followed from February to April 2018 and the Board received strong support, with 90 per cent support for a move from a conservative fixed interest investment strategy to a medium to longer term balanced portfolio investment philosophy.

NZMB with Cambridge Partners ran a request for proposal process from May to August 2018 inviting a number of potential investment managers to submit proposals and this resulted in First NZ Capital being appointed Investment Manager in October 2018.

The Board will be implementing a transition plan to move to the balanced portfolio over the 2018-19 financial year.

Interest income generated from reserves management was \$2.37 million which is a yield of 3.14% compared with interest income of \$2.28 million (2.95% yield) in 2017.

Interest income from domestic investments yielded 3.5% (2017: 3.6%) and offshore deposits yielded 1.8% compared to 0.9% as interest rates strengthened in the United States. Reinvestments were kept short as longer term interest rates did not provide a significant benefit of increased yield over shorter terms and also to allow the transition to the recently approved investment policy in 2019.

Reserve management expenses were \$336,000 (2017: \$299,000) representing 0.44% of total assets (2017 0.38%). The current year included additional expenditure to engage specific



advice to explore the new investment strategy and conduct the farmer consultation.

Funding of \$1.8 million from interest income was paid to Beef + Lamb New Zealand to support Beef + Lamb Genetics's activity (2017: \$1.9 million for Beef + Lamb Genetics) and a \$44,000 contribution to the Red Meat Ambassador role jointly funded with industry in the United Kingdom to represent New Zealand's red meat sector interests in the Brexit negotiations.

During the year, \$3.345 million of funding from capital reserves was paid to Beef + Lamb New Zealand for Red Meat Profit Partnership funding (2017 \$3.324 million).

Future applications from Beef + Lamb New Zealand to the Board are planned to provide funding of up to \$3.4 million from capital to assist funding commitments to the Red Meat Profit Partnership and up to \$1.8 million for Beef + Lamb Genetics funding from income. These applications are annual and will be subject to milestones and progress and must be reviewed and approved annually. The 2019 funding for the Red Meat Profit Partnership will be the last of the \$10 million of reserves funding supported by the Board.



## B+LNZ GENETICS

Funding of \$1.8 million from New Zealand Meat Board reserves interest income was paid to Beef + Lamb New Zealand, for Beef + Lamb New Zealand Genetics (B+LNZ Genetics) and its programmes. The B+LNZ Genetics programme has made excellent progress this year in delivering on its objective of substantial and sustainable improvements to the breeding infrastructure that underpins the profitability of sheep and beef production in New Zealand.

- The new Single-Step genetics evaluation system is operational and went live October 2018. The launch of the Single-Step genetic evaluation system is a transformative step for the country's sheep industry. The new evaluation is the result of four years of research, developing new cloud based computing systems and testing. It is based on Single Step technology, whereby genomic information is incorporated into the evaluation, alongside traditional genetic measures. The result is a faster, more accurate evaluation, which allows New Zealand ram breeders to make better, more-timely decisions around the selection and dissemination of profitable and consumer-focused genetics.
- The new Meat Module has been completed and went live in October, 2018. This provides more accurate breeding values and enhances New Zealand's sheep meat production. This is the first update from the modules developed in 1998; since then carcass weights have risen on average from 14.6 kg to 18.4kg, meat yield has increased 30% and fat has declined 26%. Also the new module now uses spiral CT as the gold standard and incorporates Alliance Groups VIAscan and PML's Marel yield data, with data from Silver Fern Farms DEXA system due to be added in 2019.
- The methane module has been developed in conjunction with PGGRC and will go live in 2019. The module was based on genomic predictions from measurements taken in the Central Progeny Test hub flock.
- The FarmIQ terminal sire meat quality module has been transitioned to B+LNZ Genetics from FarmIQ and went live in November 2018. Genomic predictions for meat quality (pH, tenderness and intramuscular fat) are now available.
- B+LNZ Genetics hosted its fifth Sheep Breeders Forum in July 2018 which attracted 187 delegates (note; the first in 2014 attracted 82 delegates). B+LNZ Genetics also held its first ever Virtual Beef Conference in August 2018 with a live audience of 126 delegates out of the 192 people who registered.

## — RED MEAT PROFIT PARTNERSHIP

Capital funding of \$3.345 million was paid in the 2018 financial year to B+LNZ for the Red Meat Profit Partnership.

RMPP aims to drive sustainable productivity improvements to deliver higher on-farm profitability in the sheep and beef sector. The programme, now in its fifth year, helps farmers make positive changes by creating an environment where they learn from each other, share what works, and access professional advice, technical expertise, training, information and talent.

Achievements for the 2018 financial year include:

- The RMPP Action Network launched in November 2017 and had 74 farmer-led approved Action Groups as at 30 September 2018. Groups are supported by trained facilitators that guide and help identify experts that can help achieve business goals.
- The New Zealand Farm Assurance Programme (NZFAP) developed by RMPP, is now being used by 15 meat processing companies and underpins the Taste Pure Nature Origin brand.
- Work is currently underway to develop further standards covering environmental, animal welfare, biosecurity and people wellness.
- The electronic Animal Status Declaration (eASD) pilot continued. Farmers complete the form online before sending animals for processing, making the process faster, easier and more accurate. Twenty-four meat plants are committed to using eASD and 767 farmers are registered.
- More than 30 organisations including one meat company are involved in DataLinker which simplifies and standardises data transfer between businesses (map data, benchmarking, livestock genetics, red meat, and pasture).
- Over 1000 women have completed the 'Understanding your Farming Business' programme, supporting women to become critical farming partners by building knowledge, skills and confidence.
- The roll-out of online learning modules continued providing practical information to help farmers make more informed decisions. There are currently thirteen learning modules available on the Knowledge Hub accessed from the Beef + Lamb New Zealand website.
- Sixteen key performance indicators (KPIs) are now available and linked to the Beef + Lamb New Zealand Economic Service data, enabling measurement and benchmarking against similar farming systems.
- The 'Future Focus' programme was launched to bring together farming partners and provide training to help them achieve their business goals and aspirations.
- RMPP has continued to help the industry attract talent through initiatives in primary and secondary schools, as well as helping tertiary students establish industry networks.

For more information on RMPP go to [rmpp.co.nz/page/our-programme](http://rmpp.co.nz/page/our-programme)





## BALANCE SHEET

The New Zealand Meat Board is in a strong financial position with assets of \$76.3 million (2017: \$78.0 million) and equity of \$75.7 million (2017: \$77.3 million).

Funding for the Red Meat Profit Partnership is the reason reserves balances have reduced, which was planned.

Term deposits have been kept within a one-year maturity. These were at similar yields available for longer term maturities and with the interest rate cycle being at a low point locking in investments at these rates for a longer period was not justified.

The investments are carried at face value on the Balance Sheet and total assets are recorded at \$76.3 million. The fair value of the Board's investments at 30 September 2018 is \$77.3 million, reflecting the higher yielding bonds remaining in the portfolio.

The Contingency Fund totals \$57.5 million representing \$55 million for contingent events and \$2.5 million for quota jeopardy events.

At 30 September 2018 if all foreign currency investments were repatriated to New Zealand dollars a loss of \$0.86 million (2017: \$2.47 million loss) would be realised for the Contingency Fund and this is represented by the Contingency Fund Foreign Currency Fluctuation Reserve.

Equity held on behalf of the quota management function totalled \$245,000 (2017: \$225,000).

## QUOTA MANAGEMENT

In the current year a surplus of \$20,000 was achieved (2017: deficit of \$29,000).

Quota management activities include the cost of operating the New Zealand Meat Board office in Brussels.

A service fee of \$469,000 (2017: \$326,000) was received from Beef + Lamb New Zealand which operates market access activities from the Brussels office. This has increased from the prior year due to travel related to Brexit and an unfavourable Euro exchange rate.

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



## TRADE POLICY

2018 was another busy year in the trade policy space with a cloud of uncertainty which still remains. As mentioned in last year's report, the European Union (EU) and the United Kingdom (UK) continue to be our top priority given the importance of this market to the New Zealand sheep and beef sector.

**“The EU is one of our sector’s largest market for sheep and beef products, with exports over \$2 billion during the 2017/18 production year”**

We have continued to work closely with the New Zealand government to ensure the sector is no worse off as a result of Brexit (the term used for the UK leaving the EU).

In November the UK and EU released a draft Withdrawal Agreement under which the UK would have remained part of the European Customs Union until December 2020, and there would have been no change in our current market access during this period.

At the time of writing, however, the UK has delayed voting on a draft Withdrawal Agreement and it is not possible to predict with any real certainty what will happen over the coming weeks and months.

Alongside the Meat Industry Association (MIA) and B+LNZ, we will continue to maintain our strong position that New Zealand has WTO rights that have to be respected and maintained—reinforcing that we should not be any worse off as a result of Brexit.

This year also saw trade tensions rise between the United States and China, which we have been following closely. On 8 March 2018 President Trump announced import tariffs of 25 percent on steel and 10 percent for aluminium. In response China increased tariffs on 128 products from the US, including pork and wine. Since then there has been a constant back and forth between US and China, reacting to the others actions by increasing tariffs on further products.

We follow these issues closely to ensure there is no impact on New Zealand's beef quota and trading conditions into the US.



Although there has been a growing protectionist rhetoric worldwide, especially since the election of President Trump, there has also been some positive developments reinforcing the importance of the rules-based trading system and trade liberalisation.

The sector welcomed the news of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) entering into force on 30 December 2018 as it will play an important role in underpinning the importance of free trade. The timing of the CPTPP coming into force means the sector will benefit from two rounds of tariff cuts in quick succession from all member countries, with the exception of Japan. The first tariff cut will be upon entry into force of the agreement on 30 December and the second round of cuts on 1 January 2019. Japan's second round of tariff cuts will be on 1 April 2019. CPTPP will put us immediately on a level playing field with Australia, Mexico and the EU into Japan— our largest chilled beef market and one in which we have lost significant market share in recent years due to our competitor's preferential access.

The government also started FTA negotiations with the EU this year. Negotiations between New Zealand and the EU were formally launched by Cecilia Malmström, the EU Trade Commissioner and Hon David Parker on 21 June, during the former's visit to New Zealand. An exchange of offers on market access is expected to occur soon with the third round of talks in Brussels in February 2019.

The EU is a very important market for New Zealand red meat products. It is one of the sectors largest markets for sheep and beef products, with exports over \$2 billion during the 2017/18 production year.

The UK and NZ governments have also publicly signalled their intention to negotiate a bilateral FTA after the UK's exit from the EU. The UK has identified New Zealand (together with Australia and the US) as a top priority for FTA negotiations. UK domestic consultations on an FTA with NZ concluded late last year, with NZ domestic consultations due to conclude on 11 February 2019.

When, and if, the UK will ultimately have freedom to negotiate trade arrangements on its own behalf remains unclear.

# QUOTA MANAGEMENT — STATISTICS

## EU High Quality Beef Rate Quota (TRQ)

New Zealand has quota rights to 1,300 tonnes by product weight of high quality beef into the EU each quota year. In the quota year to 30 June 2018 86.33% of that quota was utilised and that represented 1,122 tonnes of high quality beef, by product weight.

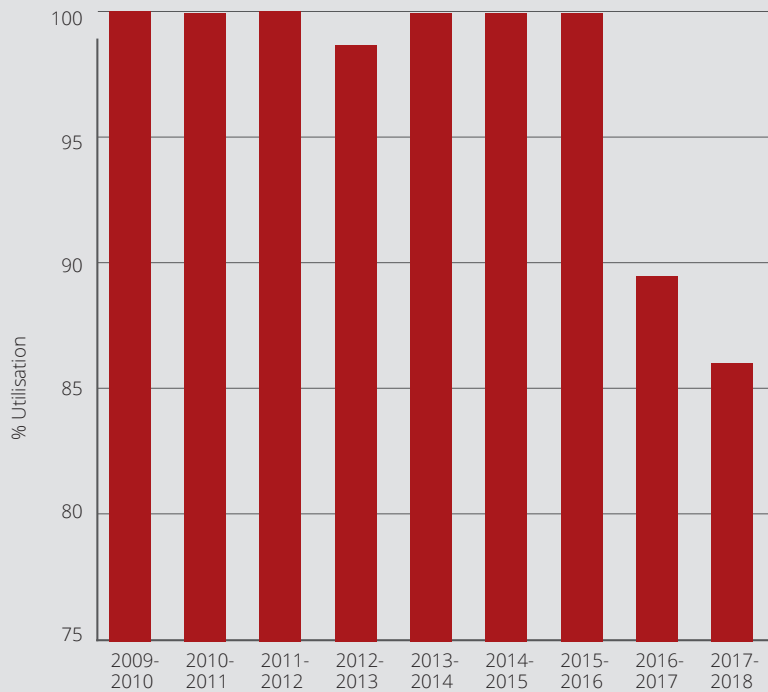
Table 1: Comparison of utilisation of 2017 US beef and veal quotas

Source: US Customs and Border Protection Website  
Data for quota year ending 31 December 2017

	Quota volume (tonnes)	Quota used (tonnes)	Utilisation %
New Zealand	213,402	181,862	85.2
Argentina	20,000	0	0.0
Australia	378,214	231,295	66.2
Japan	200	200	100.0
Uruguay	20,000	19,984	99.9
Other	64,805	64,805	100.0

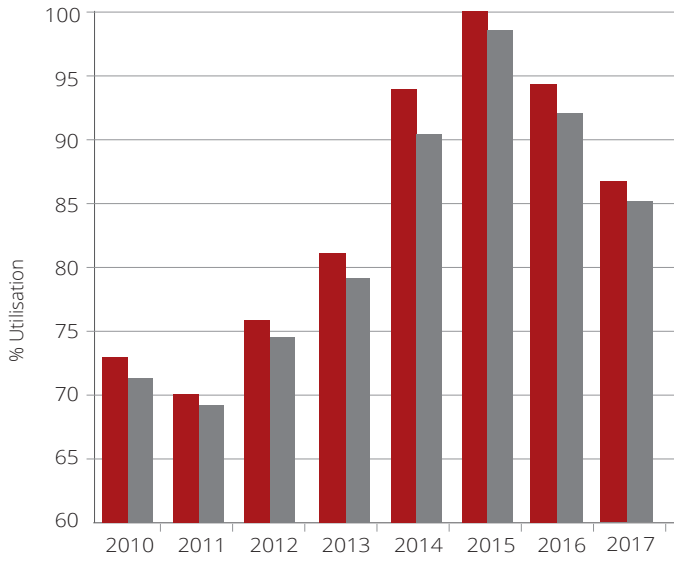


Utilisation of EU High Quality Beef Quota



■ NZMB Certificate Records

Source: NZMB Data for quota year 1 July 2016–30 June 2017



■ NZMB Certificate Records ■ US Customs Import Records

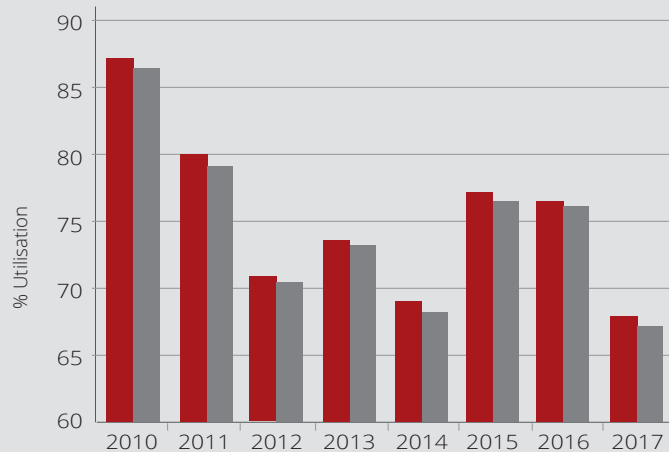
Source: NZMB; US Customs and Border Protection Website  
Data for year ending 31 December 2017

## USA Beef and Veal Tariff Rate Quota (TRQ)

The USA Beef and Veal Tariff Rate Quota for the year ending 31 December 2017 was 213,402 tonnes (product weight).

New Zealand Meat Board certificates show 86.7% of that quota was utilised and the US Customs and Border Protection recorded in-quota imports at 85.2% utilisation.

There were 10,661 USA quota certificates issued in Wellington, New Zealand and they covered 185,147 tonnes by product weight.



■ NZMB Certificate Records ■ DG Taxud In-Quota Import Records

Source: NZMB; DG Taxud quota year ending 31 December 2017

## EU Sheepmeat and Goatmeat Tariff Rate Quota (TRQ)

For the quota year ending 31 December 2017, New Zealand exported 143,156 tonnes (carcase weight equivalent) of sheepmeat and goatmeat under the quota into the EU. The quota allows a maximum of 228,254 tonnes (c.w.e.). There were 7,992 EU quota certificates issued between New Zealand and Belgium offices.

This represented 62.7% utilisation of the TRQ according to New Zealand Meat Board certificate records, while European Commission Taxation and Customs Union recorded in-quota imports of 61.7%. This variation is due to a small amount of quota certificates not being drawn against by companies for various reasons.

	Quota volume tonnes (c.w.e.)	Quota used tonnes (c.w.e.)	Utilisation %
New Zealand	228,254	142,192	62.3
Argentina	23,000	703	3.1
Australia	19,186	19,186	100.0
Uruguay	5,800	1,813	31.3
Chile	7,600	2,031	26.0
Iceland	1,850	1,850	100.0

Table 2: Comparison of utilisation of 2017 EU sheepmeat and goatmeat quotas

Comparison utilisation 1 January 2017 to 31 December 2017

Source: DG Taxud Data for quota year ending 31 December 2017

# GOVERNANCE — BOARD OF DIRECTORS



**SAM McIVOR**

CHIEF EXECUTIVE



**ANDREW MORRISON**

CHAIRPERSON

SOUTHERN SOUTH ISLAND FARMER DIRECTOR

Served since: 2014

Term expires: 2020

The New Zealand Meat Board is committed to a governance framework that ensures the strategic guidance of the entity, the effective monitoring of management by the Board, and the New Zealand Meat Board's accountability to its stakeholders, the Crown and New Zealand farmers.



**KIRSTEN BRYANT**

WESTERN NORTH ISLAND  
FARMER DIRECTOR

Served since: 2010

Term expires: 2019



**GEORGE TATHAM**  
EASTERN NORTH ISLAND  
FARMER DIRECTOR

Served since: 2014  
Term expires: 2020



**MARK CLARKSON**  
PROCESSOR-EXPORTER  
APPOINTEE

Served since: 2012  
Term expires: 2021



**PHIL SMITH**  
NORTHERN SOUTH ISLAND  
FARMER DIRECTOR

Served since: 2015  
Term expires: 2021



**SAM LEWIS**  
PROCESSOR-EXPORTER  
APPOINTEE

Served since: 2014  
Term expires: 2020



**BILL WRIGHT**  
CENTRAL SOUTH ISLAND  
FARMER DIRECTOR

Served since: 2016  
Term expires: 2019



**GEORGE RUTHERFORD**  
GOVERNMENT APPOINTEE

Served since: 2013  
Term expires: 2019



**MARTIN COUP**  
NORTHERN NORTH ISLAND  
FARMER DIRECTOR

Served since: 2018  
Term expires: 2021



**SARAH PATERSON**  
GOVERNMENT APPOINTEE

Served since: 2018  
Term expires: 2021

# FINANCIAL STATEMENTS

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 September 2018

In thousands of New Zealand dollars	Note	2018	2017
<b>Exchange revenue</b>			
Interest income	4	2,367	2,278
Quota revenue	4	1,218	1,190
Other Income	4	469	326
Other operating expenses	5	(3,866)	(3,760)
Capital grant expense	5	(3,345)	(3,324)
<b>Net operating deficit from operating activities</b>		<b>(3,157)</b>	<b>(3,290)</b>
<b>Net finance income</b>	<b>6</b>	<b>1,518</b>	<b>42</b>
<b>Deficit before income tax</b>		<b>(1,639)</b>	<b>(3,248)</b>
Income tax expense	7	-	-
<b>Deficit for the year</b>		<b>(1,639)</b>	<b>(3,248)</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>(1,639)</b>	<b>(3,248)</b>
Attributable to:			
Reserves management		(3,272)	(3,261)
Quota management		20	(29)
Contingency fund foreign currency fluctuation reserve		1,613	42
<b>Total comprehensive income for the year</b>		<b>(1,639)</b>	<b>(3,248)</b>

This statement is to be read in conjunction with the accounting policies and notes on pages 19 to 28.



**STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 September 2018

In thousands of New Zealand dollars	Retained Earnings –Reserves Management	Retained Earnings– Quota	Contingency Fund	Contingency Fund Foreign Currency Fluctuation Reserve	<b>Total Equity</b>
Balance at 1 October 2017	22,088	225	57,500	(2,471)	<b>77,342</b>
Surplus/(deficit) for the year	(3,272)	20	-	1,613	<b>(1,639)</b>
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	(3,272)	20	-	1,613	<b>(1,639)</b>
Transactions with owners, recorded directly in equity	-	-	-	-	-
<b>Balance at 30 September 2018</b>	<b>18,816</b>	<b>245</b>	<b>57,500</b>	<b>(858)</b>	<b>75,703</b>

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 September 2017

In thousands of New Zealand dollars	Retained Earnings–Reserves Management	Retained Earnings– Quota	Contingency Fund	Contingency Fund Foreign Currency Fluctuation Reserve	<b>Total Equity</b>
Balance at 1 October 2016	25,349	254	57,500	(2,513)	<b>80,590</b>
Surplus/(deficit) for the year	(3,261)	(29)	-	42	<b>(3,248)</b>
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	(3,261)	(29)	-	42	<b>(3,248)</b>
Transactions with owners, recorded directly in equity	-	-	-	-	-
<b>Balance at 30 September 2017</b>	<b>22,088</b>	<b>225</b>	<b>57,500</b>	<b>(2,471)</b>	<b>77,342</b>

This statement is to be read in conjunction with the accounting policies and notes on pages 19 to 28.

## STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

In thousands of New Zealand dollars	Note	2018	2017
<b>EQUITY EMPLOYED</b>			
<b>Contingency fund</b>		57,500	57,500
Retained earnings—Reserves Management		18,816	22,088
Retained earnings—Quota Management		245	225
Contingency fund foreign currency fluctuation reserve		(858)	(2,471)
<b>TOTAL EQUITY EMPLOYED</b>		<b>75,703</b>	<b>77,342</b>
Represented by:			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,694	3,237
Trade and other receivables		825	847
Term deposits	8	69,660	69,883
Fixed interest bond—domestic		3,002	1,000
Derivative financial instrument		66	2
Total current assets		76,247	74,969
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		17	33
Intangible assets		37	19
Fixed interest bond—domestic		-	3,009
Total non-current assets		54	3,061
<b>TOTAL ASSETS</b>		<b>76,301</b>	<b>78,030</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		562	651
Deferred Income		25	26
Employee entitlements		11	11
<b>TOTAL LIABILITIES</b>		<b>598</b>	<b>688</b>
<b>NET ASSETS</b>		<b>75,703</b>	<b>77,342</b>



A Morrison  
Chairman



M Coup  
Chairman Audit & Risk Committee

The Board of Directors authorised these financial statements for issue on 4 December 2018. These statements are to be read in conjunction with the accounting policies and notes on pages 19 to 28.

## STATEMENT OF CASH FLOWS

For the year ended 30 September 2018

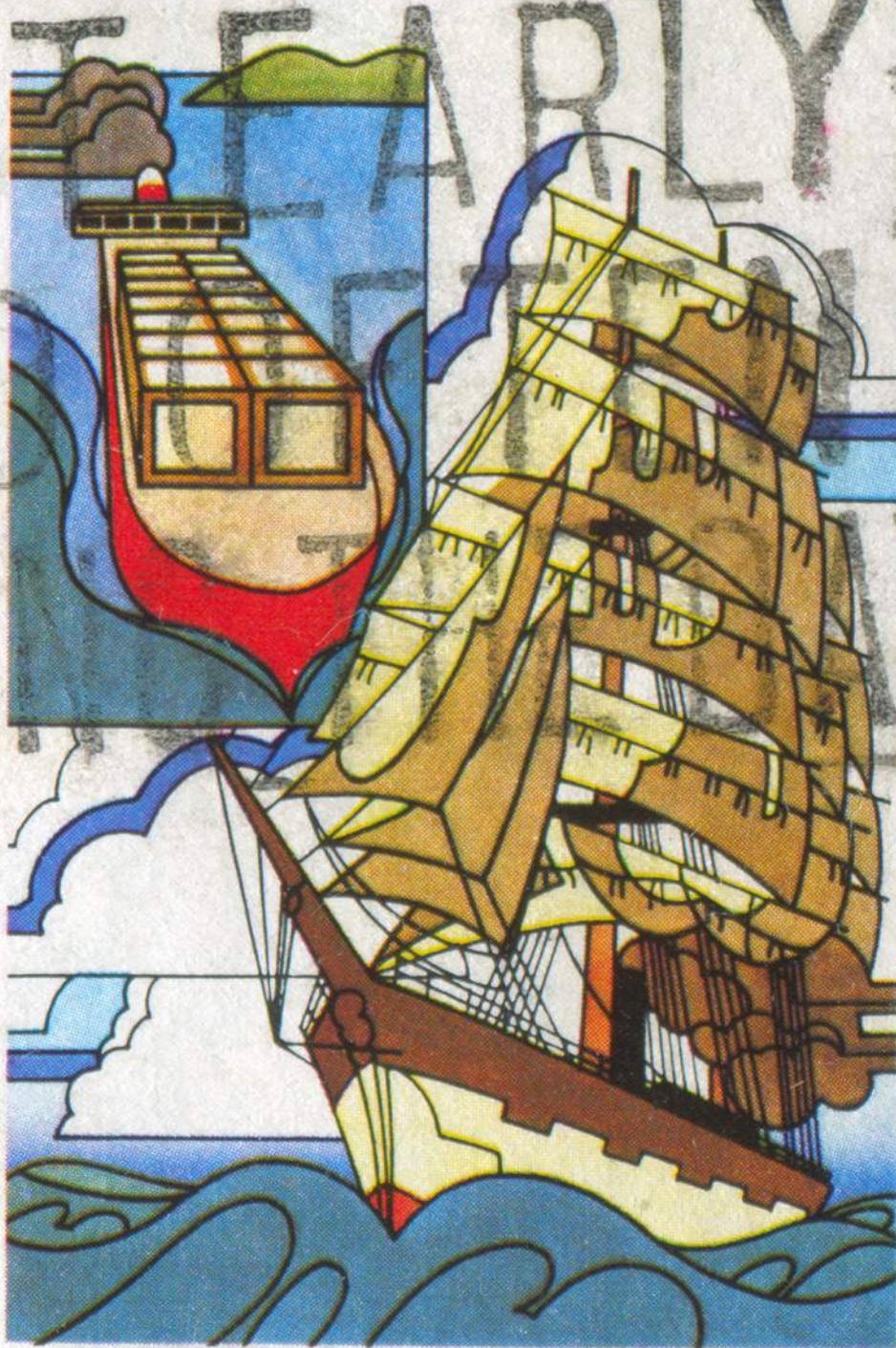
In thousands of New Zealand dollars	2018	2017
<b>OPERATING ACTIVITIES</b>		
Cash was received from:		
Receipts from customers	1,690	1,523
Interest received	2,404	2,638
Net GST received	-	23
	<b>4,094</b>	<b>4,184</b>
Cash was applied to:		
Payments to suppliers, employees and statutory expenses	2,014	1,822
Industry grant funding to Beef + Lamb New Zealand Ltd	1,718	1,626
Net GST paid	7	-
Capital Reserve Funding to Beef + Lamb New Zealand Ltd	3,541	3,026
	<b>7,279</b>	<b>6,474</b>
<b>Net cash flows applied to operating activities</b>	<b>(3,186)</b>	<b>(2,290)</b>
<b>INVESTING ACTIVITIES</b>		
Cash was received from:		
Maturity of investments	118,649	95,843
Realised gain on offshore investments	948	-
	<b>119,597</b>	<b>95,843</b>
Cash was applied to:		
Purchase of investments	117,291	93,075
Realised loss on offshore investments	-	1,607
Purchase of fixed assets	1	31
Purchase of intangibles	34	-
	<b>117,326</b>	<b>94,713</b>
<b>Net cash flows from investing activities</b>	<b>2,271</b>	<b>1,130</b>
Net increase/(decrease) in cash held	(915)	(1,160)
Foreign currency translation adjustment	372	60
Add: opening cash and cash equivalents	3,237	4,337
<b>Closing cash and cash equivalents</b>	<b>2,694</b>	<b>3,237</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>		
<b>Bank balances</b>	<b>2,694</b>	<b>3,237</b>

These statements are to be read in conjunction with the accounting policies and notes on pages 19 to 28.

**New Zealand**

Frozen Meat  
Exports 1882-1982

**30c**



## 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 4 December 2018.

### 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 an 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 9.

### 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.

### 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 PERFORMANCE

In thousands of New Zealand dollars	2018			2017		
	Reserve Management	Quota Management	Total	Reserve Management	Quota Management	Total
Revenue—interest income	2,348	19	2,367	2,262	16	2,278
Revenue—quota management recoveries	-	1,218	1,218	-	1,190	1,190
Revenue—service recoveries	-	469	469	-	326	326
Other operating expenses	(2,180)	(1,686)	(3,866)	(2,199)	(1,561)	(3,760)
Capital grant expense	(3,345)	-	(3,345)	(3,324)	-	(3,324)
<b>Net operating surplus/(deficit) from operating activities</b>	<b>(3,177)</b>	<b>20</b>	<b>(3,157)</b>	<b>(3,261)</b>	<b>(29)</b>	<b>(3,290)</b>
<b>Net finance income/(expense)</b>	<b>1,518</b>	<b>-</b>	<b>1,518</b>	<b>42</b>	<b>-</b>	<b>42</b>
<b>Surplus/(deficit) before income tax</b>	<b>(1,659)</b>	<b>20</b>	<b>(1,639)</b>	<b>(3,219)</b>	<b>(29)</b>	<b>(3,248)</b>
Income tax expense	-	-	-	-	-	-
<b>Surplus/(deficit) for the year</b>	<b>(1,659)</b>	<b>20</b>	<b>(1,639)</b>	<b>(3,219)</b>	<b>(29)</b>	<b>(3,248)</b>

### 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.

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

In thousands of New Zealand dollars	2018	2017
Interest income on held-to-maturity investments	2,251	2,210
Interest income on cash and cash equivalents	116	68
Quota management recoveries	1,218	1,190
Service recoveries	469	326
<b>Total Exchange Revenue</b>	<b>4,054</b>	<b>3,794</b>

## 5. OTHER OPERATING EXPENSES

The following items of expenditure are included in operating expenses:

In thousands of New Zealand dollars	2018	2017
<b>Audit fees</b>		
<i>Auditor's remuneration to KPMG comprises:</i>		
– Audit of financial statements	20	20
Total auditor's remuneration	20	20
Depreciation	16	11
Software amortisation	17	27
Rental expense relating to operating leases	85	78
Directors fees	175	175
Insurance	54	62
Board and annual meeting	18	18
Other operating expenses—NZ	598	544
Other operating expenses—overseas	131	73
Fees (legal and consultancy)	83	40
Wages, salaries and allowances	825	812
<i>Capital grant funding to Beef + Lamb New Zealand Limited for:</i>		
Red Meat Profit Partnership	3,345	3,324
<i>Operating grant funding to Beef + Lamb New Zealand Limited for</i>		
Beef + Lamb Genetics Limited	1,800	1,900
Brexit	44	-
	<b>7,211</b>	<b>7,084</b>

## 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.

Finance income and expense is generally applied to the Contingency Fund Foreign Currency Fluctuation Reserve. The exception in 2018 is the realised loss on foreign currency derivatives which relate to Reserves Management as this derivative enabled the Board to swap currencies and earn increased domestic interest income, after the cost of the derivative.

In thousands of New Zealand dollars	2018	2017
Unrealised gain on foreign currency investments and cash balances	509	1,647
Realised foreign currency gain on offshore investments	948	-
Realised gain on foreign currency derivatives	61	2
<b>Finance income</b>	<b>1,518</b>	<b>1,649</b>
Unrealised loss on foreign currency investments	-	-
Realised loss on foreign currency investments	-	1,607
Finance expense	-	1,607
<b>Net finance income/(expense)</b>	<b>1,518</b>	<b>42</b>



## 7. INCOME TAX EXPENSE

Unrecognised tax losses of \$73.1 million (2017: \$73.1 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.

## 8. TERM DEPOSITS

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

In thousands of New Zealand dollars	2018	2017
<b>Term deposits—held to maturity investments</b>		
Current	69,660	69,883
<b>Total</b>	<b>69,660</b>	<b>69,883</b>

## 9. FINANCIAL INSTRUMENTS

The Board seeks to minimise risk arising from its existing treasury activities. Liquidity, credit and market rates are risks the Board seeks to manage, not capitalise on. The Board's finance function in relation to its treasury activity is a risk management function focussed on protecting its investment reserves and stabilising its income and expense lines with a fixed interest only investment policy which provided no inflation proofing or growth opportunity for the reserves.

The Board has approved a new investment policy moving to a balanced growth portfolio. This policy is detailed in a Board Approved Statement of Investment Policies and Objectives (SIPO). An Investment Manager is to be appointed and the new policy implemented in the 2018-19 financial year. The objective of the SIPO is to accept a little more risk and volatility for the reserves management in return for increased returns and inflation proofing reserves in the medium term

The Board's policies under both the existing and future investment strategy do not allow any transactions that are speculative in nature to be transacted.

### 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

The Board's existing primary objective when investing in fixed interest securities is the protection of its investment. Creditworthy counterparties (other than government) are selected on the basis of their current Standard & Poor's rating, which must have an BBB+ for SOE's allowed under Treasury Policy or better grading under the rating system.

Credit risk is further minimised by placing maximum issuer and portfolio limits for each broad class of non-government issuer.

These credit risk criteria have continued to be applied for the fixed interest portfolio in the new investment strategy.

The cost of financial assets represents the Board's maximum credit exposure.

### 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 credit constraints listed in (a) above, 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.

Liquidity risk is minimised by ensuring that all investments must be capable of being liquidated in a readily available secondary market. Currently these short-term investments are in bank deposits, not corporate bonds.

## Interest rate risk

### Maturity analysis

In thousands of New Zealand dollars	2018				2017			
	Total	0-1 year	1-5 years	More than 5 years	Total	0-1 year	1-5 years	More than 5 years
<b>DOMESTIC</b>								
<b>Fixed rate instruments</b>								
Domestic bonds and term deposits	57,131	57,131	-	-	54,088	51,079	3,009	-
Floating rate note	-	-	-	-	-	-	-	-
<b>Total domestic</b>	<b>57,131</b>	<b>57,131</b>	<b>-</b>	<b>-</b>	<b>54,088</b>	<b>51,079</b>	<b>3,009</b>	<b>-</b>
<b>INTERNATIONAL</b>								
Fixed rate instrument								
Term deposits	15,530	15,530	-	-	19,804	19,804	-	-
<b>Total international</b>	<b>15,530</b>	<b>15,530</b>	<b>-</b>	<b>-</b>	<b>19,804</b>	<b>19,804</b>	<b>-</b>	<b>-</b>

### c. Market risk

#### (i) Interest rate risk

Interest rate risk is managed through transacting fixed or floating rate securities and/or approved interest rate risk management instruments based on the approved interest rate strategy.

Interest rate risk is the risk that interest income (due to adverse movements in market interest rates) will adversely impact investment returns over the longer term. Without compromising credit and liquidity objectives the New Zealand Meat Board seeks certainty of interest income from invested reserves. The New Zealand dollar interest rate re-pricing/maturity risk is monitored and managed within defined control limits approved by the Board.

#### (ii) Hedging

During the year, the New Zealand Meat Board entered into Foreign Exchange Contracts to hedge some foreign currency exposures arising from interest receipts from the international term deposit portfolio, and to project the value of foreign currency deposits swapped back in New Zealand deposits to secure a higher yield.

Economically, foreign currency exchange variations are offset against the Contingency Fund Foreign Currency Fluctuation Reserve which was established in 2008 to record the movements arising from exchange rate volatility on the foreign currency bond and term deposit portfolio.

#### (iii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency forward exchange contracts and swaps are used to manage some of the New Zealand Meat Board's foreign exchange exposure.

The Board has entered foreign currency swaps for part of the international portfolio where the foreign currency has been swapped into New Zealand dollars and invested in the New Zealand market for the term of the swap at higher yielding rates compared to the international market. Proceeds received on maturity of the New Zealand investment are swapped back into foreign currency at the end of the term of the foreign currency swap.

Management is responsible for managing exposures.

## d. Quantitative disclosures

### (i) Foreign currency exchange risk

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

In thousands of New Zealand dollars	EURO	USD	GBP	YEN
2018				
Other investments—current	3,170	10,484	5,047	1,505
<b>Gross balance sheet exposure and net exposure</b>	<b>3,170</b>	<b>10,484</b>	<b>5,047</b>	<b>1,505</b>
2017				
Other investments—current	2,570	9,605	4,746	2,883
<b>Gross balance sheet exposure and net exposure</b>	<b>2,570</b>	<b>9,605</b>	<b>4,746</b>	<b>2,883</b>

During the 2018 financial year two Euro and one JPY foreign currency deposits were swapped for New Zealand dollar denominated deposits to achieve a higher yield. The foreign currency value is economically hedged using Forward Exchange Contracts.

## 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 \$57.5 million (2017: \$57.5 million).
- Within this contingency fund, \$2.5 million (2017: \$2.5 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.
- Of the remaining reserves \$3.4 million (2017: \$6.7 million) is held specifically for the New Zealand Meat Boards commitment to fund the Red Meat Profit Partnership via a Beef + Lamb New Zealand application process. The balance is made 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 contingency fund foreign currency fluctuation reserve comprises non-cash movements relating to the translation of the foreign currency denominated interest bearing bonds and deposits at year end.

## e. Sensitivity analysis

In managing currency risks the Board aims to reduce the impact of short-term fluctuations on the Board's earnings. Over the longer term, however, permanent changes in foreign exchange and interest yields will have an impact on profit.

It is estimated that a 100 basis point increase in the value of the New Zealand dollar against other foreign currencies would have increased the Board's deficit before income tax by approximately \$143,023 for the year ended 30 September 2018 (2017: \$205,207).

It is estimated that a 100 basis point increase in the interest curve would result in a \$299,376 decrease on the portfolio market value (2017: \$258,741 decrease).

## 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.

### (ii) Derivative financial instruments

Changes in the fair value of any derivative instrument are recognised immediately in the income statement.

## 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.

As at 30 September 2018

In thousands of New Zealand dollars	Other Amortised Cost	Held to Maturity	Loans and Receivables	Total Carrying Amount	Fair Value
<b>ASSETS</b>					
Cash and cash equivalents	-	-	2,694	2,694	2,694
Term deposits	-	69,660	-	69,660	70,697
Fixed interest bond—domestic	-	3,002	-	3,002	3,055
Floating rate note—domestic	-	-	-	-	-
Trade and other receivables	-	-	825	825	825
<b>Total current assets</b>	<b>-</b>	<b>72,662</b>	<b>3,519</b>	<b>76,181</b>	<b>77,271</b>
Term deposits	-	-	-	-	-
Fixed interest bond—domestic	-	-	-	-	-
<b>Total non-current assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>-</b>	<b>72,662</b>	<b>3,519</b>	<b>76,181</b>	<b>77,271</b>
<b>LIABILITIES</b>					
Trade and other payables	562	-	-	562	562
<b>Total current liabilities</b>	<b>562</b>	<b>-</b>	<b>-</b>	<b>562</b>	<b>562</b>
<b>Total liabilities</b>	<b>562</b>	<b>-</b>	<b>-</b>	<b>562</b>	<b>562</b>

As at 30 September 2017

In thousands of New Zealand dollars	Other Amortised Cost	Held to Maturity	Loans and Receivables	Total Carrying Amount	Fair Value
<b>ASSETS</b>					
Cash and cash equivalents	-	-	3,237	3,237	3,237
Term deposits	-	69,883	-	69,883	70,886
Fixed interest bond—domestic	-	1,000	-	1,000	1,035
Floating rate note—domestic	-	-	-	-	-
Trade and other receivables	-	-	847	847	847
<b>Total current assets</b>	<b>-</b>	<b>70,883</b>	<b>4,084</b>	<b>74,967</b>	<b>76,005</b>
Term deposits	-	-	-	-	-
Fixed interest bond—domestic	-	3,009	-	3,009	3,154
<b>Total non-current assets</b>	<b>-</b>	<b>3,009</b>	<b>-</b>	<b>3,009</b>	<b>3,154</b>
<b>Total assets</b>	<b>-</b>	<b>73,892</b>	<b>4,084</b>	<b>77,976</b>	<b>79,159</b>
<b>LIABILITIES</b>					
Trade and other payables	651	-	-	651	651
<b>Total current liabilities</b>	<b>651</b>	<b>-</b>	<b>-</b>	<b>651</b>	<b>651</b>
<b>Total liabilities</b>	<b>651</b>	<b>-</b>	<b>-</b>	<b>651</b>	<b>651</b>

## 10. 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 and development work. The costs associated with running this office, inclusive of staff costs, are recovered from Beef + Lamb New Zealand Limited as noted below.

The increased service recovery arises from travel related to BREXIT and a weaker NZD/ EURO exchange rate.

In thousands of New Zealand dollars	2018	2017
Service fee recovery: overseas offices	469	326

Wade Armstrong (retired March 2018), George Rutherford and Sarah Paterson (appointed April 2018) 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, which also seconds staff and services contracts from Beef + Lamb New Zealand Limited for quota administration.

These services are as follows:

In thousands of New Zealand dollars	2018	2017
Information technology	58	58
Governance	18	18
Administration	69	66
Human resources	22	21
Finance	167	167
Trade policy for quota administration	121	89
	<b>455</b>	<b>419</b>

At balance date, the New Zealand Meat Board owed a total of \$482,769 to Beef + Lamb New Zealand Limited comprising \$24,493 for expenses incurred on their behalf (2017: \$51,529) and \$458,276 for Grant funding to Beef + Lamb Genetics Limited, Brexit support and Red Meat Profit Partnership (2017: \$572,305).

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

In thousands of New Zealand dollars	2018	2017
Beef + Lamb Genetics Limited	1,800	1,900
Red Meat Profit Partnership	3,345	3,324
United Kingdom Representation—Brexit	44	-

#### *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 and the direct reports to the Chief Executive Officer. 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. 2017 included a General management position that has discontinued in the 2018 financial year.

In thousands of New Zealand dollars	2018	2017
Salaries, Directors fees and other short-term employee benefits	175	246

## 11. 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 1–4 years (2017: 1–5 years). One motor vehicle 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	2018	2017
Within one year	104	98
Within one to two years	102	95
Within two to five years	63	152
Later than five years	-	-
<b>Total operating leases</b>	<b>269</b>	<b>345</b>

### Funding and Contractual Commitments

In thousands of New Zealand dollars	2018	2017
Within one year—B+LNZ Genetics Ltd	1,800	1,800
<b>Total funding commitments</b>	<b>1,800</b>	<b>1,800</b>

In addition to above, the Board has made grant funding available:

- from reserves to Beef + Lamb New Zealand Limited of up to \$3.4 million (2017: \$6.7 million) for the Red Meat Profit Partnership following approvals at the 2013 Beef + Lamb New Zealand Ltd annual meeting and a consultation process with livestock farmers. During 2018, the New Zealand Meat Board capital funding for the Red Meat Profit Partnership paid to Beef + Lamb New Zealand Limited was \$3.345 million (2017: \$3.324 million);
- annual from investment income for Beef + Lamb New Zealand Limited funding application for B+L Genetics Ltd. This funding is from investment income and funding is capped to total interest less reserve management expenses, which is budgeted to be \$1.8 million in the 2018-2019 financial year.

### Capital commitments

There are nil capital commitments as at 30 September 2018 (2017: nil).

## 12. CONTINGENCIES

There are no contingent liabilities.

## 13. 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.

## 14. RECONCILIATION OF SURPLUS/ (DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES

In thousands of New Zealand dollars	2018	2017
<b>Reported surplus/(deficit) after taxation:</b>	<b>(1,639)</b>	<b>(3,248)</b>
Add/(less) non-cash items:		
Depreciation and amortisation	33	38
Bond amortisation	7	6
Exchange fluctuations international deposits and bonds	(510)	(1,636)
Unrealised mark to market on derivatives	(61)	(2)
	<b>(531)</b>	<b>(1,594)</b>
Add/(less) movements in other working capital items:		
(Increase)/decrease in accounts receivable	22	378
Increase/(decrease) in income in advance	(1)	5
Increase/(decrease) in accounts payable	(89)	562
	<b>(68)</b>	<b>945</b>
Add/(less) items classified as investing or financing activities:		
Realised (gain)/loss on offshore investments	(948)	1,607
	<b>(948)</b>	<b>1,607</b>
<b>Net cash flows from operating activities</b>	<b>(3,186)</b>	<b>(2,290)</b>

## STATUTORY DISCLOSURES

### 15. DIRECTORS FEES

In thousands of New Zealand dollars	2018	2017
Chairman	29.0	28.2
Producer Directors (5)	16.3	16.3
Commercial Directors (2)	16.3	16.3
Government Appointees (2)	16.3	16.3

The above fees represent the annualised fees payable per Directors. The New Zealand Meat Board pays no other fees to Directors.

The total approved pool of Director fees for the Chairman, Producer Directors and Commercial Directors is \$144,200.

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 supported by seconded staff employed by 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	
	2018	2017
251–260	0	1
331–340	1	0

The Honoraria, Remuneration & Expense Committee approves the Board's remuneration policy.



# INDEPENDENT AUDITOR'S REPORT

## TO THE STAKEHOLDERS OF NEW ZEALAND MEAT BOARD

### Opinion

In our opinion, the accompanying financial statements of New Zealand Meat Board (the board) on pages 14 to 28:

- i. present fairly in all material respects the board's financial position as at 30 September 2018 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 2018;
  - the statements of comprehensive revenue and expense, 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 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (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 in 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: [www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/](http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/)

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

The KPMG logo is written in a stylized, handwritten font.

4 December 2018  
Wellington

# USE OF STATUTORY POWERS

FOR THE PERIOD 1 OCTOBER 2017-30 SEPTEMBER 2018

## 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.

## 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, three quota allocation mechanisms operated in accordance with Part 3 of the Act: European Union sheepmeat and goatmeat, United States beef and veal and European Union high-quality beef.

As at 30 September 2018 a total of 213 Export Registrations were current.

20 Export Registrations were issued and 30 Export Registrations were cancelled in the year ending 30 September 2018.

The holders of these registrations are listed as follows:

<b>1007</b>	LSG Sky Chefs Limited	<b>1079</b>	Prime Range Meats Limited
<b>1014</b>	Fern Ridge Ltd	<b>1083</b>	Milton Marketing Limited
<b>1015</b>	Garra International Ltd	<b>1089</b>	Pasifika Trading Ltd
<b>1016</b>	Harrier Exports Ltd	<b>1091</b>	Te Kuiti Meat Processors Ltd
<b>1019</b>	ANZCO Foods Green Island Limited	<b>1093</b>	Musgrave Meat Holdings Ltd
<b>1022</b>	Wilson Hellaby Limited	<b>1102</b>	Tradexport Corporation Limited
<b>1024</b>	Kanematsu New Zealand Ltd	<b>1103</b>	Alliance Group Ltd
<b>1029</b>	Highford Marketing Group Ltd	<b>1105</b>	Ovation New Zealand Ltd
<b>1033</b>	Alpine Export Limited	<b>1107</b>	Columbia Exports Ltd
<b>1034</b>	Garrett International Meats Ltd	<b>1111</b>	Comgroup New Zealand Ltd t/a Franklin Foods Ltd
<b>1035</b>	Prepared Foods Processing Ltd	<b>1116</b>	Genesis Bio-Laboratory Ltd
<b>1039</b>	W H Grove & Sons Ltd	<b>1119</b>	Greenlea Premier Meats Ltd
<b>1040</b>	Ottogi New Zealand Ltd	<b>1122</b>	McCallum Industries Ltd
<b>1044</b>	Blue Sky Meats (Gore) Limited	<b>1123</b>	Tara Exports Limited
<b>1046</b>	Silver Fern Farms Limited	<b>1124</b>	Pacific Natural Gut String Co Ltd
<b>1047</b>	Taylor Preston Ltd	<b>1129</b>	Nelson and Robertson Pty Ltd
<b>1049</b>	Fresha Export Ltd	<b>1133</b>	Lean Meats Limited
<b>1054</b>	Ballande NZ Ltd	<b>1134</b>	Swift & Company Trade Group
<b>1060</b>	Waitaki Biosciences a division of Pharmazen Ltd	<b>1137</b>	CMP Kokiri Ltd
<b>1062</b>	Auckland Meat Processors Ltd	<b>1138</b>	Wallace Corporation Limited
<b>1065</b>	Crosby Exports Limited	<b>1139</b>	Pacific Basin Exports Limited
<b>1068</b>	Davmet New Zealand Ltd	<b>1142</b>	Canterbury Meat Packers Limited
<b>1069</b>	Crown Marketing Limited	<b>1144</b>	Norman Evans Limited
<b>1074</b>	South Pacific Sera Limited	<b>1145</b>	Heinz Wattie's Limited

1147	Lotus Exports Ltd	1440	Pacific Asia Co Ltd
1150	JW Hartnell 2000 Ltd	1452	ORION 2000 Ltd
1152	Advance Marketing Ltd	1455	Tara International Limited
1159	FJ Ramsey Meats (Paerata) Limited	1462	Westalea Limited
1160	Crusader Meats New Zealand Ltd	1464	Goat NZ Ltd
1166	Aroma NZ Limited	1468	Ziwi Limited
1199	Back Country Foods Ltd	1472	Export Plus Ltd
1212	Mount Erin Exports (NZ) Ltd	1483	Martin Brower New Zealand
1214	Blue Sky Meats (NZ) Limited	1487	First Asian Group Ltd
1221	Lanexco Limited	1490	GR8 Marketing Ltd
1229	Van Hessen New Zealand Ltd	1493	Country Imports & Exports Ltd
1236	Shinpoh NZ Ltd	1496	Farm Brands Limited
1240	Juno Exports Ltd	1501	Farmers Meat Export Ltd
1256	Lowe Corporation Limited	1506	Southern Seafoods International Limited
1259	RCI Limited	1517	Wanganui Coldstorage Ltd
1262	Farmlands Mathias International Ltd	1518	Luttick (New Zealand) Pty Limited
1270	LANZ Company Limited	1519	Samex Limited
1272	UBP Limited	1522	Al-Jiab Ltd
1273	ABBEX International Ltd	1523	Barn Door Ltd
1275	New Zealand Freight Management 2010 Limited NZ Agent for Dunnett & Johnston Group Pty Limited	1524	Peter Stubbs Trading Ltd
1279	Affco New Zealand Ltd	1525	Food Partners Ltd trading as Leader Products
1280	Ellis Agricultural Services Ltd	1530	The Produce Company Ltd
1288	Walcovit New Zealand Limited	1532	Firstlight Foods Limited
1289	Riverlands Ltd	1533	Blue River Dairy LP
1296	NZ Meat & Seafood Exports Limited	1536	Archer Foods Limited
1300	Life Technologies (NZ) Ltd	1544	Moregate Exports Ltd
1301	ANZCO Foods Limited	1547	FOODCHAIN Ltd
1307	Alpine Export NZ Limited	1550	Kisco Foods International Ltd
1340	Lyford & Burkhart Exports (NZ) Ltd	1557	Pacific Vision Ltd
1342	Land Meat New Zealand Ltd	1559	Panamex New Zealand Ltd
1343	Konig Gourmet Foods Ltd	1561	Anzco Foods Waitara Ltd
1347	Cabernet Foods Ltd	1563	NEI BAA (NZ) Ltd
1348	South Pacific Meats Limited	1575	Minerva Foods Asia Pty Ltd
1359	AMI Export Ltd	1576	Riclin Farms Ltd
1364	Progressive Meats Ltd	1580	Yik Lung Tong International New Zealand Limited
1366	Robert J Aitchison	1585	Brownrigg Agriculture Group Limited
1370	The Neat Meat Company Ltd	1588	Latitude Commodities Ltd
1374	Samex Australian Meat Co Pty Ltd	1589	NAC Trading Ltd
1377	Shore Mariner Ltd	1590	Khiwi International Ltd
1380	Fresh Meats NZ Ltd	1591	New Zealand Meat Exports Ltd
1381	Agri-Lab Co-Products Ltd	1592	Quality New Zealand Ltd
1392	Integrated Foods Marketing Ltd	1595	G.Max New Zealand Ltd
1395	Halabi Holdings Ltd	1598	New Zealand Trade Centre Ltd
1404	Mountain River Venison Ltd	1601	Meateor Foods Ltd
1411	McDonald's Asia-Pacific Consortium Pty Ltd	1603	Seaview Traders 2012 Limited
1422	Farmlands Industries Ltd	1608	CSI Foods Trading Ltd trading as Greenmount Foods

1609	Natural Produce New Zealand Ltd	1669	Meco Group Ltd
1611	Merit Meats Limited	1670	Natural Quality Foods Ltd (NatQual)
1612	AWQAF New Zealand	1671	Kiwi Spring Premium Group Ltd
1615	Way To Go Heliservices	1672	Leadtone Holdings Limited
1618	Silver Fern Farms Venison Limited	1673	CLY NZ Group Ltd
1620	Oravida NZ Limited	1674	Linz Group Ltd
1621	David J Hislop Ltd	1675	ASW Dairy New Zealand Limited
1629	Brocklyn Trading Ltd	1676	Arex International NZ (2017) Ltd
1631	NZ Natural Beef and Lamb Limited	1677	Essential Food & Juices Ltd
1635	Tahi Pacific NZ Ltd	1678	Alpine Deer NZ LP
1636	Oasis Exports	1679	Kaurifield Trading Limited
1639	Hellers Ltd	1680	Stellare International NZ Ltd
1640	Taunoka Land Co Limited	1681	Provenance Meat (NZ) Ltd
1642	OFS Exports Limited	1682	Pure Nature Pasture NZ Ltd
1643	Silver Fern Farms Sheepmeat Limited	1683	New Zealand Premium Goat Meat Ltd
1647	The Corner Cone Ltd	1684	Azis Global Investments Ltd
1648	Future Cuisine Trading	1685	NZ Jessica International Trade Limited
1649	Regency Impex Ltd	1686	Grocers International (NZ) Limited
1650	Indo-NZ (Corp) Ltd	1687	Pure HeaveNZ
1651	Kiwi Farms Exporters Limited	1688	Home Paddock Foods Limited
1652	Saver Supermarket Manukau Ltd	1689	T Nutraceutical
1653	NZed DVG International Ltd	1690	Wilkins Farming Company Limited
1654	Greenage Meats Export	1691	NZ Ventures B V Limited
1655	Hinterland Foods Ltd	1692	Tradex Oceania Limited
1656	Grand & Pure Trading Limited	1693	NZ Goodwill International Ltd
1657	Asia Pacific Products Limited	1694	Mana Services Ltd
1658	Mua Export Ltd	1695	New Zealand Green Farm Limited
1659	Turners Global Marketing (NZ) Limited	1696	Origin South Food Co Ltd
1660	General Distributors Ltd	1697	Intermeats Limited
1661	Koru NZ Meats Limited	1698	Brilliant Star Enterprise NZ Ltd
1662	Chinzafoods Limited	1699	Makarios Trading Company Ltd
1663	Binxi Food NZ Ltd	1700	New Zealand Islamic Products & Services Ltd
1664	S Foods NZ Limited	1701	NZ Natural Beef and Lamb AK Limited
1665	Deda International Company Limited	1702	Wholesale Distributors Ltd
1666	Allpacific Limited	1704	The Pure Food Co
1667	Ample Group Limited	1705	Dynamic Supply Co Ltd
1668	RTC Foods Limited		





# ANNUAL REPORT 2018

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