

NEW ZEALAND
MEAT BOARD

ANNUAL REPORT

2019





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CHAIRMAN AND CHIEF EXECUTIVE'S REPORT

Building on what had been a busy 2018, 2019 continued in a similar vein for the New Zealand Meat Board. It was dominated in the early phases by the need to prepare for Brexit which at first loomed in March, was delayed to April, then until October, and now looks finally likely on 31 January 2020. Throughout this process, the New Zealand Meat Board worked closely with Beef + Lamb New Zealand Ltd, the Meat Industry Association, and the New Zealand Government to ensure that we had updated our systems, and were doing all we could do to minimise disruptions if and when Brexit occurred.

Outside of this process, things look positive for New Zealand sheepmeat and beef on the global scene, and the commencement of European Union - New Zealand free trade agreement discussions, as well as indications from the United Kingdom that, post-Brexit, they are eager to conclude a free trade agreement with New Zealand promptly bode well. However, we remain resolutely opposed to the EU-UK proposal to split our World Trade Organization mandated quotas, and are working with the New Zealand Government to remedy this.

The New Zealand Meat Board's role is regulated by the Meat Board Act 2004 and involves the management of the European Union Sheepmeat and Goatmeat Quota, European Union High Quality Beef Quota, and the United States Beef and Veal Tariff Rate Quota on behalf of the New Zealand Government, and the management of livestock farmer reserves totalling \$75.9 million at 30 September 2019.

The 2019 financial year saw a phased transition to the new farmer endorsed investment strategy of a balanced portfolio managed by Jarden (formerly NZ First Capital). At balance date, the Jarden managed investment portfolio had a balance of \$57.7 million.

For the year ending 30 September 2019, the New Zealand Meat Board reported an operating surplus of \$225,000 (2018 deficit \$1.64 million). The 2019 financial year included the final year of grant funding of \$3.15 million to B+LNZ for the Red Meat Profit Partnership.

Finance and income expense totalled \$3.52 million (2018 \$1.52 million) and includes the gain on the investment portfolio managed by Jarden.

The reported surplus of \$225,000 (2018 deficit \$1.639 million) comprises a surplus of \$354,000 million from reserves management (2018 deficit \$1.659 million) and a deficit of \$129,000 from quota management activities (2018 surplus \$20,000). The surplus from reserves management includes a non-cash gain on the Jarden Managed Investment Portfolio of \$3.522 million. In 2018, a \$1.518 million translation gain was reported on offshore investments as the New Zealand dollar depreciated. To deliver on its objective the New Zealand Meat Board sets an annual statement of intent. This report details excellent achievement against that intent and details 2019's quota management and investment activities



Andrew Morrison
CHAIRMAN



Sam McIvor
CEO

Performance against Statement of Intent

PART I: QUOTA AND INFORMATION

Deliverable	Measure	Status
Initiative 1: BREXIT - Maintaining Trade Flows		
<ul style="list-style-type: none"> Contingency planning for possible Brexit outcomes to ensure there is no disruption to access to quota markets. 	<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"> NZMB consults industry on options for potential changes to quota allocation and management systems. Changes are implemented as necessary, with broad industry support and in accordance with the Board's statutory objectives. 	●
Initiative 3: NZMB Business Services project		
<ul style="list-style-type: none"> Continue initiatives to enhance NZMB IT business services to deliver corporate assurance outcomes and accessibility of NZMB systems for business continuity purposes. Service Level Agreement between B+LNZ and NZMB to be reviewed and updated to appropriately record roles and charging between both Boards. 	<ul style="list-style-type: none"> All improvements to NZMB's records management policy and protocols are developed, adopted, and incorporated into business process. Service Level Agreement was executed by both Boards in October 2018. 	●
Initiative 4: 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. 	●
Initiative 5: Risk Management		
<ul style="list-style-type: none"> Corporate Assurance Programme maintained, with risks monitored continually, reported six-monthly, and reviewed annually. Note the BREXIT risk is specifically monitored in Initiative 2. Proactive management with regards to the Health and Safety at Work Act and a continuing compliance and engagement focus for Management and Board. 	<ul style="list-style-type: none"> Six monthly reports prepared and submitted to Audit and Risk Committee. Annual risk review conducted, and risk management steps introduced/amended as appropriate. NZMB complies with Health and Safety at Work Act. Staff contribute to H&S related initiatives. 	●
Initiative 6: 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). 	●
Initiative 7: Personnel and Succession Planning		
<ul style="list-style-type: none"> NZMB's 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. 	●

PART II: RESERVES MANAGEMENT - SPECIFIC INITIATIVES & DELIVERABLES

Deliverable	Measure	Status
Initiative 8: Reserves Policy		
Reserves Policy complied with. No review due in 2019	<ul style="list-style-type: none"> No non-compliance reported. 	●
Initiative 9: Statement of Investment Policies and Objectives (SIPO)		
<ul style="list-style-type: none"> Efficient and effective transition from existing investments to the new SIPO. Professional management of relationships with the financial sector. Existing Treasury Policy to be amended to reflect ongoing NZMB investment role will be managing a small amount of working capital only. 	<ul style="list-style-type: none"> Quarterly reporting for investment fund performance, compliance as set out in the SIPO is implemented from appointment of the Fund Manager Board obtains an unqualified audit opinion that its annual financial statements comply with New Zealand accepted accounting practice, give a fair and accurate view of the financial position and the results of operations and cash flows. 	●
Initiative 10: Industry-Good Project Funding		
The process set out in the Reserves Policy for grants of funding has been adhered to and documented appropriately.	Reserves Policy adhered to, including funding only approved projects and against agreed milestones.	●

RESERVES MANAGEMENT

Interest and dividend income generated from reserves management was \$2.39 million (yield of 3.10%) compared with \$2.37 million (3.14% yield) in 2018.

Reserve management expenses were \$390,000 (2018: \$380,000), representing 0.50% of total assets (2018 0.44%).

Funding of \$1.8 million from interest income was provided to Beef + Lamb New Zealand Ltd for Beef + Lamb New Zealand Genetics activity (2018: \$1.8 million).

During the year, \$3.150 million of funding from capital reserves was paid to Beef + Lamb New Zealand Ltd for Red Meat Profit Partnership funding (2018 \$3.345 million) and \$149,000 for the Red Meat Sector Representative in London, jointly funded by the Meat Industry Association, Beef + Lamb New Zealand Ltd, and supported by an AGMARDT funding grant. (2018: \$44,000).

Future applications from Beef + Lamb New Zealand Ltd are planned to provide funding of up to \$1.2 million for Beef + Lamb New Zealand Genetics funding from investment income. These applications are annual and will be subject to milestones and must be reviewed and approved annually.

Investment Strategy

In December 2018, the New Zealand Meat Board commenced the process of implementing a diversified investment strategy.

An Investment Committee has been set up to act in an advisory capacity to the Board to assist in fulfilling the Board's responsibilities for the investment of the NZMB's reserves. The Investment Committee is responsible for formulating overall investment policies, subject to approval by the Board, establishing investment guidelines in furtherance of those policies, monitoring the management of portfolios for compliance with investment policies and guidelines, and monitoring and reporting performance relative to benchmarks and objectives over time.

Following farmer consultation, the Board approved a new investment policy, moving to a balanced growth portfolio in December 2018. This policy is detailed in a Board Approved Statement of Investment Policies and Objectives (SIPO) www.nzmeatboard.org/reserves/investment-policy

The investment policy implementation commenced in December 2018 and was rolled out progressively over a thirteen-month period after appointing Jarden as fund manager.

The strategy is designed to achieve four investment objectives:

1. To protect and maintain the real value of the investment assets and all future additions,
2. To maximise investment returns within reasonable and prudent levels of risk,
3. To ensure all investments are liquid,
4. 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.

The New Zealand Meat Board recognises that some risk must be assumed in order to achieve these long-term investment objectives. After a detailed assessment and consultation process, an investment policy was formulated based on the New Zealand Meat Board's perpetual time horizon, capacity to accept risk and the required rate of return. It was determined that the asset allocation should be based on a medium risk level which comprises 50% income assets and 50% growth assets. This allocation has been maintained throughout the implementation process.

Independent investment advice is provided by Cambridge Partners which advised on the development of the SIPO and selection of the fund manager, Jarden.

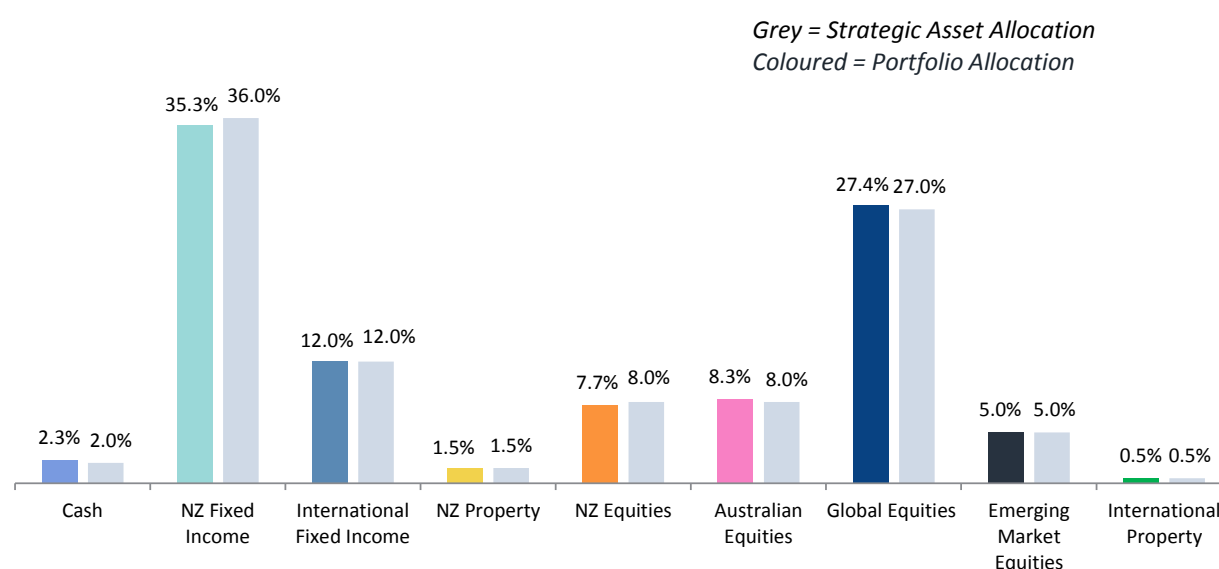
Jarden - Investment Fund Manager

Investment Portfolio Performance

In late 2018, Jarden was appointed as Investment Manager to the New Zealand Meat Board and an implementation strategy was established. Jarden commenced the progressive investment of funds into a diversified multi-asset class portfolio in December 2018. The portfolio has experienced a strong period of growth through the implementation phase with a return to 30 September 2019 after tax and fees of 14.81%. All asset classes contributed to the strong result. The total portfolio value as at 30 September 2019 was \$57.7million, this compares to total funds introduced to 30 September of \$54.0million. The implementation phase will be completed in April 2020.

The allocation across asset classes compared to policy at 30 September 2019 was:

Current Portfolio vs Strategic Asset Allocation



Investment Markets Overview

Developed markets, including New Zealand, have performed strongly in 2019, outperforming emerging markets. Global growth has remained positive despite downward revisions. Manufacturing data has shown some weakness. However, economic activity has generally been supported by the consumer, with spending remaining strong.

To boost economic activity, central banks have provided supportive monetary policy with cuts to interest rates widespread and quantitative easing employed. Central banks have also been calling on governments to provide additional support through fiscal stimulus. There is often a lag between policy announcement and the economic response, but it would appear some of these measures are now having an impact. Recent manufacturing data is appearing to start to stabilise. Although these are only early signs, the data now looks to be improving.

The main risks facing New Zealand and global markets tend to be political in nature. Key events include:

- United States/China trade talks,
- United States Presidential Elections (November 2020),
- New Zealand General Elections,
- The terms of the UK's departure from the EU,
- Hong Kong protests,

- Middle East tensions – specifically Iran and attacks on oil,
- Chinese economic growth and food supply.

Economically, the United States remains a key focus because it represents 25% of the global economy, 58% of the global equity markets and 40% of the global bond (debt) market. US economic indicators do not indicate a recession is imminent. US employment continues to expand, albeit at a slower rate, and there are no signs of layoffs in the US labour market.

Consumer confidence remains high and there has been a recovery in house construction. In conclusion, signs no longer clearly point to a US recession in the next year although the risk of a recession is more elevated than it was.

Market participants therefore expect 2020 will be characterised by continued high levels of global uncertainty, an absence of inflation and a supportive interest rate environment. Trade is likely to be the biggest influence on confidence and a resolution to the China/US trade talks would be supportive for the manufacturing sector and markets.

TRADE POLICY

The global trade policy outlook continued to be uncertain following trade tensions between the US and China. However, back at home there were several positive developments on New Zealand's trade policy agenda.

The Regional Comprehensive Economic Partnership (RCEP) agreement reached an important milestone in November 2019 and the red meat sector welcomed the announcement that 15 of the 16 members had agreed the text of the agreement and essentially all their markets access issues. While it was disappointing that India was not in a position to sign on, the sector encouraged the New Zealand Government to continue to work with India to come back on board.

The EU-NZ free trade agreement negotiations, launched in 2018, continued this year with several rounds hosted in Wellington and Brussels. The sector continues to advocate for improved access into the EU market.

Brexit

The decision of the United Kingdom to leave the European Union has been, and continues to be, a source of great uncertainty with regard to our future trade in the key European market. In October, the Brexit deadline was extended for the third time to 31 January 2020. This was positive for business, including our sector because it avoided a no-deal Brexit especially ahead of Christmas trade. However, with any extension, uncertainty is also extended.

The New Zealand Meat Board, Beef + Lamb New Zealand Ltd, and the Meat Industry Association have worked hard to put in place contingency planning for a no-deal scenario in order to mitigate potential trade impacts and help to ensure continuity of trade. This work has also been closely aligned to the efforts of the New Zealand Government, and we would like to extend our thanks to officials from the Ministry of Foreign Affairs and Trade, Ministry for Primary Industries, New Zealand Trade and Enterprise, and the New Zealand Customs Service for their ongoing work and collaboration.

The New Zealand Meat Board, Beef + Lamb New Zealand Ltd, and the Meat Industry Association continue to work closely with the government to challenge the EU and UK proposal to split the World Trade Organization quotas that allow our access into their markets. The proposal to split the WTO quotas remain unacceptable to the sector.

New Zealand Meat Board Chairman Andrew Morrison and Director Martin Coup visited London and Brussels in October 2019 as part of a trade delegation led by the Minister of Trade, Hon David Parker. The visit was a good opportunity to connect with importers, government and fellow industry contacts to better understand economic dynamics and implications from Brexit, but also register ongoing concerns about the impact on the New Zealand red meat sector.



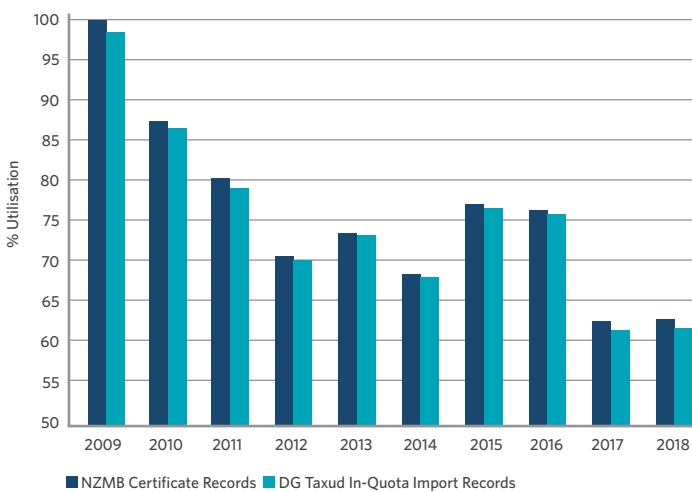
QUOTA MANAGEMENT

EU Sheepmeat & Goatmeat Tariff Rate Quota (TRQ)

For the quota year ending 31 December 2018, New Zealand exported 143,673.6 tonnes (carcase weight equivalent) of sheepmeat and goatmeat under the quota. The quota allows a maximum of 228,389 tonnes (c.w.e.) – the increase of 135 tonnes is compensation for the accession of Croatia to the EU in 2013. There were 8,313 EU quota certificates issued between the New Zealand and Belgium offices.

This represented 62.9% utilisation of the TRQ according to New Zealand Meat Board certificate records, while European Commission Taxation and Customs Union recorded in-quota imports of 61.95%. This variation is due to a small amount of quota certificates not being drawn against by companies for various reasons.

Utilisation of EU sheepmeat and goatmeat quota



Source: NZMB, DG Taxud
Data for quota year ending 31 Dec 2018

Table 1: Comparison of utilisation of 2018 EU sheepmeat and goatmeat quotas

	Quota Volume tonnes (c.w.e.)	Quota Used tonnes (c.w.e.)	Utilisation %
New Zealand	228,389	142,743	62.5
Argentina	23,000	1,518	6.6
Australia	19,186	19,109	99.6
Chile	8,200	2,263	27.6
Uruguay	5,800	568	9.8

Source: DG Taxud
Data for quota year ending 31 Dec 2018

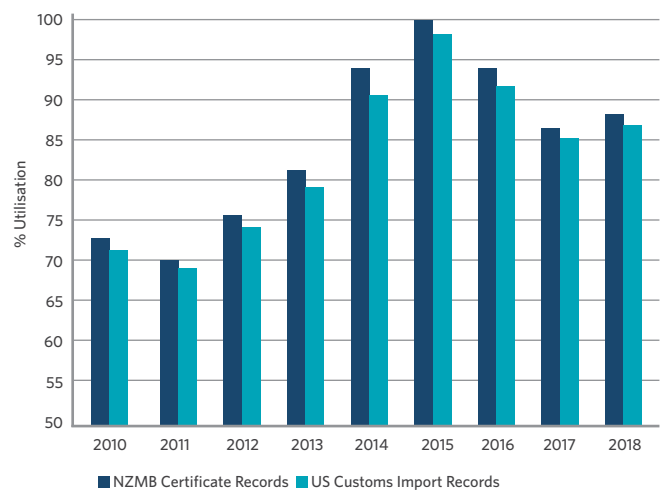
USA Beef & Veal Tariff Rate Quota (TRQ)

The USA Beef and Veal TRQ for the year ending 31 December 2018 was 213,402 tonnes (product weight).

New Zealand Meat Board certificates show 88.38% of that quota was utilised and the US Customs and Border Protection recorded in-quota imports at 86.97% utilisation.

There were 11,166 USA quota certificates issued in New Zealand and they covered 188,598.4 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 2018

Table 2: Comparison of utilisation of 2018 US beef and veal quotas

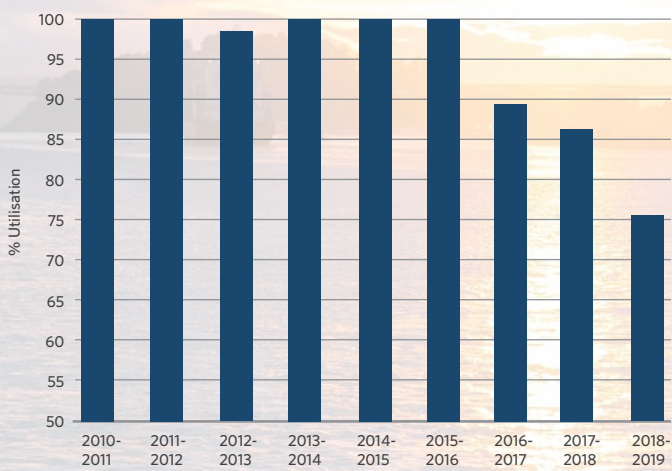
	Quota Volume (tonnes)	Quota Used (tonnes)	Utilisation %
New Zealand	213,402	185,610.0	87.0
Argentina	20,000	486.0	2.4
Australia	378,214	223,037.5	59.0
Japan	200	200.0	100.0
Uruguay	20,000	19,933.7	99.7
Other	64,805	64,805.0	100.0

Source: US Customs and Border Protection Website
Data for quota year ending 31 Dec 2018

EU High Quality Beef Tariff 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 2019, 75.43% of that quota was utilised and that represented 980.6 tonnes of high-quality beef, by product weight.

Utilisation of EU high quality beef quota



■ NZMB Certificate Records

Source: NZMB

Data for quota year 1 July 2018 - 30 June 2019

GOVERNANCE

The Board of The New Zealand Meat Board has adopted a Board Charter which sets out the responsibilities of the Board, delegations to management, and a requirement to review the Board's performance. The Board and senior management have all adopted a code of values and behaviour with which to hold each other to account.

The Board has three Committees:

Audit & Risk Committee

This committee assists the Board with its governance responsibilities for financial reporting and external audit, risk management, internal control, compliance with laws and regulations, code of conduct compliance and delegated authorities for management. This Committee has a shared function with Beef + Lamb New Zealand Ltd. The Committee has reviewed the annual financial statements.

Honoraria, Remuneration and Expense Committee

This Committee assists the Board in the oversight of the Directors Independent Remuneration Committee (comprising David Nelson, Derrick Millton and Bruce Wills), the remuneration policies for Beef + Lamb New Zealand Ltd, and reviews the CEO and his reports. This Committee has shared function with the Beef + Lamb New Zealand Ltd.

Investment Committee

The Investment Committee assists the Board in formulating overall investment policies, subject to approval by the Board, establishing investment guidelines in furtherance of those policies, and monitoring the management of portfolios for compliance with investment policies and guidelines and for meeting performance objectives over time. The Committee oversees and recommends the appointment of and the review of investment advisors and the investment manager.



SAM McIVOR
CHIEF EXECUTIVE

BOARD OF DIRECTORS

As at 30 September 2019



ANDREW MORRISON
CHAIRPERSON
Southern South Island
Farmer Director

Served since: 2014
Term expires: 2020



MARTIN COUP
Northern North Island
Farmer Director

Served since: 2018
Term expires: 2021



GEORGE TATHAM
Eastern North Island
Farmer Director

Served since: 2014
Term expires: 2020



SCOTT GOWER
Western North Island
Farmer Director

Served since: 2019
Term expires: 2022



PHIL SMITH
Northern South Island
Farmer Director

Served since: 2015
Term expires: 2021



NICKY HYSLOP
Central South Island
Farmer Director

Served since: 2019
Term expires: 2022



TONY EGAN
Processor-Exporter Appointee

Served since: 2019
Term expires: 2022



MARK CLARKSON
Processor-Exporter Appointee

Served since: 2012
Term expires: 2021



GEORGE RUTHERFORD
Government Appointee

Served since: 2013
Term expires: 2020



SARAH PATERSON
Government Appointee

Served since: 2018
Term expires: 2021

FINANCIAL STATEMENTS

Statement of Comprehensive Revenue and Expense

For the year ended 30 September 2019

In thousands of New Zealand dollars	Note	2019	2018
Exchange Revenue			
Investment Income	4	2,393	2,367
Quota Revenue	4	1,156	1,218
Other Income	4	431	469
Other operating expenses	5	(3,915)	(3,822)
Capital grant expense	5	(3,299)	(3,389)
Net operating deficit from operating activities		(3,234)	(3,157)
Net finance income	6	3,522	1,518
Surplus/ (deficit) before income tax		288	(1,639)
Taxation expense	7	63	-
Surplus/(deficit) for the year		225	(1,639)
Total comprehensive income for the year		225	(1,639)
Attributable to:			
Reserves Management		(3,168)	(3,272)
Quota Management		(129)	20
Contingency Fund Foreign Currency Fluctuation Reserve		(7)	1,613
Investment Fluctuation Reserve		3,529	-
Total comprehensive income for the year		225	(1,639)

These statements are to be read in conjunction with the accounting policies and notes on pages 18 to 31.

Statement of Changes in Equity

For the year ended 30 September 2019

In thousands of New Zealand dollars	Retained Earnings - General Reserve	Retained Earnings - Quota	Contingency Fund	Contingency Fund Foreign Currency Fluctuation Reserve	Investment Fluctuation Reserve	Total Equity
Balance at 01 October 2018	18,816	245	57,500	(858)	-	75,703
Surplus / (Deficit) for the year	(3,168)	(129)	-	(7)	3,529	225
Foreign Currency transfer to Investment Fluctuation Reserve	-	-	-	865	(865)	-
Capital maintenance adjustment	83	-	305	-	(388)	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	(3,085)	(129)	305	858	2,276	225
Transactions with owners, recorded directly in equity	-	-	-	-	-	-
Balance at 30 September 2019	15,731	116	57,805	-	2,276	75,928

Statement of Changes in Equity

For the year ended 30 September 2018

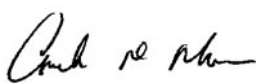
In thousands of New Zealand dollars	Retained Earnings - General Reserve	Retained Earnings - Quota	Contingency Fund	Contingency Fund Foreign Currency Fluctuation Reserve	Investment Fluctuation Reserve	Total Equity
Balance at 01 October 2017	22,088	225	57,500	(2,471)	-	77,342
Surplus / (Deficit) for the year	(3,272)	20	-	1,613	-	(1,639)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	(3,272)	20	-	1,613	-	(1,639)
Transactions with owners, recorded directly in equity	-	-	-	-	-	-
Balance at 30 September 2018	18,816	245	57,500	(858)	-	75,703

These statements are to be read in conjunction with the accounting policies and notes on pages 18 to 31.

Statement of Financial Position

As at 30 September 2019

In thousands of New Zealand dollars	Note	2019	2018
EQUITY EMPLOYED			
Contingency Fund		57,805	57,500
Retained earnings - Reserves Management		15,731	18,816
Retained earnings - Quota Management		116	245
Contingency Fund Foreign Currency Fluctuation Reserve		-	(858)
Investment Fluctuation Reserve		2,276	-
TOTAL EQUITY EMPLOYED		75,928	75,703
Represented by:			
CURRENT ASSETS			
Cash and cash equivalents		15,565	2,694
Trade and other receivables		207	825
Term Deposits	8	4,000	69,660
Fixed Interest Bond- Domestic		-	3,002
Derivative Financial Instrument		-	66
Jarden - Managed Investment Portfolio	9	1,824	-
Total Current Assets		21,596	76,247
NON-CURRENT ASSETS			
Property, plant & equipment		58	17
Intangible assets		28	37
Jarden - Managed Investment Portfolio	9	55,844	-
Total Non-Current Assets		55,930	54
TOTAL ASSETS		77,526	76,301
CURRENT LIABILITIES			
Trade and other payables		1,526	562
Deferred Income		61	25
Employee entitlements		11	11
Total Current Liabilities		1,598	598
TOTAL LIABILITIES		1,598	598
NET ASSETS		75,928	75,703



A Morrison
Chairman



M Coup
Chairman Audit & Risk Committee

The Board of Directors authorised these financial statements for issue on 3 December 2019.
These statements are to be read in conjunction with the accounting policies and notes on pages 18 to 31.

Statement of Cash Flows

For the year ended 30 September 2019

In thousands of New Zealand dollars	2019	2018
OPERATING ACTIVITIES		
Cash was received from:		
Receipts from Customers	2,399	1,690
Interest Received	2,241	2,404
Net GST received	2	-
	4,642	4,094
Cash was applied to:		
Payments to Suppliers, Employees and Statutory Expenses	2,226	2,014
Industry Grant Funding to Beef + Lamb New Zealand Ltd	1,671	1,718
Net GST paid	-	7
Capital Reserve Funding to Beef + Lamb New Zealand Ltd	2,322	3,541
	6,219	7,280
Net cash flows applied to operating activities	(1,577)	(3,186)
INVESTING ACTIVITIES		
Cash was received from:		
Maturity of Investments	91,723	118,649
Realised gain on offshore investments	3,522	948
	95,245	119,597
Cash was applied to:		
Purchase of Investments	23,000	117,291
Purchase of fixed assets	55	1
Purchase of intangibles	10	34
Purchase of Managed Fund	57,732	-
	80,797	117,326
Net cash flows from investing activities	14,448	2,271
Cash was applied to:		
Net increase/ (decrease) in cash held	12,871	(915)
Foreign currency translation adjustment	-	372
Add: Opening cash and cash equivalents	2,694	3,237
Closing cash and cash equivalents	15,565	2,694
CASH AND CASH EQUIVALENTS COMPRISE		
Bank balances	5,310	2,694
Jarden Working Capital Account	10,255	-
	15,565	2,694

These statements are to be read in conjunction with the accounting policies and notes on pages 18 to 31.



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 3 December 2019.

(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.

(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 2019

In thousands of New Zealand dollars	2019			2018		
	Reserve Management	Quota Management	Total	Reserve Management	Quota Management	Total
Revenue - Investment Income	2,384	9	2,393	2,348	19	2,367
Revenue - Quota Management Recoveries	-	1,156	1,156	-	1,218	1,218
Revenue - Service Recoveries	-	431	431	-	469	469
Other operating expenses	(2,190)	(1,725)	(3,915)	(2,180)	(1,686)	(3,866)
Capital grant expense	(3,299)	-	(3,299)	(3,345)	-	(3,345)
Net operating surplus/(deficit) from operating activities	(3,105)	(129)	(3,234)	(3,177)	20	(3,157)
Net finance income	3,522	-	3,522	1,518	-	1,518
Surplus/(Deficit) before income tax	417	(129)	288	(1,659)	20	(1,639)
Income tax expense	(63)	-	(63)	-	-	-
Surplus/ (Deficit) for the year	354	(129)	225	(1,659)	20	(1,639)

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 2019

In thousands of New Zealand dollars	2019	2018
Exchange Revenue		
Interest Income on Held-to-Maturity investments	1,477	2,251
Interest Income on Cash and Cash Equivalents	128	116
Dividends Received	788	-
Quota Management Recoveries	1,156	1,218
Service recoveries	431	469
Total Exchange Revenue	3,980	4,054

Other income comprises \$431,000 of service fee recoveries (2018:\$469,000) - refer to note 11 for further commentary.

5. Other Operating Expenses

The following items of expenditure are included in operating expenses:

In thousands of New Zealand dollars	2019	2018
Audit Fees		
<i>Auditor remuneration to KPMG comprises:</i>		
- audit of financial statements	20	20
Total auditor's remuneration	20	20
Depreciation	14	16
Software amortisation	18	17
Rental expense relating to operating leases	76	85
Directors fees	178	175
Insurance	65	54
Annual meeting and report	18	18
Other Operating Expenses - NZ	619	598
Other Operating Expenses - Overseas	141	131
Fees (Legal, Consultancy)	161	83
Wages, Salaries and allowances	805	825
Capital Grant funding to Beef + Lamb New Zealand for:		
- Brexit - Red Meat Ambassador London	149	44
- Red Meat Profit Partnership	3,150	3,345
Operating Grant funding to Beef + Lamb New Zealand for:		
- Beef + Lamb Genetics Limited	1,800	1,800
	7,214	7,211

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	2019	2018
Unrealised gain on foreign currency investments and cash balances	-	509
Gain on investments - Jarden Managed Investment Fund	3,529	-
Realised foreign currency gain on offshore investments	44	948
Realised gain on foreign currency derivatives	-	61
Finance Income	3,573	1,518
Realised loss on foreign currency derivatives	51	-
Finance Expense	51	-
Net finance income/(expense)	3,522	1,518

Finance income and expense from the investment portfolio managed by Jarden is reported through the Investment Fluctuation Reserve and finance income and expense in the maturing offshore fixed interest portfolio was applied to the Contingency Fund Foreign Currency Fluctuation Reserve. The Contingency Fund Foreign Currency Fluctuation Reserve remaining balance was transferred to the Investment Fluctuation Reserve as foreign currency investments were reinvested by Jarden and where future foreign currency movements are reported.

During the year the realised loss on foreign currency derivatives arises from swapping currencies to earn increased domestic interest income, after the cost of the derivative.

7. Income Tax Expense

Unrecognised tax losses of \$71.4 million (2018: \$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.

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	2019	2018
Term Deposits - Held to Maturity Investments:		
Current	4,000	69,660
	4,000	69,660

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 investment policy implementation is being undertaken progressively over a thirteen month period commencing in December 2018 after appointing Jarden as Fund Manager

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.

Investment Advisor

The Board appointed Cambridge Partners as its independent Investment Advisor who advised on the development of the SIPO and the selection of a fund manager.

Investment Manager

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

Jarden Managed Investment Portfolio

	\$,000
Opening Portfolio Value	-
Capital Contributed	54,041
Investment Income Withdrawn	(577)
Capital Changes to Investments	
Realised Capital Gain / (loss)	(82)
Unrealised Gain / (loss)	3,600
Accrued Interest	139
Income	
Interest	288
Dividends	360
Less Costs	
Tax	(63)
Management Fees	(38)
Total Costs	(101)
Net Income	547
Net Gain/ (loss) for the year	4,204
Closing Portfolio Value	57,668
Gross Portfolio return for period	15.05%
Net Portfolio Return after fees and taxes p.a	14.81%
Expected return (after fees, tax and inflation)	3.30%
Annual inflation to 30 September 2019	1.50%

Asset Allocation as at 30 September 2019	\$,000
Current Investments	-
NZ Cash and Cash Equivalents	1,305
NZ Fixed Interest	519
Total Current	1,824
Non Current Investments	
NZ Fixed Interest	19,818
NZ Property	850
NZ Equities	4,441
Australian Equities	4,772
Global Fixed Interest	6,948
Global Equities	19,015
Total Non Current	55,844
Closing Portfolio Value	57,668

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 as a risk averse entity seeks to minimise risk arising from its investment activities. Liquidity, credit and interest rate risks 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. Up until December 2018 this involved using a fixed interest only investment policy which provided no inflation proofing or growth opportunity for the reserves. The new diversified investment approach should allow inflation proofing and asset growth of the reserves over time.

The Board has approved a new investment policy moving to a medium risk balanced portfolio. This policy is detailed in a Board approved SIPO. The Investment Manager appointed is Jarden, with Cambridge Partners appointed as Investment Advisors and the new policy has been implemented in the 2018-19 financial year. The objective of the SIPO is to accept an increased level of risk and volatility for the reserves management in return for increased returns and inflation proofing reserves in the medium term.

The Board's policies 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 - 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.

Liquidity risk is minimised by ensuring that all investments must be capable of being liquidated in a readily available secondary market.

(c) Market risk

i. Hedging

In 2018, 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 protect the value of foreign currency deposits swapped back in New Zealand deposits to secure a higher yield.

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.

The remaining deficit balance of \$858,000 was transferred to the Investment Fluctuation Reserve on creation of the new managed investment fund. This reserve includes both foreign currency movements and investment return.

ii. Foreign exchange risk

The foreign currency denominated investments in the new 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 all funds invested in international equities and international fixed interest in an unhedged fashion.

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 were used to manage some of the New Zealand Meat Board's foreign exchange exposure prior to implementing the new investment policy.

The Board had 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 were swapped back into foreign currency at the end of the term of the foreign currency swap.

iii. Equity market risk

Equity market risk of \$28.228 million is held in equity securities which is subject to market movement. The portfolio includes domestic property and equities and 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	EURO	USD	GBP	YEN	AUD
2019					
Jarden Managed Fund	-	16,250	-	-	4,425
Gross balance sheet exposure and net exposure	-	16,250	-	-	4,425
2018					
Other investments-current	3,170	10,484	5,047	1,505	-
Gross balance sheet exposure and net exposure	3,170	10,484	5,047	1,505	-

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 was hedged using Forward Exchange Contracts. These matured during the 2019 financial year and proceeds were transferred to the Jarden managed portfolio.

(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 \$57.805 million (2018: \$57.5 million). The contingency fund is to be inflation adjusted since the new SIPO was implemented and in 2019 this adjustment was \$305,000 based upon the transition of investments into the new managed investment fund.
- Within this contingency fund, \$2.5 million (2018: \$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.
- 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 contingency fund foreign currency fluctuation reserve has been transferred during the year to the Investment Fluctuation Reserve where unit price movements and foreign currency fluctuations are reported.
- 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.

(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.

(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 2019

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	-	-	-	15,565	15,565	15,565
Term Deposits	-	-	4,000	-	4,000	4,172
Jarden - Managed Fund	-	1,824	-	-	1,824	1,824
Trade and other receivables	-	-	-	207	207	207
Total Current Assets	-	1,824	4,000	15,772	21,596	21,768
Jarden - Managed Fund	-	55,844	-	-	55,844	55,844
Total Non-current Assets	-	55,844	-	-	55,844	55,844
Total Assets	-	57,668	4,000	-	77,440	77,612
Liabilities						
Trade and other payables	1,526	-	-	-	1,526	1,526
Total current liabilities	1,526	-	-	-	1,526	1,526
Total Liabilities	1,526	-	-	-	1,526	1,526

As at 30 September 2018

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	-	-	-	2,694	2,694	2,694
Term Deposits	-	-	69,660	-	69,660	70,672
Fixed interest bond - domestic	-	-	3,002	-	3,002	3,060
Trade and other receivables	-	-	-	825	825	825
Total Current Assets	-	-	72,662	3,519	76,181	77,251
Total Assets	-	-	72,662	3,519	76,181	77,251
Liabilities						
Trade and other payables	562	-	-	-	562	562
Total current liabilities	562	-	-	-	562	562
Total Liabilities	562	-	-	-	562	562

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 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.

In thousands of New Zealand dollars	2019	2018
Service Recovery Fee: Overseas Offices	428	469

George Rutherford 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, 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	2019	2018
Governance	18	18
Administration and Information Technology	136	127
Human Resources	21	22
Finance	175	167
Trade Policy for Quota Administration	102	121
	452	455

At balance date, the New Zealand Meat Board owed a total of \$1.399m to Beef + Lamb New Zealand Limited comprising \$23,034 for expenses incurred on its behalf (2018: \$24,493), \$485,000 for Grant funding to Beef + Lamb Genetics Limited (2018: \$312,000) contribution to the Red Meat Ambassador role in London \$48,000 (2018: \$44,000) and the Red Meat Profit Partnership \$843,366 (2018: \$102,276).

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

In thousands of New Zealand dollars	2019	2018
Beef + Lamb Genetics Limited	1,800	1,800
Red Meat Profit Partnership	3,150	3,345
United Kingdom Representation - BREXIT	148	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.

In thousands of New Zealand dollars	2019	2018
Salaries, Directors fees and other short-term employee benefits	178	175

There are 10 directors covered under key management personnel.

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- 3 years (2018: 1- 4 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	2019	2018
Within one year	105	104
Within one to two years	62	102
Within two to five years	-	63
	167	269

Funding and Contractual Commitments

In thousands of New Zealand dollars	2019	2018
Within one year - B+L Genetics Ltd	1,200	1,800
Total Funding and Contractual Commitments	1,200	1,800

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

- In 2019 the last funding for the Red Meat Profit partnership of \$3.15 million was paid to Beef + Lamb New Zealand Ltd (2018: \$3.4 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.
- 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 \$1.2 million in the 2019-2020 financial year.

Capital commitments

There are nil capital commitments as at 30 September 2019 (2018: 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. Reconciliation of Surplus / (Deficit) to Net Cash Flow from Operating Activities

In thousands of New Zealand dollars	2019	2018
Reported surplus / (deficit) after taxation :	225	(1,639)
Add/(less) non-cash items:		
Depreciation and amortisation	33	33
Bond amortisation	6	7
Exchange fluctuations international deposits and bonds	-	(510)
Unrealised mark to market on derivatives	-	(61)
Tax on managed fund	63	-
	102	(531)
Add/(less) movements in other working capital items:		
(Increase)/decrease in accounts receivable	618	22
Increase/(decrease) in income in advance	36	(1)
Increase/(decrease) in accounts payable	964	(89)
	1,618	(68)
Add/(less) items classified as investing or financing activities:		
Realised (gain) / loss on offshore investments	(3,522)	(948)
	(3,522)	(948)
Net cash flows from operating activities	(1,577)	(3,186)

16. Directors Fees

In thousands of New Zealand dollars	2019	2018
Per Director		
Chairman	29.0	29.0
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.

17. 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	
	2019	2018
311 - 320	1	0
331 - 340	0	1

The Honoraria, Remuneration & Expense 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 12 to 30:

- i. present fairly in all material respects the Board's financial position as at 30 September 2019 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 2019;
- 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:

<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

3 December 2019

USE OF STATUTORY POWERS

For the period 1 October 2018 – 30 September 2019

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.

21 Export Registrations were issued and 11 Export Registrations were cancelled in the year ending 30 September 2019.

As at 30 September 2019 a total of 215 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
1065	Crosby Exports Limited
1068	Davmet New Zealand Ltd
1074	South Pacific Sera Limited

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.

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
1159	FJ Ramsey Meats (Paerata) Limited
1160	Crusader Meats New Zealand Ltd
1166	Aroma NZ Limited
1199	Back Country Foods Ltd
1212	Mount Erin Exports (NZ) Ltd

1214	Blue Sky Meats (NZ) Limited	1462	Westalea Limited
1221	Lanexco Limited	1468	Ziwi Limited
1229	Van Hessen New Zealand Ltd	1472	Export Plus Ltd
1236	Shinpoh NZ Ltd	1483	Martin Brower New Zealand
1240	Juno Exports Ltd	1487	First Asian Group Ltd
1256	Lowe Corporation Limited	1490	GR8 Marketing Ltd
1259	RCI Limited	1493	Country Imports & Exports Ltd
1262	Farmlands Mathias International Ltd	1496	Farm Brands Limited
1270	LANZ Company Limited	1501	Farmers Meat Export Ltd
1272	UBP Limited	1506	Southern Seafoods International Limited
1273	ABBEX International Ltd	1517	BHJ New Zealand Limited
1275	New Zealand Freight Management 2010 Limited NZ Agent for Dunnett & Johnston Group Pty Limited	1518	Luttick (New Zealand) Pty Limited
1279	Affco New Zealand Ltd	1519	Samex Limited
1280	Ellis Agricultural Services Ltd	1523	Barn Door Ltd
1288	Walcovit New Zealand Limited	1524	Peter Stubbs Trading Ltd
1289	Riverlands Ltd	1525	Food Partners Ltd trading as Leader Products
1296	NZ Meat & Seafood Exports Limited	1530	The Produce Company Ltd
1300	Life Technologies (NZ) Ltd	1532	Firstlight Foods Limited
1301	ANZCO Foods Limited	1536	Archer Foods Limited
1307	Alpine Export NZ Limited	1544	Moregate Exports Ltd
1340	Lyford & Burkhart Exports (NZ) Ltd	1547	FOODCHAIN Ltd
1342	Land Meat New Zealand Ltd	1550	Kisco Foods International Ltd
1343	Konig Gourmet Foods Ltd	1557	Pacific Vision Ltd
1347	Cabernet Foods Ltd	1559	Panamex New Zealand Ltd
1348	South Pacific Meats Limited	1561	Anzco Foods Waitara Ltd
1359	AMI Export Ltd	1563	NEI BAA (NZ) Ltd
1364	Progressive Meats Ltd	1575	Minerva Foods Asia Pty Ltd
1366	Robert J Aitchison	1576	Riclin Farms Ltd
1370	The Neat Meat Company Ltd	1580	Yik Lung Tong International New Zealand Limited
1374	Samex Australian Meat Co Pty Ltd	1588	Latitude Commodities Ltd
1377	Shore Mariner Ltd	1589	NAC Trading Ltd
1380	Fresh Meats NZ Ltd	1590	Khiwi International Ltd
1381	Agri-Lab Co-Products Ltd	1591	New Zealand Meat Exports Ltd
1392	Integrated Foods Marketing Ltd	1592	Quality New Zealand Ltd
1395	Halabi Holdings Ltd	1598	New Zealand Trade Centre Ltd
1404	Mountain River Venison Ltd	1601	Meateor Pet Foods Limited Partnership
1411	Agrifoods Global (NZ) Limited	1603	Seaview Traders 2012 Limited
1422	Farmlands Industries Ltd	1608	CSI Foods Trading Ltd trading as Greenmount Foods
1440	Pacific Asia Co Ltd	1609	Natural Produce New Zealand Ltd
1452	ORION 2000 Ltd	1611	Merit Meats Limited
1455	Tara International Limited	1612	AWQAF New Zealand
		1615	Way To Go Heliservices

1618	Silver Fern Farms Venison Limited	1685	NZ Jessica International Trade Limited
1620	Oravida NZ Limited	1686	Grocers International (NZ) Limited
1621	David J Hislop Ltd	1687	Pure HeaveNZ
1629	Brocklyn Trading Ltd	1688	Home Paddock Foods Limited
1631	NZ Natural Beef and Lamb Limited	1689	T Nutraceutical
1635	Tahi Pacific NZ Ltd	1690	Wilkins Farming Company Limited
1636	Oasis Exports	1691	NZ Ventures B V Limited
1639	Hellers Ltd	1692	Tradex Oceania Limited
1640	Taunoka Land Co Limited	1693	NZ Goodwill International Ltd
1642	OFS Exports Limited	1694	Mana Services Ltd
1643	Silver Fern Farms Sheepmeat Limited	1695	New Zealand Green Farm Limited
1646	Cuilam Industry Limited	1696	Origin South Food Co Ltd
1648	Future Cuisine Trading	1697	Intermeats Limited
1650	Indo-NZ (Corp) Ltd	1698	Brilliant Star Enterprise NZ Ltd
1653	NZed DVG International Ltd	1699	Makarios Trading Company Ltd
1654	Greenage Meats Export Limited	1700	New Zealand Islamic Products & Services Ltd
1656	Grand & Pure Trading Limited	1701	NZ Natural Beef and Lamb AK Limited
1658	Mua Export Ltd	1702	Wholesale Distributors Ltd
1659	Turners International Marketing (NZ) Limited	1704	The Pure Food Co
1660	General Distributors Ltd	1705	Dynamic Supply Company NZ Limited
1663	Binxi Food NZ Ltd	1706	The Southern Fresh Group NZ Limited
1664	S Foods NZ Limited	1707	Sun World Food Management Co Ltd
1665	Deda International Company Limited	1708	The Produce Company International Limited
1666	Allpacific Limited	1709	NZ Land & Sea Ltd
1667	Ample Group Limited	1710	Kesomi Paasi
1668	RTC Foods Limited	1711	Victor Fashions Ltd trading as Victor Global
1671	Kiwi Spring Premium Group Ltd	1712	Tasman Export Solutions Ltd
1672	Leadtone Holdings Limited	1713	Pristine Station Limited
1673	CLY NZ Group Ltd	1714	Green Meadows Beef Limited
1674	Linz Group Ltd	1715	Awanui Foods Limited
1675	ASW Dairy New Zealand Limited	1716	TradePoint Distribution Ltd
1676	Arex International NZ (2017) Ltd	1717	WXL Export Co Ltd
1677	Essential Food & Juices Ltd	1718	Whangara Global Beef Limited
1678	Alpine Deer NZ LP	1719	Peak Commodities Limited
1679	Kaurifield Trading Limited	1720	Shoal Bay Ltd
1680	Stellare International NZ Ltd	1721	KaiEtica Ltd
1681	Provenance Meat (NZ) Ltd	1722	Independent Meats Limited
1682	Pure Nature Pasture NZ Ltd	1723	Kereru Foods Limited
1683	New Zealand Premium Goat Meat Ltd	1724	Alex Enterprises Ltd
1684	Azis Global Investments Ltd	1725	New Zealand Organic Meats
		1726	Edart Limited



