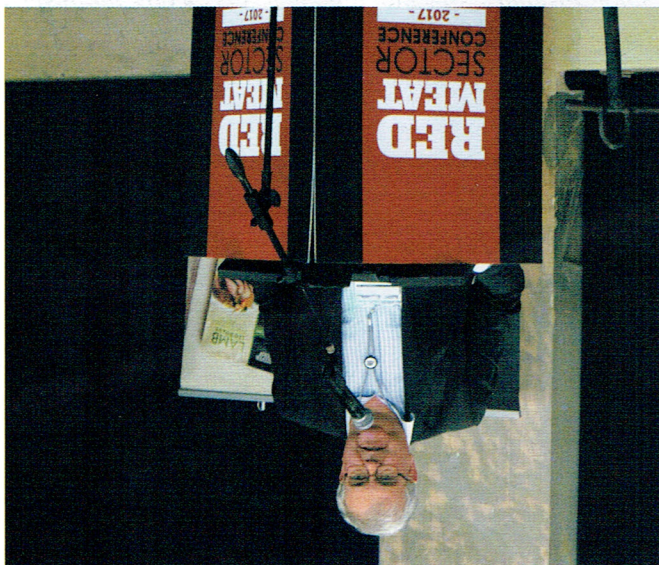
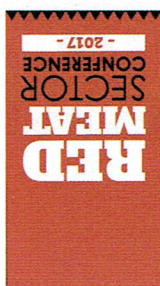


MIA Focus: Red Meat Sector Conference 2017

RMSC 2017: Future meat 'take nothing for granted'



MIA chairman John Loughlin compared the political panel at the Hamburg-Süd Welcome Drinks on the opening night of the conference. He noted the challenging trade environment for New Zealand's export meat products with Brexit, changes in the US and the demise of the full Trans-Pacific Partnership (TPP) and the recent EU-Japan free trade agreement, but expressed hope for New Zealand's chances in the new Pacific Alliance trade deal and TPP-11. He also noted several successes for the export sector, in particular, the opening of the chilled meat and bovine blood products markets in China and the resumption of trade to Iran.

Supporting the red meat sector in 2017 are:

Gala Dinner: Maersk Line New Zealand
Function: Hamburg Süd, Silver Fern Farms
Pre-dinner Networking Drinks: OSPRI
Gold: AgResearch, Millmeq
Silver: Rezare Systems, Foss, QCONZ, Perten Instruments, Argus, Eurofins and Vertilde
Bronze: Port of Tauranga, Rabobank, University of Auckland, Triton, Polypak Plastics

Morning tea: AsureQuality
Afternoon tea: Kotahi
Coffee carts: Hally Labels
Name tags: AusMeat
Speaker thank you gifts: ANZCO Foods

MAERSK LINE
HAMBURG SÜD
SILVER FERN FARMS
YOSPRI NEW ZEALAND
agresearch
milmeq engineering for the future

The future for New Zealand's red meat sector will include dealing with disrupted trade in markets around the world – including the rise of alternative meats and synthetic proteins – earning a social licence-to-operate from consumers and understanding the future for food. The sector needs to take nothing for granted in these uncertain times, delegates learned at this year's Red Meat Sector Conference (RMSC).

Around 200 delegates from all over the country have just attended the seventh RMSC, staged in Dunedin's Town Hall on 30/31 July, to consider the topics and hear from a range of impressive and thought-provoking speakers. Delegates were drawn from meat processing, farming, government and the wide range of service organisations to the event, organised by the Meat Industry Association (MIA) and Beef + Lamb NZ Ltd (B+L NZ).

Warmly welcomed by Dunedin's deputy mayor, Chris Staynes, delegates were reminded that Dunedin is the "spiritual home of the meat trade." He referred to the first shipment of frozen carcasses of New Zealand sheep meat in stockinette on the SS Dunedin in 1882 and the importance of the red meat sector to the Otago region today.

"Looking from the outside I can see how much your industry has changed," he said, noting the move towards shipments of cuts and chilled meat in refrigerated transport from Dunedin today.

He pointed to AgResearch's Invermay campus, the University of Otago with its track record in genomic research, AbacusBio, together with meat processing engineers Millmeq and Scott Technology.

"All are leading-edge companies playing an important role in growing Dunedin," said Staynes.

Dealing with uncertain and disrupted trade

In the Trade Matters session, chaired by ANZCO chief executive Peter Conley, discussions explored the challenges and opportunities in the current uncertain global trading environment for New Zealand's exports.

Rabobank animal proteins and sustainability analyst, Blake Holgate opened by setting the scene for maximising the value for the New Zealand red meat sector. The "winning formula", he maintains, includes a continuing focus on investment in value-add, it's not about "one size fits all", it's all about margin gain, he said. Aligning farmers, processors and consumers is necessary and accreditation schemes are "incredibly important".

His presentation was followed by a panel discussion exploring a disrupted trade environment that would deliver challenges, but also open opportunities for New Zealand's red meat sector. This featured the Ministry of Foreign Affairs and Trade (MFA)'s divisional manager for trade negotiations, Clare Kelly, New Zealand special agricultural trade envoy Mike Petersen, MPI deputy director-general/chief operations officer Roger Smith and also former Minister of Agriculture and Trade, Speaker of the House and New Zealand High Commissioner to the UK Sir Lockwood Smith.

Petersen identified other disrupters for the red meat sector, including synthetic and alternative meats, new technologies such as 3-D printing of food, new online pathways to market and also climate change.

He says the sector needs to be vigilant and proactive and much more active about telling our story.

From Smith's perspective, the challenges for the entire primary sector

Meating up in 2017

The thought provoking sessions prompted plenty of deep discussion at the event, along with the traditional opportunity to network with colleagues.



Milmeq's Mike Lee (left) and Ross Clarke (right) pictured with MIA Innovation's Margot Buick during the AssureQuality morning tea. The Milmeq team launched the company's custom-designed large scale horizontal plate freezers (180 of which are already installed in Australia) into New Zealand at RMSC 2017.

(Left) Lisa Brandon of Lei Garden Restaurant, Jason Archer of AbacusBio and Dr Nicholas Archer of CSIRO. Dr Archer spoke about the role genetics plays in meat liking and consumption. His message was that understanding consumers and differences between populations is important in delivering products that meet their requirements.

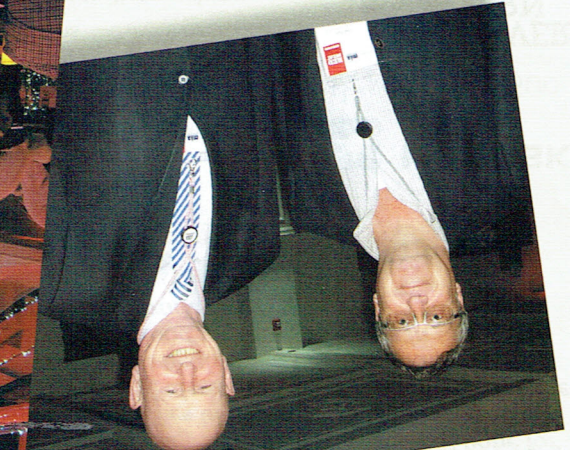


Delegates were engaged in deep discussion during the finale for the conference, the Maersk Gala Dinner, which this year deliberately didn't feature entertainment to enable conversations to flow.

(Left) Primary Industries Minister Nathan Guy was guest speaker at the Maersk Gala Dinner. His message for the sector was to talk up the opportunities and celebrate them. "Our farmers are too humble," he said. "They need to be loud, proud and out there and find ways to get around on social media."



James Egan of Greenlea Premier Meats (left) caught up with ANZCO Foods' Sir Graeme Harrison, who was very recently inducted into the Business Hall of Fame.



Starting the conversation entails earning the 'social licence-to-operate' from consumers. This topic was explored in two excellent presentations in a session chaired by James Parsons.

The University of Auckland's senior lecturer of marketing, Dr Michael Lee gave a fascinating presentation about the very topical matters of anti-consumption and consumer resistance, while the outgoing Parliamentary Commissioner for the Environment, Dr Jan Wright, covered environmental matters.

Anti-consumption research by Lee, in conjunction with London's Royal Holloway College, has suggested there are two logical reasons some consumers use against meat purchase – the environment and ethics – which have no logical opposite.

"Nobody who eats meat will do so because they want to harm the environment or kill animals," he said, adding these two motivations

Earning our 'social licence'

are traceability and social licence: "How we remain relevant, how we protect our market share and how we continue to grow even though we've got plant-based proteins and other things happening."

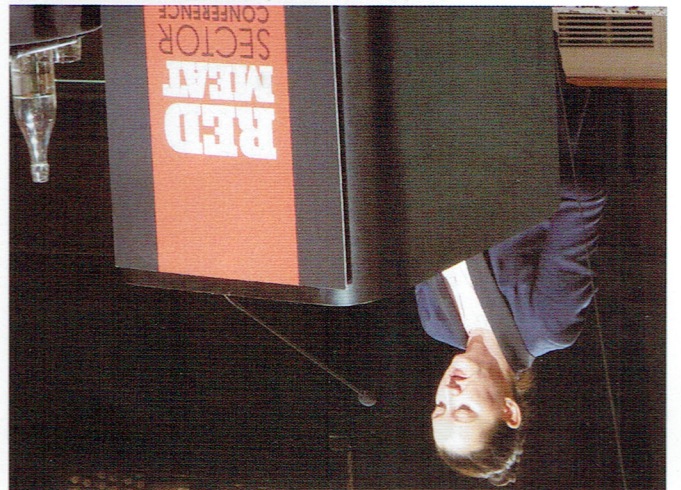
"Over the past few years traceability was the new black," he noted. This led to the development of a plethora of labelling systems, QR Codes and apps, which have all confused consumers in the market," he explained.

His time spent in China as MPI's deputy-director general China relations, based in Beijing is behind his suggestion that New Zealand needs to develop a consumer-level traceability system. This will allow consumers in China, for example, to find information on a smartphone app about all types of New Zealand horticulture, fisheries or meat.

The primary sector also needs to get together with urban counterparts to think long-term about its social licence-to-operate.

"We need to get people to understand that primary industries are important to New Zealand, that they are going to be here for a long time and that we do things well," he said, suggesting MPI has a role to play in that through Biosecurity 2025.

MFAT's Clare Kelly talked through the coming trade challenges around the world for New Zealand red meat. MFAT has its work cut out with several free trade agreement negotiations underway, keenly watched by Alliance, a new trade deal with the UK and the EU-NZ FTA. Keeping a close eye on any ramifications from the latter two on New Zealand's tariff-rate quotas with the EU under the WTO will also be important for the MFAT team.



Speakers explored this topic in two concurrent sessions.

"The Future of Food" was chaired by Dean Hamilton, chief executive of Silver Fern Farms.

Global consumer food trends and genetic preference were covered by CSIRO research scientist Dr Nicholas Archer. He looked at the megatrends impacting agriculture and food, digging deeper to look at the consumer trends of convenience, health and wellness, provenance and traceability, food safety, sustainability and premium interaction that are being disrupted by digital consumption and the sharing economy.

He believes these will shorten the supply chain between producer and consumer. They are being driven by the marketplace, as well as by sustainability and traceability.

He was one of several speakers who referenced alternative meats and synthetic proteins, and their attendant challenges and opportunities, and also talked of a trend towards personalisation, which includes tailoring products according to genetic profiles.

What does the future hold for food?

The encouraged engagement with consumers.

fronts.

should be the top priority for further research to improve on those two fronts.

Dr Jan Wright gave an update on work in the methane and nitrous oxide greenhouse gas mitigation field and introduced her latest, and last, paper as Parliamentary Commissioner for the Environment, "Stepping stones to Paris and beyond: climate change progress and predictability" (available at www.pce.parliament.nz)

Lee believes New Zealand, with very few feedlots, which are the real focus of US anti-consumption campaigns, has an opportunity to become a world leader in the production of natural, high quality meat products. In order to fully leverage its strategic position, New Zealand must focus on high value, not volume and champion the role of the wider system.

"Wouldn't it be fantastic if we could give them New Zealand meat that was the mirror opposite of why they were not eating other meat ... because it did the least possible damage to the environment, compared to meat grown elsewhere, and the ethics of our meat practices are better than elsewhere?"

value not volume."

management, and finally we need to be courageous in striving for "Be clear [about production], be kind – the ethical issue is a big one – we need to be clean with respect to environmental issues and waste

"To sugar-coat is frankly quite disrespectful of the animal," said Lee.

Focus on the environment and ethics to counter anti-consumption campaigns, said University of Auckland's anti-consumption expert, Dr Mike Lee



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"We are at the beginning of a genomic revolution," he said, predicting by 2025 a quarter of the world's population will have sequenced their genome and will be using that information to guide their lifestyle choices.

He also talked about the CSIRO Future Science Platform work around novel food processing, including 3-D printing and others, functional foods and emerging genetic research into food liking and consumption.

Not much research has been done on red meat liking and consumption to date, he said, and it needs to be explored further. However, twin studies have shown genetics do seem to have a significant effect, with genetics associated with 44% of the variance for meat consumption and 49% for red meat liking. "The environment also has an impact," Genetics provides a benchmark, modified by the strength of the extrinsic factors that come into play," said Archer.



The managing director of Maersk Line Oceania, Gerard Morrisson, could not be at the event but said his company was pleased to support RMSC 2017 to maintain the close links with the red meat sector.

Understanding consumers and differences between populations is important in delivering products that meet their requirements, he concluded.

Callaghan Innovation's Katy Bluet followed with a presentation catchingy entitled 'Talking with cows on the internet of things (IoT)', looking at establishing connections between farms and plants in the burgeoning industrial technology 4.0 revolution.

The second concurrent session, chaired by B+LNZ director, George Tatham, explored work already underway to position New Zealand beef and sheepmeat for the future. B+LNZ general manager market development, Nick Beeby gave the latest updates on the developing New Zealand Red Meat Story, while work in the field of genetics and breeding for consumer preferences was also covered by AgResearch's Dr Cameron Craigie and AbacusBio's Neville Jopson.

Opportunity knocks

(ROIs) at their heart, he maintained.

His presentation suggested the next billionaires will be people who can manipulate life code, rather than data code.

"Did you know one gram of DNA can store one billion terabytes of data for 1,000 years?" he asked.

He pointed to 167 "unicorn" start-ups valued at US\$1 billion, one of which is New Zealand company Xero. Others include Uber and its Chinese equivalent, Did Chuxing, which have shares in each other, drone company DJI "which didn't exist five years ago", Airbnb "which let rooms in 1.8 million homes around the world last night" and Elon Musk who launched his latest electric Tesla vehicle the week before RMSC 2017 and "already has 500,000 orders".

Melissa Clark-Reynolds gave an inspirational speech looking into the future. Her new role as B+LNZ's first independent director was announced during the final session by its chair B+LNZ director Andrew Morrisson.



He suggests the red meat sector needs to create more demand online through sites like Instagram, which had 129 million images using the hashtag #foodporn, or by employing food stylists solely to create Instagram-ready dishes, as some restaurants overseas already do. The company producing the Impossible Burger, mentioned time and time again throughout the conference and currently selling only into foodservice in the US, will be one of the US\$1 billion unicorns within three years, Rispin predicted. Take a look on You Tube, he urged.

His thoughts were echoed by the closing speaker, self-proclaimed geek, serial entrepreneur and popular speaker, Melissa Clark-Reynolds. Clark-Reynolds threw out some provocative thoughts for the sector, noting that established business, Blockbuster laughed at Netflix's business model when it first emerged, but they "figured out how to monetise their business," she said. She also pointed to the inventors of the digital camera, Kodak, who thought it wouldn't work, so left it to Sony to pick up the technology and run with it.

"I want you to be worried about those who have found a way to crack the way that money flows from the producer to the consumer," she said. She believes the worst thing to do is regulate so you can't sell non-meat as meat, "it's a complete waste of money," she said. "There are only two routes after suing, buy the company or run."

She advocated the red meat sector getting closer to the consumer and maybe thinking of other business models, such as subscription. Also, think about food, rather than meat, which is all about celebration and family. She was among several speakers to urge the sector to use social media to "sell the love" and the experience.

In closing, John Loughlin noted the sector had always been aspirational. "When the UK joined the Common Market, we had to make our way in the world. The world is changing again, for everybody," he noted. The only way to get to consumers is through trade access, along with gaining a social licence-to-operate.

Admitting to being more optimistic at the end of the day than he was at the beginning, he advised delegates: "We need to take nothing for granted, proactively manage our risks, we have to innovate faster than we ever have in every aspect of our business, we need to tell our stories well, we need to work together as teams within our sector, with our government and beyond our sector and we need to make our opportunities – and take them.

"If we go away and reflect on the messages today and do some of those things, I think we have a chance to build a wonderful future for ourselves in these interesting and challenging times."

Copies of presentations will be available in due course at www.redmeatsector.co.nz.