



**New Zealand Meat Board**  
**Annual Report 2011-12**







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## New Zealand Meat Board

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# Chairman and Chief Executive's Report

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, the United States Beef and Veal Tariff Rate Quota, and livestock farmer reserves of \$78.7 million at 30 September 2012.

For the year ending 30 September 2012 the New Zealand Meat Board incurred an operating deficit of \$171,000. An unrealised foreign exchange loss on the revaluation of the offshore bond portfolio of \$1.65 million increased the reported net deficit for the year to \$1.82 million.

The reported deficit, comprises a deficit of \$1.90 million from reserves management and a surplus of \$77,000 from quota management activities.



**Mike Petersen**  
Chairman



**Scott Champion**  
Chief Executive





# Reserves Management

Interest Income generated from reserves was \$3.1 million compared to \$3.6 million in the previous year. Interest income continued to decline as the higher yielding investments matured during the year and reinvestments were at lower rates. Domestic investments returned a 5.0% yield (last year 5.5%) and offshore bonds and deposits returned a 1.3% yield (last year 1.8%).

The management costs relating to reserves management (excluding grant funding from interest income and capital) were \$282,500, representing 0.36% of total assets.

Funding of \$3.076 million from interest income was granted to the following Beef + Lamb New Zealand Ltd projects:

	\$'000
Ovita Limited	2,000
Pastoral Genomics Research Consortium	826
Johne's Disease Research Consortium	250
	<b>3,076</b>

No capital grants were made during the year (\$nil in 2011).

## Ovita

Ovita is a partnership between Beef + Lamb New Zealand Ltd, AgResearch and the Government, who together fund research into sheep genomics. Technology developed by Ovita is a result of New Zealand sheep and beef farmer investment in Beef + Lamb New Zealand Ltd and Ovita. Ovita develops sheep genetic selection tools to enable farmers to make choices that best meet their requirements – be they geographical, environmental or market driven.

Recent investments have been in new genomic research tools. The new technology phase will reduce the gene discovery process from 10 years to potentially 18 months, revolutionising the generation of DNA marker predictions for key economic traits. Searching for multiple traits across thousands of DNA markers at once cuts the time needed to identify sheep with desired genes often by years and it considerably widens the scope of what characteristics can be selected for.

## Pastoral Genomics

Pastoral Genomics uses appropriate plant biotechnologies to improve the productivity, sustainability and quality of New Zealand forages. Pastoral Genomics has developed tools to breed cultivars with lessened environmental footprints, greater productivity and other traits to meet industry targets. It is working towards cultivars with more dry matter, more metabolisable energy, better digestibility, more efficient fertiliser use, tolerance to drought and control over traits like flowering.

The Pastoral Genomics Research Consortium is funded by Beef + Lamb New Zealand Ltd, Fonterra, DairyNZ, AgResearch and DeerResearch and matching funding is provided by the Ministry of Business, Innovation and Employment.

## Johne's Disease Research Consortium

Beef + Lamb New Zealand Ltd is part of an industry-wide consortium investing in a five-year research programme to develop cost effective tools to reduce the impact of Johne's Disease on farms in New Zealand.

# Quota Management & Recoveries

Quota management activities are budgeted to operate at (a) break-even over the medium term. For the 2011/12 year the reported surplus was \$77,000 (2011: \$81,000 deficit). In December 2011, following consultation the fees charged to quota holder and applicants were increased to ensure the breakeven position was maintained.

Quota Management activities include the costs of operating New Zealand Meat Board offices in London, Brussels and Washington. Recoveries of \$1.3 million (2011: \$1.6 million) are received from Beef + Lamb New Zealand Ltd which operates market access and market development activities from these offices.

# Balance Sheet

The New Zealand Meat Board is in a strong financial position with assets of \$78.8 million and equity of \$78.7 million (99.9%).

Investments categorised as current assets decreased from \$63.6 million to \$51.3 million. The New Zealand Meat Board has lengthened its maturity profile to be in excess of 12 months with a view that interest rates will not materially strengthen over the next 12 months and additional yield could be achieved through the higher rates offered for 18 to 24 month maturities.

The term deposits are carried at cost and the bonds at amortised cost on the Balance Sheet. Total assets are recorded at \$79 million. The fair value of the Board's assets at 30 September was \$81 million reflecting the higher yielding bonds still held in the portfolio.

The Contingency Fund totals \$57.5 million representing \$55 million for contingent events and \$2.5 million for quota jeopardy events consistent with the prior year.

At 30 September if all foreign currency investments were repatriated to New Zealand dollars a loss of \$2.8 million would be realised for the Contingency Fund and this is represented by the Contingency Fund Foreign Currency Fluctuation Reserve.



# Quota Management

## European Union Sheepmeat and Goatmeat Quota

### Utilisation

New Zealand attaches a great deal of economic significance to its European Union Sheepmeat and Goatmeat Tariff Rate Quota (EU S&G Quota), which allows 228,254 tonnes carcass weight equivalent (c.w.e.) of New Zealand sheepmeat and goatmeat to be imported into the European Union each year at zero tariff. With effect from 1 January 2012 New Zealand's EU S&G Quota was increased by 400 tonnes (carcass weight equivalent) annually as a result of the accession of Romania and Bulgaria to the EU.

The Meat Board Act requires the New Zealand Meat Board to facilitate the capture, for New Zealand and in the interests of the meat industry, of the best possible ongoing returns available from quota markets.

In the year to 31 December 2011, the New Zealand Meat Board issued 9,679 Certificates of Origin (COO), covering 182,507.3 tonnes c.w.e. of sheepmeat and goatmeat. This translates to an overall utilisation of 80.1% and is a lower utilisation than previous years as shown in Figure 1. The lower utilisation was influenced by supply constraints and alternate market opportunities.

Figure 1

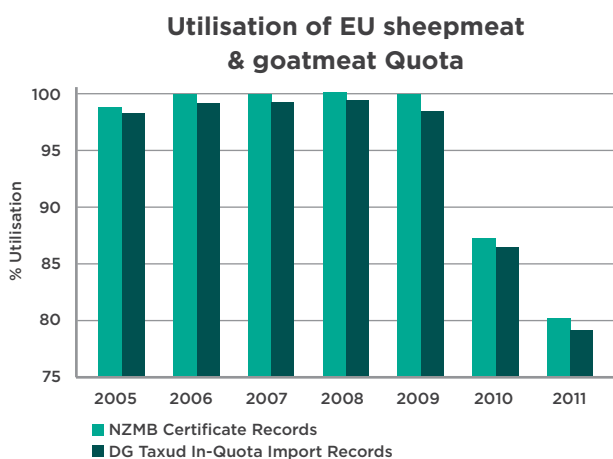


Table 1 Comparison of utilisation of 2011 EU sheepmeat & goatmeat quotas

	Quota Volume (tonnes c.w.e.)	Quota Used (tonnes c.w.e.)	Utilisation %
New Zealand	227,854	181,745	79.8
Argentina	23,000	4,196	18.2
Australia	18,786	18,623	99.1
Uruguay	5,800	4,970	85.7
Chile	6,600	5,310	80.4
Iceland	1,850	1,522	82.3
Norway	300	0	0.0
Greenland	100	0	0.0
Faeroes	20	0	0.0

Source: DG Taxud  
Quota Year to 31 December 2011

### 2012 Sheepmeat Quota Regulation

The regulation opening the 2012 EU S&G Quota was made on 21 December 2011. Consistent with previous years due to the late publication of the regulation, a transition arrangement was negotiated with DG Taxud to allow early 2012 consignments to be cleared against the 2011 regulation.

Additionally the regulation of 21 December 2011 provided for the increase of New Zealand's EU S&G Quota by 400 tonnes with effect from 1 January 2012. This increase, which compensates New Zealand for the accession of Romania and Bulgaria to the EU, brings New Zealand's sheepmeat and goatmeat quota to 228,254 tonnes (carcass weight equivalent) on an annual basis.

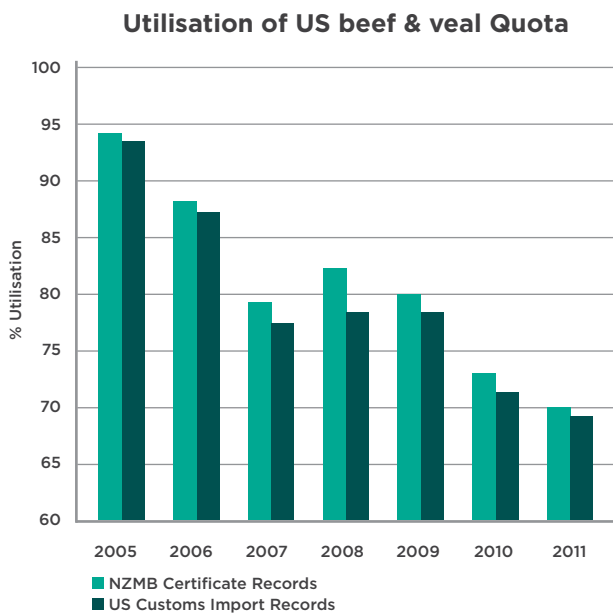
The regulation also provided for opening the quotas on a multi-annual basis resulting in smoother transition for industry between the future quota years.



## United States Beef & Veal Quota

In the year to 31 December 2011, the New Zealand Meat Board issued 8,502 quota certificates, covering 149,482.9 tonnes product weight or 70% of New Zealand's 213,402 tonne United States Beef and Veal Tariff Rate Quota (US B&V Quota). This was a decline on the level of utilisation in 2010 (73% - refer Figure 2).

Figure 2



A range of domestic US and international economic factors contributed to the volume exported to the US. Table 2 shows New Zealand with other countries subject to a country specific tariff rate quota.

Table 2 Comparison of utilisation of 2011 US beef & veal quotas

	Quota Volume (tonnes)	Quota Used (tonnes)	Utilisation %
New Zealand	213,402	147,375.2	69.06%
Argentina	20,000	0	0.0%
Australia	378,214	148,170.6	39.18%
Japan	200	0	0.0%
Uruguay	20,000	10,836.3	54.18%
Other	64,805	61,430.6	94.79%

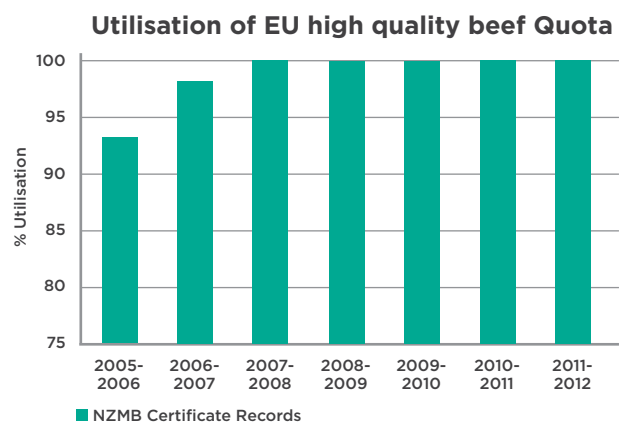
Source: US Customs and Border Protection  
Data for quota year ending 31 December 2011

## European Union High Quality Beef Quota

In the year to 30 June 2012, the New Zealand Meat Board issued 290 Certificates of Authenticity covering 1299.6 tonnes of qualifying product under the European Union High Quality Beef Quota (EU HQB Quota).

Overall utilisation of the quota was 99.979%, similar to that in the previous year. This quota traditionally is consistent with a very high level of utilisation (refer Figure 3).

Figure 3



# Trade policy

## Sheepmeat Quota Regulation

The European Commission made a simple, but practically important, change from tradition when passing regulations opening country-specific sheepmeat quotas for the 2012 year. Previous practise has been to promulgate regulations towards the end of each calendar year opening quotas for the following quota year, and that year only. In December 2011, however, the Commission made regulations that opened quotas for the 2012 year, and automatically opened new quotas on 1 January every year thereafter.

This change was made to improve efficiency for the Commission, as it no longer needs to prepare new regulations for the sheepmeat quota every year. From the Board's perspective, however, doing so has also done away with the need to put in place transitional arrangements to allow quota certificates issued for the very start of each new quota year to carry a technically-outdated Regulation reference.

This change is a relatively simple and commonsense one, but it has saved a surprising amount of time and resource for the Commission, the Board, and the New Zealand Mission in Brussels, and it will continue to do so for years to come.

## The EU Sheepmeat Market

Producer prices in Europe were again generally strong in 2011/12 (although absent of the exceptional peak of May 2011), largely driven by tightness of supply. At the time of writing prices are becoming more subdued, but nonetheless recent price levels are expected to have arrested the decline in the European sheepmeat flock in 2013. Although this is not uniform across Europe, with increases in Northern European, heavy-lamb flocks compensating for decreases in Southern European, light-lamb flocks.

Concerns over consumption levels that dominated a large part of the 2011/12 year eased somewhat towards the end of the year - although Europe in general remains a particularly price-sensitive market for food products, and in particular for meat products.

Increasingly, European sheepmeat producers are moving towards extra-European Union markets. The largest of these is the export of live animals to the Middle East and North Africa - where the export of live animals allows the meat trade to overcome issues with infrastructure and the cool chain. However, the export of 'fifth-quarter' products, and the opportunities for them in Asia and parts of sub-Saharan Africa, continues to gather attention as recognition of the importance of full-carcass value continues to grow.

## United Kingdom

In the United Kingdom (UK), the 2011/12 year began with a solid lift in producer prices - rising from just under £1.65/kg liveweight in September 2011 to over £2.10/kg liveweight by December 2011. Although prices did not match the exceptional prices received the previous year, during the April to July 2012 period, by July deadweight prices were again tracking above 2011 levels.

A key factor for good producer prices towards the end of 2011/12 was the tight supply of slaughter lambs, as lambs proved difficult to finish over a very wet British summer. This late and difficult finishing, combined with indications of a potential drought in New Zealand, poses challenges for early 2013 for both British and New Zealand lamb - in terms of meeting consistent product specifications, and otherwise matching supply to demand.

## Republic of Ireland

Agriculture and food production is enjoying a renaissance in Ireland, with increasing government and societal recognition of the value and significance of food exports to a recovering Irish economy. An increase in farmer confidence has seen the Irish breeding flock rise by 4.3% in 2012.

While Irish farmers had a good first half of 2012, as with the UK, a very wet summer has made the second half of 2012 challenging.

## Continental Europe

The French flock is remaining relatively stable, and while consumption has fallen in recent years (by 20% since 2000 to around 200,000 tonnes c.w.e. in 2011) it is expected to rebound slightly in 2013. An important part of the consumption dynamic in France is addressing the perception of lamb as an inconvenient meat that is eaten by older people. The Agneau Presto campaign run by the French, English and Irish levy bodies continues to work actively and collectively in an effort to address this.







# Board of Directors



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# Governance Statement

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 the entity and the stakeholders (New Zealand farmers).

The principal functions of the New Zealand Meat Board Directors are:

- setting the governance framework
- strategic planning and risk management
- monitoring
- authorisation
- fiscal control.

The New Zealand Meat Board has adopted the following governance objectives (which are in line with best practice principles recommended by the Securities Commission of New Zealand):

The New Zealand Meat Board will:

- lay solid foundations for management and oversight
- structure itself to add value
- promote ethical and responsible decision making
- use committees where this enhances its effectiveness in key areas, while retaining New Zealand Meat Board responsibility
- encourage enhanced performance

- safeguard the integrity of its reporting (both financial and business performance) and make timely disclosures on the New Zealand Meat Board's affairs
- ensure that the entity has appropriate processes to recognise and manage risk
- remunerate fairly and responsibly.

The New Zealand Meat Board has three standing committees to assist it in discharging its responsibilities:

- Audit & Risk Committee
- Honoraria, Remuneration & Expense Committee
- New Entrant Allowance Committee.

These committees operate in accordance with their Board-approved charter, which is annually reviewed by the Board. All committees make recommendations to the Board.

The New Zealand Meat Board also maintains a formal set of delegated authorities that clearly define the responsibilities which are delegated to management and those which are retained by the Board.

These delegated authorities are approved by the New Zealand Meat Board and are subject to formal review by the New Zealand Meat Board on a regular basis.



# Financial Statements

## Income Statement

For the year ended 30 September 2012

(\$000 NZ)	Note	2012			2011		
		Reserve Management	Quota Management	Total	Reserve Management	Quota Management	Total
Revenue - Interest Income	5	3,110	12	<b>3,122</b>	3,586	-	<b>3,586</b>
Other income - Fee recoveries	6	-	2,456	<b>2,456</b>	-	2,538	<b>2,538</b>
Other operating expenses	8	(3,358)	(2,391)	<b>(5,749)</b>	(3,362)	(2,619)	<b>(5,981)</b>
<b>Net operating surplus/(deficit) from operating activities</b>		<b>(248)</b>	<b>77</b>	<b>(171)</b>	<b>224</b>	<b>(81)</b>	<b>143</b>
Net finance expense	7	(1,652)	-	(1,652)	(814)	-	(814)
<b>(Deficit)/ Surplus before income tax</b>		<b>(1,900)</b>	<b>77</b>	<b>(1,823)</b>	<b>(590)</b>	<b>(81)</b>	<b>(671)</b>
Income tax expense		-	-	-	-	-	-
<b>(Deficit)/ Surplus for the year</b>		<b>(1,900)</b>	<b>77</b>	<b>(1,823)</b>	<b>(590)</b>	<b>(81)</b>	<b>(671)</b>

## Statement of Comprehensive Income

For the year ended 30 September 2012

(\$000 NZ)	2012	2011
<b>Deficit for the year</b>	<b>(1,823)</b>	<b>(671)</b>
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>(1,823)</b>	<b>(671)</b>
Attributable to:		
Reserves Management	(236)	233
Quota Management	77	(81)
Contingency Fund Foreign Currency Fluctuation Reserve	(1,664)	(823)
<b>Total comprehensive income for the year</b>	<b>(1,823)</b>	<b>(671)</b>

These statements are to be read in conjunction with the accounting policies and notes on pages 19 to 32.



## Statement of Changes in Equity

For the year ended 30 September 2012

2012

(\$000 NZ)	Retained Earnings - Reserves Management & Quota	Contingency Fund	Contingency Fund Foreign Currency Fluctuation Reserve	Total Equity
Balance at 1 October 2011	24,105	57,500	(1,111)	80,494
Deficit for the year	(159)	-	(1,664)	(1,823)
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>(159)</b>	-	<b>(1,664)</b>	<b>(1,823)</b>
<b>Transactions with owners, recorded directly in equity</b>	-	-	-	-
<b>Balance at 30 September 2012</b>	<b>23,946</b>	<b>57,500</b>	<b>(2,775)</b>	<b>78,671</b>

## Statement of Changes in Equity

For the year ended 30 September 2011

2011

(\$000 NZ)	Retained Earnings - Reserves Management & Quota	Contingency Fund	Contingency Fund Foreign Currency Fluctuation Reserve	Total Equity
Balance at 1 October 2010	23,953	57,500	(288)	81,165
Deficit for the year	152	-	(823)	(671)
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>152</b>	-	<b>(823)</b>	<b>(671)</b>
<b>Transactions with owners, recorded directly in equity</b>	-	-	-	-
<b>Balance at 30 September 2011</b>	<b>24,105</b>	<b>57,500</b>	<b>(1,111)</b>	<b>80,494</b>

These statements are to be read in conjunction with the accounting policies and notes on pages 19 to 32.

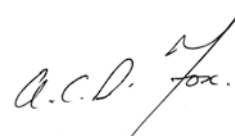
## Balance Sheet

As at 30 September 2012

(\$000 NZ)	Notes	2012	2011
<b>EQUITY EMPLOYED</b>			
Contingency Fund		57,500	57,500
Retained earnings		23,946	24,105
Contingency Fund Foreign Currency Fluctuation Reserve		(2,775)	(1,111)
<b>TOTAL EQUITY EMPLOYED</b>		<b>78,671</b>	<b>80,494</b>
Represented by:			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		4,261	2,680
Other Investments	10	46,221	48,110
Derivative Financial Instruments		9	-
Fixed Interest Bond- Domestic	11	-	10,704
Trade and other receivables		857	1,097
International Fixed Interest Bond	11	-	958
<b>Total Current Assets</b>		<b>51,348</b>	<b>63,549</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment		42	33
Intangible assets		1	3
Other investments	10	7,000	-
Fixed Interest Bond- Domestic	11	18,401	15,490
Floating Rate Note- Domestic		2,000	2,000
<b>Total Non-Current Assets</b>		<b>27,444</b>	<b>17,526</b>
<b>TOTAL ASSETS</b>		<b>78,792</b>	<b>81,075</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		86	559
Income in advance		22	5
Employee entitlements		13	14
Derivative financial instruments		-	3
<b>Total Current Liabilities</b>		<b>121</b>	<b>581</b>
<b>TOTAL LIABILITIES</b>		<b>121</b>	<b>581</b>
<b>NET ASSETS</b>		<b>78,671</b>	<b>80,494</b>



M C Petersen  
Chairman



A C D Fox  
Chairman Audit & Risk Committee

These statements are to be read in conjunction with the accounting policies and notes on pages 19 to 32.

## Statement of Cash Flows

For the year ended 30 September 2012

(\$000 NZ)	2012	2011
<b>OPERATING ACTIVITIES</b>		
<b>Cash was received from:</b>		
Receipts from Customers	2,453	2,677
Interest Received	3,469	3,707
	<b>5,922</b>	<b>6,384</b>
<b>Cash was applied to:</b>		
Payments to Suppliers, Employees and Statutory Expenses	2,626	3,228
Net GST Paid	9	19
Industry Grant Funding to Beef + Lamb New Zealand Ltd Ltd	3,576	2,865
Capital Reserve Funding to Beef + Lamb New Zealand Ltd Ltd	-	1,000
	<b>6,211</b>	<b>7,112</b>
<b>Net cash flows applied to operating activities</b>	<b>(289)</b>	<b>(728)</b>
<b>INVESTING ACTIVITIES</b>		
<b>Cash was received from:</b>		
Maturity of Investments	84,172	71,369
Disposal of Fixed Assets	11	1
	<b>84,183</b>	<b>71,370</b>
<b>Cash was applied to:</b>		
Purchase of Investments	80,882	69,493
Realised loss on derivatives	-	12
Realised loss on offshore investments	1,149	1,603
Purchase of fixed assets	25	18
Purchase of intangibles	1	2
	<b>82,057</b>	<b>71,128</b>
<b>Net cash flows from investing activities</b>	<b>2,126</b>	<b>242</b>
<b>Net increase/(decrease) in cash held</b>	<b>1,837</b>	<b>(486)</b>
Foreign currency translation adjustment	(255)	-
Add: Opening Cash Position 1 October 2011	2,680	3,166
<b>Closing Cash Position 30 September 2012</b>	<b>4,262</b>	<b>2,680</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>		
Bank balances	1,062	1,680
Short term deposits	3,200	1,000
	<b>4,262</b>	<b>2,680</b>

These statements are to be read in conjunction with the accounting policies and notes on pages 19 to 32.





# 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 1993 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 New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for public-benefit entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

### (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.
- Available-for-sale financial assets are measured at fair value.
- The methods used to measure fair values are discussed further in note 4.

### (d) Going concern

Reliance is placed on the fact that the New Zealand Meat Board is a going concern.

### (e) Critical accounting estimates

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies, potentially that have the most significant effect on the amount recognised in the financial statements are described in note 11 – Financial Instruments.

## 3. Significant Accounting Policies

### (a) Foreign currency

#### (i) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates

(the functional 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.

## (b) Financial instruments

*(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.

- **Investments**

The Board classifies its investments in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets. The classification depends on the nature and purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

- **Financial assets at fair value through profit or loss**

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Upon initial recognition, attributable transaction costs

are recognised in the income statement when incurred. Subsequent to initial recognition, financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

- **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectable are written off. When it is considered doubtful that debtors will pay the amounts due, a provision for doubtful debts is recognised.

- **Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Board's management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

- **Available-for-sale financial assets**

The company's investments in certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition they are measured at fair value, and changes therein – other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items – are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

*(ii) Derivative financial instruments*

Changes in the fair value of any derivative instrument that are not designated as being in a hedge relationship are recognised immediately in

the income statement. This includes changes in the value of investor interest rate swaps and foreign currency derivatives used to hedge balance sheet revaluation exposure over balance date.

The Board's investments in Registered Certificates of Deposits are classified as available for sale. Promissory notes and term deposits with maturities greater than three months are classified as held to maturity.

### (c) Leases

Leases in terms of which the Board assumes substantially all the risks and rewards of ownership are classified as finance leases. Other leases are operating leases and are not recognised in the Board's balance sheet.

The Board leases office premises, motor vehicles and office equipment. As the lessor retains all risks of ownership, these leases are classified as operating leases. Operating lease costs are expensed in the period in which they are incurred. The Board does not have any finance leases.

### (d) Impairment

The carrying amounts of the Board's assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The carrying amounts of the Board's property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell

and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

### (e) Revenue recognition

Revenue comprises the fair value for the sale of goods and services, excluding goods and services tax (GST), rebates and discounts. Revenue is recognised as follows:

#### (i) Interest income

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

#### (ii) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

### (f) Finance income and expense

Finance income comprises gains on the disposal of available-for-sale financial assets, 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, impairment losses recognised on financial assets (except for trade receivables), losses on interest rate management derivatives, losses on the disposal of available-for-sale financial assets, and losses on hedging instruments that are recognised in profit or loss.

### (g) Income tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financing reporting purposes and the amount used for taxation purposes. Deferred tax is

recognised for temporary differences. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The income tax expense charged to the income statement includes both the current year's expense and the income tax effects of timing differences

In accordance with section 85 of the Meat Board Act 2004, the New Zealand Meat Board and Beef + Lamb Zealand Limited and its subsidiaries form a consolidated tax Group for income tax purposes.

#### (h) Commitments

Commitments are disclosed at the point a contractual obligation arises, to the extent that there are equally unperformed obligations. Commitments relating to employment contracts are not disclosed, as they arise in the normal course of business.

#### (i) Adoption status of relevant new NZ IFRS and interpretations

The Board has elected not to early adopt the following standards which have been issued but are not yet effective. The adoption of these standards is not expected to have a material impact on the Board's financial statement.

NZ IAS 19 Employee Benefits – amendment effective for annual reporting periods on or after 1 January 2013.

NZ IFRS 9 Financial Instruments – amendment effective for annual reporting periods on or after 1 January 2015.

There have been no changes in the significant accounting policies.

## 4. Determination of Fair Values

A number of the Board's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. 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.

#### (a) 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 bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

## 5. Revenue

(\$000 NZ)	2012	2011
Interest income on held-to-maturity investments	2,778	2,975
Interest income on cash and cash equivalents	81	176
Interest income on loans and receivables financial assets	263	435
<b>Total revenue</b>	<b>3,122</b>	<b>3,586</b>

## 6. Other Income

(\$000 NZ)	2012	2011
Service fee recoveries	1,287	1,631
Quota management recoveries	1,156	905
Other income	13	2
<b>Total other income</b>	<b>2,456</b>	<b>2,538</b>



Service fee recoveries of \$679,000 have been reclassified in the 2010/11 financial year as a credit to other operating expenses.

## 7. Finance Income and Expense

(\$000 NZ)	2012	2011
Realised gain on matured foreign currency derivatives	-	12
Unrealised gain on foreign currency investments	-	784
Unrealised gain on matured foreign currency derivatives	12	-
<b>Finance income</b>	<b>12</b>	<b>796</b>
Unrealised loss on foreign currency investments	515	-
Realised loss on offshore investments	1,149	1,607
Unrealised loss on matured foreign currency derivatives	-	3
<b>Finance expense</b>	<b>1,664</b>	<b>1,610</b>
<b>Net finance income/(expense)</b>	<b>(1,652)</b>	<b>(814)</b>

## 8. Other Operating Expenses

The following items of expenditure are included in operating expenses:

(\$000 NZ)	2012	2011
<b>AUDIT FEES</b>		
Auditor's remuneration to KPMG comprises:		
- audit of financial statements	21	19
<b>Total auditor's remuneration</b>	<b>21</b>	<b>19</b>
Depreciation	16	20
Software amortisation	2	3
Rental expense relating to operating leases	174	194
Directors fees	153	160
Insurance	92	111
Board & Annual Meeting	38	49
Other Operating Expenses - NZ	441	396
Other Operating Expenses - Overseas	506	569
Fees (Legal and Consultancy)	73	54
Wages and salaries	1,157	1,330
Grant Funding to Beef + Lamb New Zealand Limited	3,076	3,076
	<b>5,749</b>	<b>5,981</b>

## 9. Income Tax Expense

Unrecognised tax losses of \$70,238,057 (2011: \$67,071,284) are available to the consolidated tax group (which includes the New Zealand Meat Board and Beef + Lamb New Zealand Ltd Limited), subject to assessment of the current year losses by the Inland Revenue Department.

## 10. Other Investments

(\$000 NZ)	2012	2011
Domestic Term Deposits - Held to maturity investments	32,500	26,700
Foreign Currency Term Deposits - Loans and receivable financial assets	20,721	21,410
	<b>53,221</b>	<b>48,110</b>

## 11. Financial Instruments

The Board is a risk averse entity and therefore seeks to minimise risk arising from its treasury activities. Foreign exchange, liquidity, credit and interest 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. Accordingly, the Board's policies do not allow any transactions that are speculative in nature to be entered into.

### (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 primary objective when investing is the protection of its investment. Accordingly, only creditworthy counterparties are acceptable. Creditworthy counterparties (other than government) are selected on the basis of their current Standard & Poor's rating, which must have a strong 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.

### (b) 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. Furthermore, the New Zealand Meat Board must maintain at least 50% of its domestic investments with a maturity of less than one year. Currently these short-term investments are in bank deposits, not corporate bonds.

## (b) Liquidity risk continued

(\$000 NZ)	2012	2011
<b>CURRENT ASSET-DOMESTIC BONDS</b>		
Range of maturity		
- within one year	-	10,704
	-	10,704
<b>NON CURRENT ASSET-DOMESTIC BONDS</b>		
- within one to two years	4,561	-
- within two to five years	9,840	12,489
- within five to ten years	4,000	3,001
	18,401	15,490
<b>TOTAL DOMESTIC BONDS</b>	<b>18,401</b>	<b>26,194</b>
<b>CURRENT ASSET-INTERNATIONAL BONDS</b>		
Range of maturity		
- within one year	-	958
<b>TOTAL INTERNATIONAL BONDS</b>		
<b>TOTAL INVESTMENTS/ BONDS</b>	<b>18,401</b>	<b>27,152</b>

## (c) 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.

## (d) 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 options are used to manage some of the New Zealand Meat Board's foreign exchange exposure.

Management is responsible for managing exposures in each foreign currency in accordance with the Board's Treasury Policy approved by the Board of Directors.

## (e) 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 bond and term deposit portfolio.

Foreign currency exchange fluctuations 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.

## (f) Quantitative disclosures

### (i) Credit risk

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

The New Zealand Meat Board holds investments with various institutions that have a minimum Standard & Poor's short term credit rating of A- and above.

### (ii) Foreign currency exchange risk

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

(\$000 NZ)	EURO	USD	GBP	YEN
<b>2012</b>				
Other investments-current	3,294	8,849	5,094	3,485
Gross balance sheet exposure and net exposure	3,294	8,849	5,094	3,485
<b>2011</b>				
Other investments-current	2,779	9,549	5,284	3,798
Fixed interest bond	958	-	-	-
Gross balance sheet exposure and net exposure	3,737	9,549	5,284	3,798

*(iii) Interest rate risk***Repricing analysis**

(\$000 NZ)	2012				2011			
	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>								
Held-to-maturity investments	50,901	25,500	21,401	4,000	52,894	37,404	12,490	3,000
Variable rate instruments	2,000	2,000	-	-	2,000	2,000	-	-
<b>Total Domestic</b>	<b>52,901</b>	<b>27,500</b>	<b>21,401</b>	<b>4,000</b>	<b>54,894</b>	<b>39,404</b>	<b>12,490</b>	<b>3,000</b>
<b>INTERNATIONAL</b>								
<b>Fixed rate instruments</b>								
Held-to-maturity investments	-	-	-	-	958	958	-	-
Loans and Receivables	20,721	20,721	-	-	21,410	21,410	-	-
<b>Total International</b>	<b>20,721</b>	<b>20,721</b>	<b>-</b>	<b>-</b>	<b>22,368</b>	<b>22,368</b>	<b>-</b>	<b>-</b>

**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 must maintain a contingency fund of between \$55 million and \$57.5 million.
- Within this contingency fund, \$2.5 million (2011: \$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.
- In 2008 a contingency fund foreign currency fluctuation reserve was established to represent non-cash foreign currency translation movements on the foreign currency interest bearing bonds and deposits. Previously this was included in the general reserves.
- The remainder of the Board's reserves are 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.

## (g) 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 decreased the Board's surplus before income tax by approximately \$205,952 for the year ended 30 September 2012 (2011: \$218,989).

It is estimated that a 100 basis point increase in the interest curve would result in a \$1.02 million decrease on the portfolio market value (2011: \$852,381 decrease).

## (h) Classification and fair values

As at 30 September 2012

(\$000 NZ)	Note	Other amortised cost	Held to maturity	Loans and receivables	Total carrying amount	Fair value
<b>ASSETS</b>						
Cash and cash equivalents		-	-	4,261	4,261	4,261
Other investments	10	-	25,500	20,721	46,221	46,952
Trade and other receivables		-	-	857	857	857
<b>Total current assets</b>		<b>-</b>	<b>25,500</b>	<b>25,839</b>	<b>51,339</b>	<b>52,070</b>
Other investments	10	-	7,000	-	7,000	7,345
Fixed interest bond - domestic	11	-	18,401	-	18,401	19,550
Floating rate note - domestic		-	2,000	-	2,000	1,926
<b>Total non-current assets</b>		<b>-</b>	<b>27,401</b>	<b>-</b>	<b>27,401</b>	<b>28,821</b>
<b>Total assets</b>		<b>-</b>	<b>52,901</b>	<b>25,839</b>	<b>78,740</b>	<b>80,891</b>
<b>LIABILITIES</b>						
Trade and other payables		86	-	-	86	86
<b>Total current liabilities</b>		<b>86</b>	<b>-</b>	<b>-</b>	<b>86</b>	<b>86</b>
<b>Total liabilities</b>		<b>86</b>	<b>-</b>	<b>-</b>	<b>86</b>	<b>86</b>



## As at 30 September 2011

(\$000 NZ)	Note	Other amortised cost	Held to maturity	Loans and receivables	Total carrying amount	Fair value
<b>ASSETS</b>						
Cash and cash equivalents		-	-	2,680	2,680	2,680
Other investments	10	-	26,700	21,410	48,110	49,014
Fixed interest bond - domestic	11	-	10,704	-	10,704	11,006
Fixed interest bond - international	11	-	958	-	958	984
Trade and other receivables		-	-	1,097	1,097	1,097
<b>Total current assets</b>		<b>-</b>	<b>38,362</b>	<b>25,187</b>	<b>63,549</b>	<b>64,781</b>
Fixed interest bond - domestic	11	-	15,490	-	15,490	16,477
Floating rate note - domestic		-	2,000	-	2,000	1,830
<b>Total non-current assets</b>		<b>-</b>	<b>17,490</b>	<b>-</b>	<b>17,490</b>	<b>18,307</b>
<b>Total assets</b>		<b>-</b>	<b>55,852</b>	<b>25,187</b>	<b>81,039</b>	<b>83,088</b>
<b>LIABILITIES</b>						
Trade and other payables		559	-	-	559	559
<b>Total current liabilities</b>		<b>559</b>	<b>-</b>	<b>-</b>	<b>559</b>	<b>559</b>
<b>Total liabilities</b>		<b>559</b>	<b>-</b>	<b>-</b>	<b>559</b>	<b>559</b>

## 12. Reserves and Retained Earnings

### (a) Fair value investments revaluation reserve

Changes in the fair value arising on translation of investments (such as commercial paper or certain fixed interest bonds, classified as available-for-sale financial assets) are taken to the available-for-sale investments revaluation reserve. Amounts are recognised in profit or loss when the associated assets are sold or impaired.

### (b) Contingency Fund

The contingency fund comprises \$2.5 million to underpin quota markets and the integrity of quota management systems and the balance is to provide funding to assist in the meat industry's response to any major industry crisis. In 2009, the balance of the fund was reduced during the year as a result of the Board review of operational risk management processes.

### (c) Contingency Fund Foreign Currency Fluctuation Reserve

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 or on maturity during the year.

## 13. Related Party Transactions and Balances

### Beef + Lamb New Zealand Ltd Limited

#### (a) Transactions and balances with related parties

The New Zealand Meat Board provides grant funding to Beef + Lamb New Zealand Ltd Limited for industry-good projects in accordance with its reserves policy and the Meat Board Act 2004. These are disclosed in note 8.

The New Zealand Meat Board operates offices located in Brussels, London and Washington. These offices are shared with Beef + Lamb New Zealand Ltd Limited for market access and development work. The costs associated with running these offices, inclusive of staff costs, are recovered from Beef + Lamb New Zealand Ltd Limited as noted below.

(\$000 NZ)	2012	2011
Service fee recovery: overseas offices	1,286	1,631

Wade Armstrong and Alan Kerr are New Zealand Meat Board Directors only. All other New Zealand Meat Board Directors are also Directors of Beef + Lamb New Zealand Ltd Limited.

The New Zealand Meat Board pays costs in relation to services provided by Beef + Lamb New Zealand Ltd Limited. The staff of Overseas Offices are employed directly by the New Zealand Meat Board, which also second staff and services contracts from Beef + Lamb New Zealand Ltd Limited for quota administration.

These services are as follows:

(\$000 NZ)	2012	2011
Information Technology & Premises	68	51
Governance	38	50
Administration	71	71
Finance	125	95
Trade Policy for Quota Administration	78	67
	<b>380</b>	<b>334</b>

At balance date, the New Zealand Meat Board owed a total of \$61,477 (2011: \$525,384) to Beef + Lamb New Zealand Ltd Limited

#### Arm's length basis

All transactions and outstanding balances with these related parties are priced on an arm's length basis.

#### Key management personnel compensation and transactions

Key management personnel compensation for the year ended 30 September 2012 and 2011 is set out below. The key management personnel are the Directors of the company and the direct reports to the Chief Executive Officer. Salaried key management personnel are paid from Beef + Lamb New Zealand Ltd Limited and costs are recovered as appropriate via service fee income, given the nature of the shared services arrangement.

(\$000 NZ)	2012	2011
Salaries, Directors fees and other short-term employee benefits	207	195
	<b>207</b>	<b>195</b>

#### (b) Disclosure of Interests by Directors

In accordance with section 140(2) of the Companies Act 1993, the Directors have made general disclosures of their relevant interests for entry in the Board's interest register.

Some of the Directors on the New Zealand Meat Board own shares in or own New Zealand meat companies. Some of the Directors are directors, employees or trustees of New Zealand meat companies.

## 14. Commitments

### Operating Leases

The lease commitments are based on current rentals. The New Zealand Meat Board leases premises in Brussels, London and Washington with lease terms of 1-5 years (2011: 1-5 years). Two motor vehicles and some items of office equipment are also leased.

The New Zealand Meat Board's non-cancellable lease commitments are as follows:

(\$000 NZ)	2012	2011
Within one year	206	362
Within one to two years	183	264
Within two to five years	507	205
<b>Total operating leases</b>	<b>896</b>	<b>831</b>

### Funding and Contractual Commitments

(\$000 NZ)	2012	2011
Within one year	2,000	3,447
<b>Total funding commitments</b>	<b>2,000</b>	<b>3,447</b>

### Capital commitments

There are no capital commitments as at 30 September 2012 (2011: nil).

## 15. Contingencies

There are no contingent liabilities.

## 16. 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.

## 17. Directors Fees

(\$000 NZ)	2012	2011
Chairman	25.0	25.0
Producer Directors	14.9	14.9
Commercial Directors	14.9	14.9
Government Appointees	14.9	14.9

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

The New Zealand Meat Board Directors and Officers are covered by Directors' & Officers' Liability Insurance.

## 18. Remuneration of the New Zealand Meat Board Employees

The following table represents the number of employees during the financial year to 30 September whose remuneration was greater than \$100,000. The remuneration of staff in Washington, Brussels and London has been converted to a New Zealand dollar equivalent at the approximated transaction rate for the year. Remuneration comprises salary and allowances.

(\$000 NZ)	All Staff	
	2012	2011
130-139	1	1
150-159	1	-
170-179	-	1
240-249	1	-
270-279	-	1

## 19. Reconciliation of (deficit) to Net Cash Flow from Operating Activities

(\$000 NZ)	2012	2011
<b>Reported deficit after taxation :</b>	<b>(1,823)</b>	<b>(671)</b>
Add/(less) non-cash items:		
Depreciation and amortisation	18	22
Bond amortisation	92	22
Exchange fluctuations international deposits and bonds	515	(792)
Unrealised mark to market on derivatives	(12)	3
	<b>613</b>	<b>(745)</b>
Add/(less) movements in other working capital items:		
(Increase)/decrease in accounts receivable	240	44
Increase/(decrease) in income in advance	17	-
Increase/(decrease) in accounts payable	(473)	(949)
Increase/(decrease) in provisions and short term employee benefits	(1)	-
Increase/(decrease) in GST payable	-	(2)
	<b>(217)</b>	<b>(907)</b>
Add/(less) items classified as investing or financing activities:		
Net (gain) on sale of fixed assets	(11)	-
Realised (gain) on offshore investments	1,149	1,595
	<b>1,138</b>	<b>1,595</b>
<b>Net cash flows (used in)/from operating activities</b>	<b>(289)</b>	<b>(728)</b>

# Independent auditor's report

To the stakeholders of  
New Zealand Meat Board

## Report on the financial statements

We have audited the accompanying financial statements of New Zealand Meat Board ("the Board") on pages 14 to 32. The financial statements comprise the balance sheet as at 30 September 2012, the income statement and statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the

purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Board.

## Opinion

In our opinion the financial statements on pages 14 to 32:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the Board as at 30 September 2012 and of its financial performance and cash flows for the year then ended.

## Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by New Zealand Meat Board as far as appears from our examination of those records.



4 December 2012  
Wellington



# Use of Statutory Powers

for the period 1 October 2011 – 30 September 2012

## 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.

11 Export Registrations were issued and 18 Export Registrations were cancelled.

As at 30 September 2012 a total of 209 Export Registrations were current.

### The holders of these Registrations are listed as follows:

ER #	Name
1007	LSG Sky Chefs Limited
1008	Ray Garnett
1014	Fern Ridge Ltd
1015	Garra International Ltd
1016	Harrier Exports Ltd
1017	Mountain Valley Organic Meats Ltd
1019	ANZCO Foods Green Island Limited
1022	Wilson Hellaby Limited
1024	Kanematsu New Zealand Ltd
1026	Frasertown Meat Company Ltd
1029	Highford Marketing Group Ltd
1030	Kiwi Pacific Foods Ltd
1033	Alpine Export Limited
1034	Garrett International Meats Ltd
1035	Prepared Foods Processing Ltd
1037	Oriental By-Product Processors Limited
1039	W H Grove & Sons Ltd
1040	Ottogi New Zealand Ltd
1044	Clover Export Ltd
1046	Silver Fern Farms Limited
1047	Taylor Preston Ltd

## 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.

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
1069	Crown Marketing Limited
1074	South Pacific Sera Limited
1078	C Sullivan (NZ) Ltd
1079	Prime Range Meats Limited
1083	Milton Marketing Ltd
1088	Richard Kidd Marketing Ltd
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	Franklin Foods Ltd
1116	Genesis Bio-Laboratory Ltd
1119	Greenlea Premier Meats Ltd
1122	McCallum Industries Ltd
1123	Tara Exports Limited
1124	Pacific Natural Gut String Co Ltd
1126	Nestle New Zealand Limited
1127	Rosendale Holdings Ltd
1129	Nelson and Robertson Pty Ltd
1131	Pilot (NZ) Ltd

<b>1133</b>	Lean Meats Limited	<b>1322</b>	NASA 1 Export Limited
<b>1134</b>	Swift & Company Trade Group	<b>1323</b>	GANA International Ltd
<b>1135</b>	Towers Thompson (New Zealand) Ltd	<b>1327</b>	Frontiers Group Co Ltd
<b>1137</b>	CMP Kokiri Ltd	<b>1333</b>	Absolute Foods Ltd
<b>1138</b>	Wallace Corporation Limited	<b>1340</b>	Lyford & Burkhart Exports (NZ) Ltd
<b>1139</b>	Pacific Basin Exports Limited	<b>1342</b>	Land Meat New Zealand Ltd
<b>1142</b>	Canterbury Meat Packers Limited	<b>1343</b>	Konig Gourmet Foods Ltd
<b>1143</b>	Tevita Tamahanga Tukunga	<b>1347</b>	Cabernet Foods Ltd
<b>1144</b>	Norman Evans Limited	<b>1348</b>	South Pacific Meats Limited
<b>1145</b>	Heinz Wattie's Limited	<b>1355</b>	Kato Farming
<b>1146</b>	Outlands New Zealand Limited	<b>1357</b>	Trade Foods NZ Ltd
<b>1147</b>	Lotus Exports Ltd	<b>1358</b>	Chevalier Wholesale Produce Ltd
<b>1150</b>	JW Hartnell 2000 Ltd	<b>1359</b>	AMI Export Ltd
<b>1152</b>	Advance Marketing Ltd	<b>1362</b>	Duncan & Co Ltd
<b>1159</b>	FJ Ramsey Meats (Paerata) Limited	<b>1364</b>	Progressive Meats Ltd
<b>1160</b>	Crusader Meats New Zealand Ltd	<b>1366</b>	Robert J Aitchison
<b>1166</b>	Aroma NZ Ltd	<b>1370</b>	The Neat Meat Company Ltd
<b>1194</b>	Arex International (New Zealand) Ltd	<b>1371</b>	Asia New Zealand Pacific Foods Ltd
<b>1199</b>	Back Country Foods Ltd	<b>1374</b>	Samex Australian Meat Co Pty Ltd
<b>1212</b>	Mount Erin Exports (NZ) Ltd	<b>1377</b>	Shore Mariner Ltd
<b>1214</b>	Blue Sky Meats (NZ) Limited	<b>1380</b>	Fresh Meats NZ Ltd
<b>1221</b>	Lanexco Limited	<b>1381</b>	Agri-Lab Co-Products Ltd
<b>1224</b>	Stratford Meat Brokers Co Ltd	<b>1390</b>	Viterra (NZ) Ltd
<b>1229</b>	NZ BY Products Ltd	<b>1392</b>	Integrated Foods Marketing Ltd
<b>1232</b>	SPANZ Ltd	<b>1395</b>	Halabi Holdings Ltd
<b>1236</b>	Shinpo NZ Ltd	<b>1402</b>	Fairleigh Enterprises Ltd
<b>1237</b>	Te Mania International (New Zealand) Ltd	<b>1404</b>	Mountain River Venison Ltd
<b>1240</b>	Juno Exports Ltd	<b>1411</b>	McDonald's Asia-Pacific Consortium Pty Ltd
<b>1247</b>	Amalgamated Marketing Ltd	<b>1420</b>	CERCO Limited
<b>1256</b>	Lowe Corporation Limited	<b>1422</b>	Farmlands Industries Ltd
<b>1259</b>	RCI Limited	<b>1426</b>	AMC Marketing Company Limited
<b>1262</b>	Mathias NZ Ltd	<b>1440</b>	Lincoln Wu
<b>1270</b>	LANZ Company Limited	<b>1441</b>	True South Limited
<b>1272</b>	UBP Limited	<b>1451</b>	Marcol Meat New Zealand Limited
<b>1273</b>	ABBEX International Ltd	<b>1452</b>	ORION 2000 Ltd
<b>1275</b>	Dunnett & Johnston Group Pty Ltd	<b>1455</b>	Tara International Limited
<b>1279</b>	Affco New Zealand Ltd	<b>1460</b>	Kadesh NZ Limited
<b>1280</b>	Ellis Agricultural Services Ltd	<b>1461</b>	Tropical Fresh Exports Ltd
<b>1288</b>	Walcovit New Zealand Limited	<b>1462</b>	Westalea Limited
<b>1289</b>	Riverlands Ltd	<b>1464</b>	Goat NZ Ltd
<b>1296</b>	NZ Meat & Seafood Exports Limited	<b>1466</b>	Team Meat New Zealand
<b>1300</b>	Invitrogen New Zealand Ltd	<b>1468</b>	ZiwiPeak Limited
<b>1301</b>	ANZCO Foods Limited	<b>1472</b>	Export Plus Ltd
<b>1304</b>	Export Services	<b>1473</b>	Asado Food Solutions Limited
<b>1307</b>	Boss NZ Ltd	<b>1474</b>	Goodman Fielder New Zealand Limited
<b>1314</b>	NZ Trade Corporation Ltd	<b>1478</b>	Darlings on the Wharf Ltd
<b>1317</b>	Gordon Dennis	<b>1482</b>	Kiwi NZ Export Import Ltd

1483	McKey Distribution New Zealand Ltd
1485	Primestar Foods Ltd
1486	Jacques Theron Trading Company Ltd
1487	Foodmate International Trading Ltd
1490	GR8 Marketing Ltd
1491	Haven Impex Ltd
1493	Country Imports & Exports Ltd
1494	Y & Y International Limited
1495	Jack Links NZ Ltd
1496	Farm Brands Limited
1501	Farmers Meat Export Ltd
1505	Farmland Foods
1506	Southern Seafoods International Limited
1510	Saman Lawe
1511	Aria Farm Ltd
1513	Capa International Ltd
1514	S & B Group Ltd
1515	1 Food Source Ltd
1516	Southern Organics NZ Limited
1517	Wanganui Coldstorage Ltd
1518	Luttick (New Zealand) Pty Limited
1519	Samex Limited
1520	Titan Meat Company Limited
1521	Sedayung Menara
1522	Ahmad Al-Jiab
1523	Barn Door Ltd
1524	Peter Stubbs Trading
1525	Food Partners Ltd trading as Leader Products
1526	Pan Pacific Chemicals Ltd
1527	Ruth Pretty Catering
1528	Mohamad Hasny Hashim
1529	Mason Esa Limited
1530	The Produce Company
1531	New Zealand Halal Union Trust (NZ-HUT)
1532	Firstlight Foods Limited
1533	Blue River Dairy Products Ltd
1534	Harmony Foods Limited
1535	M & J ku Limited
1536	Urban Food Distributors Limited
1537	Eastbay Limited
1538	Share International Ltd
1539	W M P Export Ltd
1540	New World Exporters Limited
1541	Kiwi Brands Limited
1542	Maxwells Pastry Ltd
1543	NZ Premium Trading Company Ltd
1544	Moregate Exports Ltd
1545	Canterbury Fresh Lamb Ltd
1546	Global Good Enterprise Ltd
1547	FOODCHAIN Ltd
1548	Wally Smith Killing & Processing Ltd
1549	Hua Shun Development Limited
1550	Kisco Foods International Ltd
1551	Multi Foods Limited
1552	Oravida NZ Limited
1553	Oceania International Provisions NZ Ltd
1554	Byron Inglis Ltd
1555	Daniel Roy Holmes
1556	Turners and Growers Exports
1557	Pacific Vision Ltd
1558	The Best Butchery House Ltd
1559	Panamex New Zealand Ltd
1560	Zara Halal Meat Exports NZ Ltd
1561	Anzco Foods Waitara Ltd
1562	Half Price Printing





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NEW ZEALAND MEAT BOARD