

New Zealand
PORK

NEW ZEALAND PORK INDUSTRY BOARD

ANNUAL REPORT

2019





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OUR INDUSTRY

93

commercial pig farms
in the sector



(*indicated by PigCare™ certification)

55%

of pigs breed
indoors



42%

of pigs breed
outdoors



3%

of pigs breed
free range



Farm system type (% of production)





621,000

pigs produced
per year



34%

of pigs processed in
the North Island



66%

of pigs processed in
the South Island



95%

of product PigCare™
certified



70.6kg

average carcass
weight



MARKET & CONSUMERS

23kg

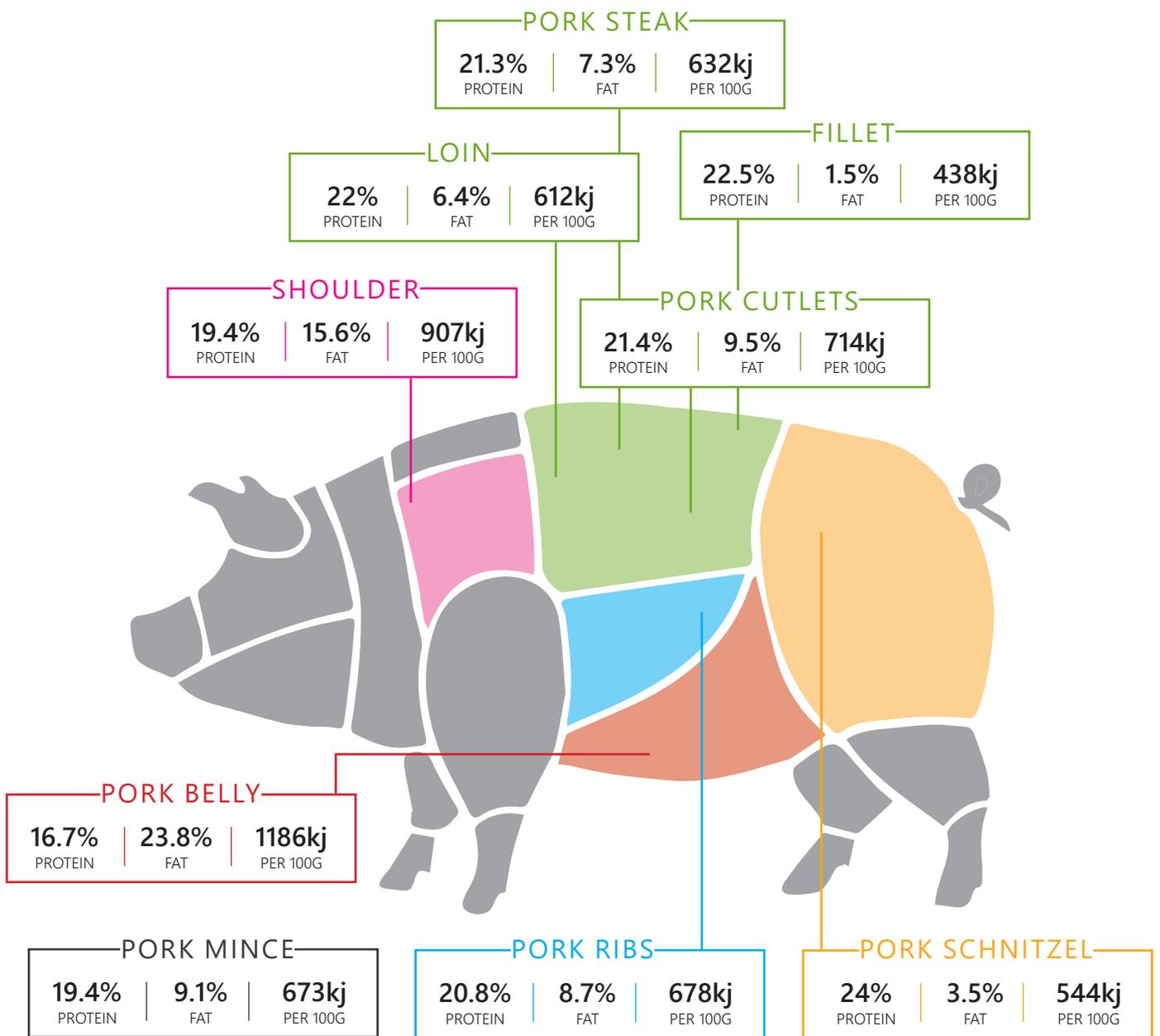
NZ pork consumption
per capita (on carcass
weight equivalent
(CWE))



8.8kg

Total NZ pork
consumed (per capita
CWE of NZ produced
pork)

NUTRITION BY CUT



INDUSTRY STRATEGY

PURPOSE

To support, encourage and promote the consumption of highly valued pork products, born and raised in New Zealand, using efficient, sustainable and responsible farming practices.

OBJECT

The New Zealand Pork Industry Board (NZ Pork) is a statutory producer Board whose establishment and function is governed by the Pork Industry Board Act (1997) (the Act). The object of NZ Pork is set out in Section 5 of the Act as:

1. The object of the Board is to help in the attainment, in the interests of pig farmers, of the best possible net on-going returns for New Zealand pigs, pork products and co-products
2. In pursuing its object, the Board must have regard to the desirability of the pork industry's making the best possible net ongoing contribution to the New Zealand Economy.

VISION

To promote and support a thriving, sustainable and valued New Zealand pig farming industry for generations to come.

PRODUCT
INTEGRITY



VIABILITY/
SUSTAINABILITY



DISEASE



VALUE
CREATION



STRATEGIC PILLARS



“

New Zealand commercial pig farming is a dynamic local sector which is committed to world-leading standards and farming practices in a range of areas including biosecurity, animal welfare and health, the environment and country of origin labelling.

CHAIRMAN'S REPORT

Leading standards across industry

New Zealand commercial pig farming is a dynamic local sector which is committed to world-leading standards and farming practices in a range of areas including biosecurity, animal welfare and health, the environment and country of origin labelling.

As a small-scale industry of around 93 commercial pork farmers who produce predominantly for the local market, we also play a significant role in the food supply chain, feeding millions of Kiwis every year.

More than 95% of commercial pork production is covered by our industry's unique PigCare™ certification programme, with the Born and Raised in New Zealand trustmark providing Kiwi consumers with an assurance that the pork they choose has a welfare certification and comes from pigs farmed in New Zealand.

Delivering Best Value

As an industry-good levy funded body, our starting point is supporting the hard work of New Zealand's pork farmers, particularly in a highly competitive market where costs and pressures continue to rise.

International pork prices have risen in the last year as a result of the global spread of African Swine Fever. This devastating disease has produced pressure on international supply. Here in New Zealand, this has provided slightly higher returns, but the reality is that our farmers still need to receive a premium compared to imports to meet our higher production and animal welfare costs.

This drives the Board's passion for delivering real value to our farmers. We continue to review what we are doing, what's working and what could be more effective to ensure our resources are maximised.

For example, over the past year, we have increased our in-house expertise whilst identifying areas where we can contract out specific tasks and work synergistically with other meat industry companies to achieve our goals.

The Board also reviewed investment opportunities for the reserves held in term deposits across four banks. We made the decision to work with New Zealand Funds on a Statement of Investment Policy and Objectives to deliver better returns at an acceptable level of risk. Since April 2019, this investment has delivered significantly better returns and we have every expectation that it will continue to do so.

Protecting our industry

New Zealand pork farmers cherish the high health status of our herd. Working to protect that from a disease incursion is without a doubt the Board's greatest and most urgent responsibility.

Alongside an extensive focus in the last year on communicating the critical role of complying with waste feeding regulations to non-commercial pork farmers and hunters alike, our core channel is working with government.

New Zealand Pork has built strong relationships with the Ministry for Primary Industries (MPI) and positive working connections with key officials.

In the last year, we engaged regularly with the MPI around biosecurity. A programme of work has been initiated jointly with MPI to address bio-security risks.

Animal welfare

We continue to meet with any groups or individuals that have any animal welfare concerns to present the industry facts. Our approach is openness and availability so we can manage the risk of inaccurate and extreme statements.

We await the Primary Production Select Committee's decision on the petition before Parliament in relation

to farrowing crates, which is currently on hold due to the pending court case brought by SAFE and the New Zealand Animal Law Association (NZALA).

We've taken the opportunity to make a science-based submission to the Select Committee, accurately outlining how the industry operates across the full spectrum of indoor and outdoor farrowing systems, ranging from the very basic to hi-tech.

The objective of any farrowing system is to support the survival of as many well-grown, healthy piglets as possible whilst also meeting the needs of the sow. From an animal welfare perspective, both indoor and outdoor systems involve making some carefully considered compromises in balancing the needs of the animals. Both, however, have a vital role to play in ensuring we can retain a dynamic and competitive industry.

The Board is very clear in its position on this. It supports farmers in choosing the style of operation – whether outdoor, indoor or hybrid – that they believe best suits the needs of their animals, their operation and the environment. The aim of NZ Pork is to provide the best knowledge and support available to ensure local farmers can operate to the world's best standards in producing food Kiwis love.

Creating value for our industry

We recognise the need to increase value and productivity across the supply chain. Over the past year, we undertook a series of discussions with key retailers looking at how we can encourage them to elevate New Zealand pork on their shelves.

These discussions will be ongoing over the next year and feed into our ongoing work around Country of Origin labelling, following on from successfully lobbying to get cured pork included in the Green Party's Consumers' Right to Know (Country of Origin Food) Bill now passed into law.

We invested considerable energy into leading the industry's response, which is crucial to a sector that is facing an increasing flood of imported pork products – all produced in countries using farming practices which do not meet New Zealand's high welfare standards in at least some aspects.

I am very motivated to see this industry remain a viable one and have a high level of confidence that it will because of the motivated, innovative and passionate people involved.

Thank you to the board members who have given their time and skill for the betterment of the pork industry. To David Baines and his staff, thank you for

the dedication and hard work during the year. David and his team bring a wealth of skills, enthusiasm and commitment working on behalf of the farmers and industry.

Eric Roy
Chairman



GENERAL MANAGER'S REPORT



One of the motivations for me in accepting the role of General Manager of NZ Pork in December 2018, was recognising that I could use some of my experience in the domestic meat industry to help strengthen connections within the industry.

After some 25 years in both senior management and governance roles in the industry, I understand that success is not just about farmers getting more. If the retailer gets more value, it flows on through the supply chain and everyone benefits.

Coming into the role of General Manager with that understanding has enabled me to act as a facilitator, so we can make good strategic decisions that will lead to strong strategic outcomes.

This has underpinned our eating quality project, looking to provide consumers with a tangible reason to be willing to pay more for New Zealand born and raised pork in order to deliver the premiums our producers need.

With the agreement of our farmers, we have progressed this during the year and importantly, rather than seeing pork as an isolated supply segment, we are engaging with and listening to the needs and opinions of others in the supply chain, whether it's the retailers or the processors, the wholesalers or food service sector.

Ultimately, our eating quality project can influence everyone's understanding that if we get this right, there is an advantage for us all.

Another core focus of my first year has been growing our relationships with MPI, identifying key decision makers and understanding their perspectives, while at the same time communicating NZ Pork's position on certain issues. It's been a real privilege working with our Chairman Eric Roy with his deep links into parliament, getting to know some of the key politicians and decision-makers and ensuring we keep in front of them, so we are not the forgotten industry.

Likewise, it's a privilege to be working with an experienced and efficient team, now including Hannah Ritchie as Environmental Advisor as we develop our in-house capability and expertise.

Without a doubt, the biggest issue for us this year has been African Swine Fever (ASF), now declared a global pandemic by the World Organisation for Animal Health. It's a very hardy disease, it's lethal to pigs and there is no cure or vaccine as it spreads, creating devastation for commercial pig industries.

Despite the seriousness of this risk, it has also created a large opportunity for NZ Pork to connect with media and the public to talk about our industry's world-leading animal welfare standards, our herd's high health status and the benefits to Kiwis of eating NZ Pork.



Rather than seeing pork as an isolated supply segment, we are engaging with and listening to the needs and opinions of others in the supply chain, whether it's the retailers or the processors, the wholesalers or food service sector.

It's allowed us to tell Kiwis about the high level of imported pork, that very few countries meet our welfare standards and to encourage them to ask their local retailer where their product comes from. Many people would prefer to buy New Zealand pork but at this stage, it's not clear where the product is coming from.

ASF has also enabled us to rise in the pecking order with MPI in terms of who they engage with and what they need to do to be seen to be protecting New Zealand, particularly given ASF's international profile.

We have a huge challenge given the volume of product coming into New Zealand from countries that already have ASF and the people who visit countries that have ASF as this disease is carried on footwear and clothing.

Working to protect the high health status of our industry's herd is our biggest responsibility. We are extremely concerned about the risk of a disease incursion, not just from ASF, but other diseases such as Porcine Reproductive and Respiratory Syndrome (PRRS), both of which would have a devastating effect on our industry.

One pathway for disease to get into our herd is through the feeding of waste food containing infected meat to pigs. We have done extensive work this year on an awareness campaign targeting non-commercial pig owners, rural vets, processors and hunters ensuring they understand the risk and that it is illegal to feed pigs waste food containing meat.

I was honoured this year to receive the Christie Award, a lifetime achievement award from Retail Meat NZ. As the 10th recipient, I was particularly proud to receive it wearing the NZ Pork hat, which I think reflects well on the industry.

David Baines
General Manager



PRODUCT INTEGRITY

A cut above

The New Zealand pork industry is proud to produce high quality food for New Zealanders. We also recognise the need to give Kiwi consumers a tangible reason to have confidence in buying New Zealand born and raised pork for its superior eating quality and health value.

With 60% of pork consumed in New Zealand imported, often at a cheaper price point, it's important Kiwis know that by paying a premium for home-grown pork, they're getting a cut above the rest. Currently, there is no quality filter placed on product as it is processed to be able to identify what is top eating quality as opposed to product that could be inferior.

This year we reached an agreement with farmers to work toward measuring the eating quality of pork, identifying top-performing product to achieve a consistent premium in the market. There is too much variability in the quality supply, so we are looking to utilise evidence-based tools to identify and manage consistency and quality.

We have also worked with Australian Pork Limited to access some of the extensive research they've carried out over the last decade into the eating quality of pork. We have agreements to use all their technical data and to work with their key personnel to apply the learnings to our New Zealand context.



Now that our farmers agree that this is an important strategic focus, we will work to engage processors, wholesalers, retailers and ideally food services in a supply chain focus on identifying top-performing eating quality New Zealand pork.

Once we have agreement across the supply chain, we can take tangible steps working with technical experts and look to produce a pork eating quality mark, providing assurances that it has been processed to deliver the best eating quality product.

PigCare™

More than 95% of commercial pork produced in New Zealand now carries the 'Born and Raised in New Zealand PigCare™' certified label – assuring Kiwis that the pork they choose comes from pigs farmed right here in New Zealand to our high standards of welfare.





It is a decade since our industry introduced the PigCare™ programme, which today remains the only whole of industry, independently managed and expertly verified and audited standard in the primary production sector.

Taking the latest in understanding of pig behaviour and science, combined with input from MPI, vets, farmers and New Zealand Pork, the programme integrates New Zealand's already high animal welfare standards with a focus on farmer care, knowledge and experience when it comes to providing for their animals' health and wellbeing.

Since 2010, PigCare™ has continued to evolve and strengthen, and continues to be more relevant at a time of increasing scrutiny by consumers around the provenance of their food. Even though there is a large part of the market looking at the price of pork, there is also a significant part looking at traceability and welfare, and the 'Born and Raised in New Zealand PigCare™' trust mark addresses that.

During the year, New Zealand Pork appointed Dr Kirsty Chidgey, (Animal Welfare Scientist and Advisor) as the key representative of the PigCare™ programme to manage the day-to-day matters relating to PigCare™.

We have established a PigCare™ technical advisory group (PTAG) to address technical issues regarding PigCare™, refine the audit process and provide technical guidance to auditors and farmers along with training and calibration of auditors.

Another significant change to the PigCare™ programme was incorporating the new animal welfare regulations issued in October 2018 and developing guidance material for farmers on the regulations to support animal welfare within our own industry and system.

In doing this, we continue to demonstrate to regulators that the commercial pig farming industry has a trusted tool to manage welfare; and importantly, that we can monitor ongoing compliance with the regulations through this tool.

We also reached an agreement with the MPI around using PigCare™ as an appropriate mechanism to confirm freedom from bovine tuberculosis and to strengthen biosecurity on farm.

We have strengthened our auditing to include both industry veterinarians alongside independent Quality Consultants New Zealand Limited (QCONZ) auditors, which is now reflected in the change in our PigCare™ 'Born and Raised in New Zealand' labelling from independent verification to 'expert' verification.

It is encouraging to see that our PigCare™ tool is now getting recognition from key stakeholders, including the National Animal Welfare Advisory Committee (NAWAC), MPI and the New Zealand Veterinary Association as an exemplar of industry taking leadership in demonstrating commitment to managing good practice animal welfare on-farm.

VALUE CREATION OF NEW ZEALAND PORK



Country of Origin Labelling

We were very pleased at the start of the financial year, after extensive lobbying, to see cured pork included in the redrafted Consumers' Right to Know (Country of Origin Labelling) Bill that was then passed into law. The inclusion of cured pork recognised that the pork category is a special case.

Including cured pork as a regulated food for coverage will enable consumers to recognise the large volume of imported bacon, ham and other cured small goods (up to 85 percent) sold in this country, is manufactured from imported pork. Currently it is often marketed as "made in New Zealand from imported and local ingredients".

Kiwi's know that we are a meat producing nation and as our research has confirmed, they expect the meat they're eating to be from New Zealand and to be told if it is not. So, the recommendation of the Committee to include cured pork is a significant step in recognising local consumers' demand to know where their food comes from and shows they are listening to both Kiwi consumers and local farmers.

The reality for the New Zealand commercial pig farming industry is that we are facing a flood of

imported products from over 25 countries around the world. All this imported pork is from countries that use farming practices that in some aspects do not meet New Zealand's welfare standards. And we have no control over this as World Trade Organisation rules do not permit countries to discriminate based on animal welfare standards.

The regulatory process around the Bill has allowed us to shed light on this issue and we have used the opportunity to actively communicate with consumers. But we have also continued to emphasise that the coverage of imported pork needs to be wider than narrow technical definition of cured pork. Applying a narrow technical definition means that imported pig meat could be marinated or injected in New Zealand and then appear in the chilled cabinet in supermarkets alongside New Zealand pork, with no recognition of its country of origin.

We will continue to work on this issue, to ensure that consumers have the information they clearly want to differentiate between imported and locally grown pork.

GET THE FRESH TASTE OF GENUINE



100%

NEW ZEALAND PORK



Look for our country of origin labels.

FROM YOUR FRIENDLY
Butcher

VIABLE & SUSTAINABLE NEW ZEALAND PORK FARMING INDUSTRY



The right to farm

As a small-scale industry within a larger primary production sector, commercial pig farmers are setting the standards for quality, animal welfare and environmental management.

The nature and size of our industry and this commitment to best practice, also means we have a small environmental footprint relative to other parts of the primary production sector.

NZ Pork is working to develop tools to measure the environmental footprint of our farms across different aspects which we believe will perform very favourably against other primary producers.

However, our small scale also means the industry can often be overlooked in local planning and regulatory development and reform.

NZ Pork works hard to stay up to date with local authority consenting requirements so we can assist our farmers to develop necessary documentation and not only maintain compliance but where possible, stay ahead of the game.

This year we have responded to a number of district plans ensuring they are in the best interests of pig

farmers, as well as several key regulatory proposals from government focused on climate change and water; with increasingly large expectations of the primary sector.

The Climate Change Response (Zero Carbon) Amendment Bill opened for submissions in June 2019. We took the opportunity in written and oral submissions to point out the unique nature of our industry, small scale and with a very low carbon footprint compared to other sectors (0.2% of agricultural emissions, which in turn make up 50% of New Zealand emissions). Further, pigs are monogastric and produce only small quantities of methane compared to ruminant animals.

While our members are committed to climate action and further reducing their emissions, it is important these factors are taken into consideration in the development of emissions targets, action plans and other aspects that will be developed under the legislation.

Environment Canterbury's proposed Land and Water Plan Change 7 was another proposal potentially impacting our farmers. We worked with a planning consultant to develop our response, supporting submissions from larger agricultural submitters including DairyNZ and Beef + Lamb NZ.

In September, consultation also opened on the Government's Essential Freshwater package of proposals. In formulating our submission, we held a workshop with farmers to talk through the proposals and identify some potential impacts specific to outdoor pig farmers (indoor pig farmers are excluded from many of the proposals likely to impact the agricultural sector).

While there are aspects we support, some of the proposals were ambiguous for outdoor pig farmers. We strongly requested all pig farming be excluded from regulations in the proposed National Environmental Standard as some definitions could have unintended negative consequences for pig farmers. In line with submissions from major agricultural industry bodies, we opposed the proposed nutrient limits for nitrogen and phosphorus in rivers, as they were not supported by robust science.

In September, MPI opened consultation on its proposed National Policy Statement for Highly Productive Land, providing district and regional councils guidance on classifying highly productive land to protect it from urban development.

Our submission highlighted that pig farming, like some other aspects of agriculture, do not require high quality soils and can be done in areas that aren't classified as high class, so the protections afforded to high class areas should also be extended to other agricultural areas.

Protecting our high health status

We have a constant focus on understanding current rules and regulations around imports. We cannot influence the unlevel playing field where imported pork is not required to comply with New Zealand's high animal welfare standards. But we can ensure that as much as possible, we are presenting a science based case for protecting the high health status of our herd from any disease incursion that might come through legally imported pig meat as appropriate under world trading rules.

We continue to communicate with consumers and with regulators around the unfairness of products coming into New Zealand not having to meet our high welfare standard. New Zealand is one of the highest ranked countries according to the World Animal Protection's Animal Protection Index. This is a key plank supporting the need for Country of Origin Labelling [as discussed under Product Integrity].

We have also been working closely with MPI on importation of pig semen to ensure effective risk management of all disease risks while enabling re-establishment of access to genetically superior semen.

Labour availability

The availability of skilled on-farm labour remains a challenge. Pig farming is a small low-profile sector but with a requirement for relatively specialist occupational skills. As part of this, we continue to work with Primary ITO in developing standards of learning and delivering those units to our workforce.

However, our industry's low profile has meant that our farmers have also needed to draw on skilled migrant workers.

We were disappointed that the needs of the sector to source skilled migrant workers were not specifically recognised by a review of immigration settings during the year. We are well aware that the Government's policy focus is to provide New Zealanders with jobs first and foremost, and will continue to offer training and development opportunities while continuing to communicate to government that the productivity of the sector is dependent on having ongoing access to a skilled workforce, and that currently we need to draw on skilled migrant labour.

DISEASE MANAGEMENT & BIOSECURITY



Managing Risk

New Zealand's commercial pig farming industry is internationally recognised for its high-health status. Our high status is our prime competitive advantage. To protect this status, the industry constantly monitors pig health and disease outbreaks internationally.

We are extremely concerned about the risk of an exotic disease incursion, not just from African Swine Fever (ASF), but other diseases such as Porcine Reproductive and Respiratory Syndrome (PRRS), both of which would have a devastating effect on our industry.

Preventing an incursion remains a critical area of focus. We work proactively with MPI, as well as providing submissions, on all matters pertaining to import standards and their implementation that are relevant to maintaining New Zealand's pig herd health status.

With the rapid spread of ASF around the world, we have been communicating very actively with MPI with the objective of ensuring all risks to the New Zealand industry are recognised. During the year we initiated and worked with MPI on an extensive awareness and prevention campaign, targeting non-commercial pig owners, rural vets, abattoirs and hunters. In particular we have focused on raising awareness of and underlining the critical importance of compliance with the waste feeding regulations.

This will remain a key focus going forward as feeding potentially infected meat to pigs is one of the main risk pathways for exotic disease introduction.

Epidemiologist Dr Eric Neumann provided two webinars updating the industry on ASF. The first was for New Zealand pork farmers, and the second, co-facilitated with MPI, was for farmers, supply chain, and New Zealand health professionals including MPI staff and NZ Veterinary Association members. This was a very successful awareness tool with the second webinar involving around 100 participants.

While ASF has gained global attention and concern most recently, due to its rapid spread in Asia, it is important to note this has not lessened our concern to manage the risk of porcine reproductive and respiratory syndrome (PRRS) and other exotic diseases.

Biosecurity Threats Report and Risk Register

To support the critical focus on biosecurity, this year we initiated a biosecurity threats report and risk register to provide regular updates for the Board to highlight biosecurity issues and direct activities as appropriate.



Preventing an incursion remains a critical area of focus. We work proactively with MPI, as well as providing submissions, on all matters pertaining to import standards and their implementation that are relevant to maintaining New Zealand's pig herd health status.

FARMER & INDUSTRY ENGAGEMENT

Building connections and growing relationships

An advantage of being a small-scale industry is the close connections we have with our farmers across the three regional groups, and equally the capacity to build close connections within the industry.

We stay in touch with our farmers regularly through face-to-face regional meetings, weekly and monthly emails, workshops and events and our annual industry conference.

At the end of the financial year, we made the decision to appoint full-time marketing capacity to our team. Chris Bristol has been appointed to this role. Chris brings significant experience in the meat industry to help improve communications and relationships across supply chain.

During the year, New Zealand Pork re-established a forum with wholesalers and processors, chaired by New Zealand Pork Deputy Chair Paul Bucknell. The forum was well attended by wholesalers and processors covering a range of issues relevant to the farmer/supply chain interface, including animal welfare and PigCare™, meat quality, country of origin labelling, marketing support, and exporting. There was strong recognition of the value in continuing such engagement to facilitate an effective supply chain.



We stay in touch with our farmers regularly through face-to-face regional meetings, weekly and monthly emails, workshops and events and our annual industry conference.



We worked with MPI to facilitate management of on-farm issues in a number of areas. These included responsible use of antibiotics on farm, good practice farming for rodent control and residue management, and an industry led approach to ensure freedom from bovine TB in the commercial herd. These matters generally involved detailed submissions and discussion with MPI.

NZ Pork is also a principle sponsor of the New Zealand Sharp Blacks, as part of our strategic plan to develop our relationship and profile with retailers and food services. We are working with consultant chefs, to help position New Zealand pork as a premium product in the sector.

We will continue to strengthen these relationships, including creating regular communication vehicles for our supply chain partners so we can update industry on activities and initiatives.

GOVERNANCE



ERIC ROY

Chairman, Government appointed director
Government Appointed 2018

Eric brings extensive political experience and networks along with farming expertise to the role of Chairman. Eric served as National Party MP between 1993 and 2014 as well as serving as Assistant Speaker of the House from 1998 to 2002 and Deputy Speaker of the House in 2011. After retiring from politics at the 2014 election, Eric was appointed a Companion of the Queen's Service Order, for services as a Member of Parliament, in the 2015 New Year Honours. Eric is also a Justice of the Peace. Eric owns and manages Glenore Farms, a Southland-based farm business providing dairy support, running beef, deer along with a sheep operation selling sire rams. Eric is also serving a second term as regional councillor for Environment Southland.



PAUL BUCKNELL

Deputy Chair, Farmer representative Region 1
Re-Elected 2019

Paul has been involved in the meat industry for over 40 years, the last 33 working for Wilson Hellaby in various roles mostly around Livestock Procurement and always as the Pork Procurement Manager. In 2017, Wilson Hellaby moved its Pork Processing to Ruakura where he continues that role, as well as leading projects including understanding what processes impact on meat quality. During his career, Paul has built deep and strong relationships with pork farmers all over New Zealand. He also represents New Zealand Pork on the Board of Retail Meat New Zealand.



DAVID LAWTON

Director, Farmer representative Region 2
Elected 2017

Dr David Lawton is one of the two pig veterinarians in New Zealand consulting to commercial producers, bringing more than 20 years' experience working with farmers across the industry. Dr Lawton has also played a significant role in the development of animal welfare standards and disease management in New Zealand, including the development of PigCare™, the New Zealand Pork certification programme for which he is currently an auditor. Dr Lawton was previously the senior lecturer in Pig Health and Production at Massey University, is a Primary ITO Assessor, president of the pig veterinarians special interest branch and co-director of Ecopharm, which supplies a range of products to the industry. He owns and manages a Taranaki dairy farm.



HELEN ANDREWS

Director, Farmer representative Region 3
Elected 2018

Helen and her husband own and manage a large outdoor pig farm in Canterbury, established in 2004 after previously running a dairy farm in Southland. Helen is passionate about the pork industry, acting as an industry representative for more than a decade with a particular focus on the areas of welfare and environment. In 2019, she was awarded an

AgMart Individual Scholarship and is undertaking Institute of Director (IOD) courses. She has also been awarded an IOD Emerging Director Award for the Canterbury region giving her a director internship on the Board of Electricity Ashburton. Helen's other passion is as a volunteer children's sport coach.



JASON PALMER

Director, Farmer representative Region 3
Elected 2018

Jason brings a lifetime of involvement in the pig industry to his role as a Director. Raised on a mixed-stock farm with pigs, Jason completed a Bachelor of Commerce Agriculture at Lincoln before embarking on a career with PIC NZ, a leading pig genetics firm. Working in business development and sales, Jason has built strong relationships with farmers

around New Zealand. Jason also has shares in a major pig farming operation in Canterbury as well as a dairy farm. Along with sitting on the board of several small farming operations, Jason is active in his community including sitting on the school board. And when he gets a chance, Jason gets out for a bit of mountain biking and touch rugby.



DAVID BAINES

General Manager

General Manager of NZ Pork, David brings more than 25 years' experience in the meat industry to his role. A director of Retail New Zealand and Beef + Lamb Incorporated, he is also a former chair of Retail Meat New Zealand and director of Porkcorp. David was appointed a life member of Retail Meat New Zealand in 2016, and in 2019, he was awarded the Christie Award for the Outstanding Contribution to the Domestic Meat Industry.

David is currently a member of the Institute of Directors and a Chartered Accountant. Prior to his current role, David was the Managing Director of Strategy Central, General Manager of Alliance Meats and General Manager of Porkcorp. David holds a Bachelor of Commerce from Otago University. He brings to the table strong strategic leadership, analytical and communication skills, grounded in his belief in building trust and transparent communication across the sectors to benefit farming and New Zealand.

FINANCIAL STATEMENTS



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REPORT OF THE BOARD

Directors of the New Zealand Pork Industry Board take pleasure in presenting their Annual Report for the year ended 30 September 2019.

ACTIVITIES

The New Zealand Pork Industry Board is a producer-funded organisation.

The Board has continued in its endeavours to ensure the sustainability of pork producers. It has focused on market promotion activities focusing on the New Zealand consumer, raising the profile of the industry and its products, providing policy advice with an emphasis on animal health and welfare and environment, provided technical and science advice to producers and cost effective business management.

FINANCIAL HIGHLIGHTS FOR THE YEAR

RESULTS

The Board made a net surplus of:

\$67,632

(2018: \$76,948 surplus).

NET WORTH

Equity of the Board as at 30 September 2019 amounted to:

\$4,985,327

which is an increase of 2.25% over the value of equity \$4,875,583 as at 30 September 2018.

Total assets

Total assets of the Board increased by 2.28% to:

\$5,226,995

(2018: \$5,110,482).

DIRECTORS

There were no changes in Directors during the period under review.

REGISTERED OFFICE

New Zealand Pork Industry Board's registered office is at Unit 2A, 9 Sir Gil Simpson Drive, Burnside, Christchurch (PO Box 20-176, Bishopdale, Christchurch, 8543).

REMUNERATION OF DIRECTORS

Directors' remuneration received or due and receivable during the year is as follows:

	\$ 2019	\$ 2018
Eric Roy (current Chairman)	43,000	9,556
Ian Carter (past Chairman)	-	56,850
Sheena Henderson	-	10,000
Benjamin Voice	-	37,900
David Lawton	30,000	30,000
Paul Bucknell	35,000	30,833
Helen Andrews	30,000	5,000
Jason Palmer	30,000	5,000
Total	168,000	185,139

DIRECTORS' USE OF BOARD INFORMATION

No notices were received from Directors to use information which they obtained in their capacity as Directors and which would not otherwise have been available to them.

Directors' Interests

There were no transactions between the Board and the Directors except as stated above.

There are no loans by the Board to Directors.

The following are declared Directors interests:

Director	Pork Industry Interests	Other Interests
Eric Roy		NZ Functional Foods (Director) Southland Regional Council (Councillor) Glynore Farms Ltd (Director) Environmental Planning Commissioner
David Lawton	Porkanon (NZ) Ltd (Director) EcoPharm Ltd (Director)	Hogsback Ltd (Director) Integrated Farm Solutions Ltd (Director)
Paul Bucknell	Wilson Hellaby Ltd (Manager) Retail Meat New Zealand (Director)	
Jason Palmer	Southern Pork Ltd (Director) Supplies pigs to: FreshPork NZ Ltd	Emerald Pastures Ltd (Director) Equine Breeding Services Ltd (Director) Pigeon Valley Forestry Ltd (Director)
Helen Andrews	Aparima Wharf Ltd (Director) MD + HL Andrews Partnership (Partner) Supplies pigs to: FreshPork NZ Ltd	

Notwithstanding the provisions of Clause 22 and 23 (permitted insurance) of the Pork Industry Board Act 1997, the Board has deemed it prudent to arrange Statutory Bodies Liability Insurance which together with the provisions of the Act ensure that Directors and Subsidiary Company Directors will incur no monetary loss as a result of actions undertaken by them as Directors. Certain actions are specifically excluded, for example, the incurring of penalties and fines which may be imposed in respect of breaches of the law.

Auditors

In accordance with Section 18(2)(a) of the Pork Industry Board Act 1997, Crowe New Zealand Audit Partnership continues in office.

Audit Fees

Accounts received or due and receivable by the auditors (Crowe New Zealand Audit Partnership) for auditing the Board's Financial Statements: Note, the Board has resolved that no accrual be made for the 2019 year.

	\$ 2019	\$ 2018
Crowe Audit Fee	13,094	1,600
Non-assurance Fees	-	-

Statement of Comprehensive Income

For the Year Ended 30 September 2019

	Note	\$ 2019	\$ 2018
Continuing Operations			
Revenue:			
Levy		2,174,361	2,201,783
Total Revenue		2,174,361	2,201,783
Expenses	2	2,152,102	2,420,333
OPERATING SURPLUS/(DEFICIT)		22,259	(218,550)
Other Income (i)		22,381	95,176
Interest Received (ii)		61,484	201,586
PIE Income		108,145	-
Relates to Previous Year(iii)		(114,869)	-
NET SURPLUS/(DEFICIT) BEFORE TAXATION		99,400	78,212
Taxation	3	(31,768)	(1,264)
NET SURPLUS/(DEFICIT) AFTER TAXATION		67,632	76,948
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		67,632	76,948

- I. Other Income was received from conference sponsorship, advertising in PorkOutlook, Overseer project fees and interest on levies received from Ministry of Primary Industries.
- II. Interest received is currently used for operational activities, which contributes albeit in a small way, to reducing the levy. The investments are managed by the Board which meets every month, along with assessing each investment at time of maturity.
- III. The relates to previous year adjustment is the reversal of accrued interest as at 30 September 2016.

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

Statement of Changes in Equity

For the Year Ended 30 September 2019

	Note	\$ 2019	\$ 2018
EQUITY AS AT 1 OCTOBER		4,875,583	4,498,635
Net Surplus/(Deficit) for the year from Continuing Operations		67,632	76,948
Prior Period Adjustment		(433)	-
Total Comprehensive (Loss)/Income for the year		67,199	76,948
Increase / (Decrease) in Reserves		42,545	-
EQUITY AS AT 30 SEPTEMBER	5	4,985,327	4,875,583

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

Statement of Financial Position

As at 30 September 2019

	Note	\$ 2019	\$ 2018
NON-CURRENT ASSETS			
Investments	6	4,683,798	535,000
Property, Plant & Equipment	7	22,582	30,851
Trademarks	8	7,269	31,460
Deferred Tax	3	3,628	-
Total Non-Current Assets		4,717,277	597,311
CURRENT ASSETS			
Cash and Cash Equivalents		237,971	225,374
Trade & Other Receivables		228,009	304,402
Prepayments		22,428	22,330
Investments	6	21,309	3,961,065
Total Current Assets		509,717	4,513,171
TOTAL ASSETS		5,226,995	5,110,482
EQUITY			
Accumulated Funds	5	4,942,782	4,875,583
Reserves		42,545	-
TOTAL EQUITY		4,985,327	4,875,583
CURRENT LIABILITIES			
Trade & Other Payables		189,985	185,073
Employee Entitlements		29,456	16,498
Hire Purchases		5,520	15,617
Tax Payable		16,707	17,711
Total Current Liabilities		241,668	234,899
TOTAL LIABILITIES		241,668	234,899
TOTAL LIABILITIES & EQUITY		5,226,995	5,110,482

Eric Roy (Chairman)



12/12/2019

Paul Bucknell (Deputy Chairman)



12/12/2019

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

Statement of Cash Flows

For the Year Ended 30 September 2019

	\$ 2019	\$ 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
Pork Industry Levy	2,162,382	2,236,722
Receipts from Customers and Others	20,903	97,131
Interest Received	38,485	201,586
	2,221,769	2,535,439
Cash was applied to:		
Payments to Suppliers and Employees	2,122,516	2,911,377
GST	(18,690)	(101,204)
Income Tax	34,509	(1,171)
	2,138,335	2,809,002
Net Cash (outflow)/inflow from Operating Activities	83,435	(273,563)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Sale of Assets Held for Sale	-	495,000
	-	495,000
Cash was applied to:		
Purchase of Property, Plant & Equipment	879	4,886
Net Increase in Investments	60,243	21,920
Trademarks	-	-
	61,123	26,806
Net Cash inflow/(outflow) from Investing Activities	(61,123)	468,194
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash was provided from:		
Net Proceeds from Finance Lease Liabilities	-	611
	-	611
Cash was applied to:		
Payment of Finance Lease Liabilities	9,717	8,985
	9,717	8,985
Net Cash inflow/(outflow) from Financing Activities	(9,717)	(8,374)
NET INCREASE/(DECREASE) IN CASH HELD	12,596	186,257
Cash at Beginning of Year	225,375	39,118
Cash at End of Year	237,971	225,375

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

Reconciliation of Net Surplus After Taxation To Cash Flow from Operating Activities

	\$ 2019	\$ 2018
Net Surplus/(deficit) after Tax	67,632	76,948
Add (Less) Non Cash items:		
Depreciation	9,143	12,318
PIE Income Reinvested	(108,145)	-
Impairment of Trademarks	24,191	-
Loss on Disposal of PPE	-	-
Total Non Cash Items	(74,811)	12,318
Add (Less) Movements in Working Capital items:		
Increase/(Decrease) in Tax Payable	887	25,169
Increase/(Decrease) in Deferred Tax	(3,628)	(22,734)
Decrease/(Increase) in Trade Receivables	76,392	138,985
Decrease/(Increase) in Prepayments	(98)	30,243
Increase/(Decrease) in Accounts Payable	4,103	(496,632)
Increase/(Decrease) in Employee Entitlements	12,959	(37,860)
Net Movement in Working Capital	90,615	(362,829)
Net Cash Flow (Outflow) from Operating Activities	83,435	(273,563)

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

Notes to the Financial Statements

For the Year ended 30 September 2019

1. REPORTING ENTITY

STATUTORY BASE

The financial statements presented here are for the reporting entity New Zealand Pork Industry Board, a body corporate established under the Pork Industry Board Act 1997.

The entity is domiciled in New Zealand.

The Directors class the entity as a profit-orientated entity for financial reporting purposes only.

The financial statements for Board have been prepared in accordance with the Financial Reporting Act 2013 and the Pork Industry Board Act 1997.

BASIS OF PREPARATION

Statement of Compliance

The Financial Statements have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") – Reduced Disclosure Regime (NZ IFRS with RDR).

The Company is a Tier 2 For-profit entity and has elected to report in accordance with Tier 2 For-profit Accounting Standards as issued by the New Zealand External Reporting Board (XRB). The Company is eligible to report in accordance with Tier 2 For-profit Accounting Standards on the basis that it does not have public accountability and is not a large for-profit public sector entity.

Basis of Measurement

The financial statements have been prepared on a historical cost basis, except for assets and liabilities as disclosed below that have been measured at fair value.

The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

Functional Currency

The Financial Statements are presented in New Zealand dollars, which is the Board's functional currency.

CHANGES IN ACCOUNTING POLICIES

The following sets out the new accounting standards that were applicable to the Group from 1 January 2019.

NZ IFRS 9 replaces NZ IAS 39 with the key changes relating to the classification and measurement of financial instruments, hedge accounting and impairment. The adoption of this standard does not have a material impact on the balances in the financial statements. The recognition and measurement of financial instruments are unaffected given the nature of the balances.

Financial instruments that are measured at amortised cost include cash balances and trade receivables. These instruments meet the solely payments of principal and interest criterion and are held in a held-to-collect business model. Trade payables and loans are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Accordingly these financial instruments are still measured at amortised cost under NZ IFRS 9.

Previously the provision for impairment of financial assets was based on an incurred loss model. Under NZ IFRS 9, a provision for impairment is established using a forward-looking expected credit loss model which requires expected credit losses to be returned on a 12 month or life time basis. Changes to the impairment model do not have a material impact on the Group's financial assets.

NZ IFRS 15 Revenue from contracts with customers replaces NZ IAS 18 and has been implemented for the financial year ending 30 December 2018. The core principle of this standard is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company chose to adopt NZ IFRS 15 retrospectively without restatement, using the cumulative effect method i.e. by recognising the cumulative effect of initially applying NZ IFRS 15 as an adjustment to the opening balance of equity from 1 January 2019. Therefore the comparative information has not been restated and continues to be reported under NZ IAS 18. In accordance with the transition guidelines NZ IFRS 15 has only been applied to contracts that are incomplete as at 1 January 2019.

The Company has determined that over time revenue recognition remains appropriate for this revenue, therefore the Standard does not have a material impact on the financial statements as revenue is already being recognised at the point which the promised services are transferred to the client.

SPECIFIC ACCOUNTING POLICIES

Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost, including costs directly attributable to bringing the asset to its working condition.

Any expenditure that increases the economic benefits derived from an asset is capitalised. Expenditure on repairs and maintenance that does not increase the economic benefits is expensed in the period it occurs.

When an item of property, plant and equipment is disposed of the difference between net disposal proceeds and the carrying amount is recognised as a gain, or loss, in the statement of comprehensive income

Depreciation

Depreciation on property, plant & equipment is calculated at rates estimated to write-off the cost of the assets to their estimated residual value over their useful life.

The estimated economic lives are as follows:

Furniture	6 - 16 years
Computer Equipment	2 - 5 years
Computer Software	2 - 4 years

Assets Held for Sale

When the Company intends to sell non-current assets or groups of assets, and if the sale is highly probable to be carried out within 12 months, the asset or group of assets is classified as "held for sale" and presented as such in the statement of financial position.

Non-current assets classified as "held for sale" are measured at the lower of their carrying amounts, immediately prior to their classification as held for sale and their fair value less costs to sell. However, some "held for sale" assets such as financial assets or deferred tax assets continue to be measured in accordance with the Company's accounting policy for those assets. No assets classified as "held for sale" are subject to depreciation or amortisation subsequent to their classification as "held for sale".

Operating Leases

Payments made under operating leases are recognised in the statement of comprehensive income on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Financial Instruments

Non-Derivative Financial Instruments

Non-Derivative financial instruments comprise trade and other receivables, cash and cash equivalents trade and other payables and loans and borrowings.

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.

A financial instrument is recognised when the Board becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Board's contractual rights to the cash flows from the financial assets expire.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Other

All non derivative financial instruments are classified as either loans and receivables or other financial liabilities. Subsequent to initial recognition, all financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses.

Trade and Other Receivables

Trade and other receivables are stated at their cost less impairment losses.

Trade and Other Payables

Trade and other payables are stated at their cost.

Investments

Investments are carried at cost less impairment losses

Income Tax

Income tax comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates at the reporting date, and any adjustment to tax payable in respect of previous years.

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

Intangible Assets

NZPork trademarks have an indefinite useful life and are not amortised but reviewed annually for impairment. The grounds supporting the assessment of an indefinite useful life are based on NZPork renewing the trademark every 10 years.

Impairment

The carrying amount of the Board's assets is reviewed at each balance sheet date to determine whether there is objective evidence of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the statement of comprehensive income.

Impairment of Receivables

For trade receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on numbers of days overdue, and taking into account the historical loss experience in portfolios with a similar amount of days overdue.

Non-financial Assets

The carrying amount of the Board's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment.

Revenue

Levies shown in the statement of comprehensive income comprise the amounts received and receivable by the Board in the ordinary course of business. Levies are stated exclusive of Goods and Services Tax.

Grants received, which contribute to revenue, are recognised in the statement of comprehensive income as soon as any obligations attaching to the grants have been met.

Dividends are recognised in the statement of comprehensive income as received.

Interest is recognised in the statement of comprehensive income as earned.

Foreign Currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Goods and Services Tax

The statement of comprehensive income and statement of cash flows have been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of accounts receivable and accounts payable.

Statement of Cash Flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Board invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the Board and records the cash payments made for supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets. Investments are stated at the lower of cost and net realisable value. The Board has a specific investment policy which is reviewed at least annually and administered at each Board meeting. The investment portfolio comprises of main trading banks and the policy follows normal prudential guidelines.

Financing activities comprise the change in equity and debt capital structure of the Board.

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.

Trade and Other Receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Investments

Investments are initially recognised at cost being the fair value of consideration given, with an adjustment for any impairment.

2. OPERATING EXPENSES

	\$ 2019	\$ 2018
BaRNZ (i)	137,770	242,085
Business Administration	353,664	432,280
Salaries and Related Costs	470,630	525,924
Directors' Remuneration	168,000	185,139
Depreciation	9,143	12,318
Audit Fees (ii)	13,094	1,600
Regulatory & Research (iii)	54,387	191,826
Innovation & Technology (iv)	401,897	380,089
Communications – The Agency (v)	491,745	449,072
Contestable Funds	51,772	-
Total Operating Expenses	2,152,102	2,420,333

- I. BaRNZ – consumer communications, supply chain sponsorship, consumer BaRNZ product collateral and recipes printing and distribution.
- II. Payment to the Board's auditors Crowe New Zealand Audit Partnership was \$13,094 for audit. No accrual was made for the 2018 year.
- III. Regulatory & Research – includes environment, animal welfare and biosecurity costs.
- IV. Innovation & Technology – Massey University, animal health, food safety and suitability, employment, training & HR, pigcare and other research.
- V. Communications – The Agency – includes maintaining websites www.pigcare.co.nz, www.pork.co.nz and www.nzpork.co.nz. Farmer stories / Industry videos, seasonal campaigns, recipes and education

3. INCOME TAX EXPENSE

	\$ 2019	\$ 2018
Reconciliation of effective tax rate		
Net surplus (deficit) before tax	99,400	78,212
Income tax using the Board's domestic rate 28%	27,832	21,899
Tax effect of:		
Expenses that are not deductible for tax purposes	3,936	4,744
Transfer of Investment Property to Asset Held for Sale	-	(25,379)
Income tax expense	31,768	1,264
Income tax expense in the income statement		
Current tax expense	35,396	23,997
Deferred tax (credit) / expense	(3,628)	(22,733)
Total income tax (benefit) / expense	31,768	1,264

DEFERRED TAX

Year Ended 30 September 2019	Unused Tax Loss (\$)	Accruals (\$)	Employee Entitlements (\$)	Tax Depreciation (\$)	Total (\$)
Opening Balance at 1 October	-	-	-	-	-
Charged to Income Statement	-	-	(3,628)	-	(3,628)
Closing Balance at 30 September	-	-	(3,628)	-	(3,628)

Year Ended 30 September 2018	Unused Tax Loss (\$)	Accruals (\$)	Employee Entitlements (\$)	Tax Depreciation (\$)	Total (\$)
Opening Balance at 1 October	-	2,646	-	(25,379)	(22,733)
Charged to Income Statement	-	(2,646)	-	25,379	22,733
Closing Balance at 30 September	-	-	-	-	-

4. IMPUTATION CREDIT ACCOUNT

	\$ 2019	\$ 2018
Balance 1 October	548,070	541,783
Income Tax Paid	34,508	6,287
Imputation Credits at 30 September	582,578	548,070

5. ACCUMULATED FUNDS

	\$ 2019	\$ 2018
Balance 1 October	4,875,583	4,498,635
Transfer to and from Reserves		
Surplus/(Deficit) for the year	67,632	76,948
Prior Period Adjustment	(433)	
Transfer to Reserves	42,545	-
Balance 30 September	4,985,327	4,875,583

6. INVESTMENTS

	Interest Rates %	\$ 2019	\$ 2018
a) Short Term (< 12 months to maturity)			
BNZ Treasury Call	0.10	21,309	485,938
Bank of New Zealand Deposit		-	510,127
ANZ Bank Deposit		-	1,100,000
Westpac Bank Deposit		-	1,165,000
Kiwi Bank		-	700,000
		21,309	3,961,065
b) Long Term (> 12 months to maturity)			
Bank of New Zealand Deposit	3.65	270,000	270,000
Kiwi Bank	3.70	265,000	265,000
NZ Funds Managed Portfolio		4,148,798	-
		4,683,798	535,000
		4,705,107	4,496,065

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

7. PROPERTY, PLANT & EQUIPMENT

2019	Furniture	Computer Software	Computer Equip	Total
	\$	\$		\$
<i>Cost/Revaluation</i>				
Opening Balance	29,874	-	25,243	55,117
Additions	-	-	874	874
Revaluations	-	-	-	-
Disposals	-	-	-	-
Closing Balance	29,874	-	26,117	55,991
<i>Accumulated Depreciation</i>				
Opening Balance	10,329	-	13,937	24,266
Charge in year	3,127	-	6,016	9,143
Revaluation	-	-	-	-
Disposals	-	-	-	-
Closing balance	13,456	-	19,953	33,409
Net book value Sep 2019	16,418	-	6,164	22,582

2018	Furniture	Computer Software	Computer Equip	Total
	\$	\$		\$
<i>Cost/Revaluation</i>				
Opening Balance	28,864	-	21,366	50,230
Additions	1,010	-	3,877	4,887
Revaluations	-	-	-	-
Disposals	-	-	-	-
Closing Balance	29,874	-	25,243	55,117
<i>Accumulated Depreciation</i>				
Opening Balance	6,606	-	5,341	11,947
Charge in year	3,723	-	8,596	12,319
Revaluation	-	-	-	-
Disposals	-	-	-	-
Closing Balance	10,329	-	13,937	24,266
Net Book Value Sep 2018	19,545	-	11,306	30,851

8. INTANGIBLE ASSETS

	\$ 2019	\$ 2018
Balance 1 October	31,460	31,460
Movement	(24,191)	-
Balance 30 September	7,269	31,460

The Board agreed to write off the Trademarks 'Apple Tender' and 'The Extraordinary Kitchen – NZ' as these trademarks are now redundant.

9. RELATED PARTY TRANSACTIONS

The GM has the authority and responsibility for planning, directing and controlling the activities of NZ Pork. Their salary remuneration is included under the Report of the Board.

NZ Pork Industry Board administers the NZ Pig Breeders 75th Jubilee Funds which belongs to the NZ Pig Breeders Association. Funds held as at 30 September 2019 are \$28,344 (2018: \$27,868).

NZ Pork Industry Board administers Ward Funds which belong to Region 1 and Region 2. Funds held as at 30 September 2019 are: Region 1 \$19,413 and Region 2 \$12,632 (2018: Region 1 \$19,240 and Region 2 \$12,205).

Paul Bucknell is a Director of NZ Pork Industry Board and is a Manager at Wilson Hellaby Ltd. Total payments made to the entity during the year were \$1,840 (2018: \$1,725)

David Lawton is a Director of NZ Pork Industry Board and is a Director of Porkanon (NZ) Ltd. Total payments made to the entity during the year were \$4,834 (2018: \$5,871).

KEY MANAGEMENT COMPENSATION

New Zealand Pork Industry Board has a related party relationship with its key management personnel. Key management personnel includes the General Manager and Senior Management:

	\$ 2019	\$ 2018
Key management personnel compensation includes the following expenses:		
Salaries and other short-term employment benefits	339,530	375,812
Total	339,530	375,812

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

10. OPERATING LEASE & OTHER COMMITMENTS

At 30 September 2019 the Board's commitments are as follows:

	2020	2021-2024	Later than 5 Years	Total
Hadleigh Holdings	33,850	76,700	-	110,550
Australasian Pork Research Institute	85,000	85,000	-	170,000
Wolfstrike Rentals	9,366	37,464	-	46,830
Sharp Corporation	5,256	21,024	-	26,280
Massey IVABS	153,103	106,329	-	259,432
Essential IT	18,463	73,852	-	92,315
Epi-Insight	50,000	200,000	-	250,000
	355,038	600,369	-	955,407

At 30 September 2018 the Board's commitments are as follows:

	2019	2020-2023	Later than 5 Years	Total
Hadleigh Holdings	33,850	115,050	-	148,900
Australasian Pork Research Institute	85,000	170,000	-	255,000
Wolfstrike Rentals	9,360	-	-	9,360
Sharp Corporation	3,576	-	-	3,576
Massey IVABS	234,877	209,432	-	444,309
Essential IT	20,000	-	-	20,000
	386,663	494,482	-	881,145

11. CREDIT CARD

The New Zealand Pork Industry Board holds a BNZ Business Visa facility with the Bank of New Zealand. The total facility at balance date was \$50,000 (2018: \$50,000).



More than 95% of commercial pork production is covered by our industry's unique PigCare™ certification programme, with the Born and Raised in New Zealand trustmark providing Kiwi consumers with an assurance that the pork they choose has a welfare certification and comes from pigs farmed in New Zealand.

INDEPENDENT AUDITOR'S REPORT

To the Members of New Zealand Pork Industry Board

Opinion

We have audited the financial statements of New Zealand Pork Industry Board (the Board) on pages 6 to 22, which comprise the statement of financial position as at 30 September 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at 30 September 2019, and its financial performance and its cash flows for the year then ended in accordance with *New Zealand equivalents to International Financial Reporting Standards with Reduced Disclosure Regime* (NZ IFRS RDR).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Information Other Than the Financial Statements and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information included in the Financial Statements on pages 3 to 5 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible on behalf of the entity for the preparation and fair presentation of the financial statements in accordance with NZ IFRS RDR, 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.

In preparing the financial statements, the Directors are responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Board or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 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 and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Crowe New Zealand Audit Partnership
CHARTERED ACCOUNTANTS
21 January 2020

STATUTORY DECLARATION



Statutory Disclosures

(In addition to information contained in the Report for the Board)

Unless otherwise stated, references refer to sections of Pork Industry Board Act 1997.

There has been no indemnification of or agreement to indemnify an official, nor have any insurances been effected for any official. (Section 20(5))

Employee Remuneration

The total annual aggregate remuneration and benefits paid to staff during the year was \$470,630. (Section 27(1)(d))

There was no resolution under section 18(5) of the Pork Industry Board Act 1997 approved at the annual general meeting.

As required under Section 211(1)(g) of Companies Act, set out below is the number of employees of NZ Pork Industry Board who received remuneration and other benefits of \$100,000 or more during the year in their capacity as employees:

Remuneration Range (\$,000)	Number of Employees		
	2019		2018
	Continuing	Discontinued	
100-109	-	-	-
110-119	1	-	2
120-129	-	-	-
130-139	-	-	-
140-149	-	-	1
150-159	1	-	-





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STAFF



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IAN BARUGH

Technical Advisor



FRANCES CLEMENT

Policy & Issues Manager



KIRSTY CHIDGEY

Animal Welfare Scientist



HANNAH RITCHIE

Senior Environmental Advisory



JANE MEACLEM

Business Support Administrator



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