



Brief Bytes

Email update from Alliance Group - your co-operative & partner in farming excellence



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Meeting our Asian partners and customers

Nǐ hǎo. I'm writing this from Xilinhot in China where, together with our chairman Murray Taggart, and director Russell Drummond, I attended the opening of our in-market partner Grand Farm's new processing plant. The plant is a fantastic new facility and the opening was a great event, with guests from around the globe. We were joined at the launch by three New Zealand Trade and Enterprise officials. Our Matura Plant Manager Tony Gilder and Pat Smith, Boning Supervisor at our Nelson plant, are also in Xilinhot providing technical advice on the commercialisation of the plant. I will provide a full update of the visit in the next Brief Bytes.



David in panel discussion at The First IMS International Ecological Husbandry Development Summit Forum in Xilingol 2016.



Murray Taggart, Alliance Group chair with Mr Xibin Chen, Grand Farm.

Industry Structure

You may be aware the Government has approved Shanghai Maling's purchase of 50 per cent of Silver Fern Farms. The decision provides clarity to the industry and confirms Alliance Group's position as the only true red meat co-operative in New Zealand. I believe this will be good for the industry, as we continue to run our own race and pursue our strategy that will build a better business and create value to farmer-shareholders. Many of you have told us you think it's important you retain ownership of the industry, you want to be in control of your destiny and your membership in our co-operative fulfils this need. You also support the co-operative's purpose that every cent we make is either re-invested back into the business or delivered back to you. Alliance is an attractive option for those farmers who want the benefits of belonging to a co-operative.

Business strategy projects

As you know, we're now one year into implementing our new business strategy, which is designed to improve your co-operative's performance and lift returns to farmer-shareholders. There has been significant progress and results and I want to update you on two particular projects: Boneless Yield and Livestock Excellence.

Team spirit boosts buy in for Boneless Yield Project

This is one of a number of initiatives being driven by Group Production Manager, Andy Dennis and Group Production Coordinator, Wayne Rollinson. Around 18 months ago, we identified the need for good measurable tools that could be used to improve our business practice. Discussion and sharing of ideas, led by Andy and Wayne, resulted in the development of a Total Boneless Yield calculation that we now use to convert all our production back to a total boneless factor. That has enabled us to measure each plant against others in the group and identify where any shortcomings are. There's great support and recognition of the project's value from managers, supervisors and staff throughout the slaughter board and boning rooms. It's not just for management. It's a tool everyone can use. Results for each plant are posted up every day and it's become a real topic of conversation in the smoko rooms and inspired a competitive spirit. One of the major aims of the project was to get consistent carcase standards across all the plants. We're achieving that now and that helps the boning room achieve the outcomes. By getting the front end right, we're helping the back end. We're getting more meat in the box and, in some cases performance has increased by up to five per cent.

Livestock excellence

The Livestock Excellence programme recognises that a one size fits all approach doesn't work for everyone. Based on feedback from farmers, we are developing ways to tailor the service we offer and provide a better service that meets the needs of individual farms and farmers. That means offering a more flexible service and equipping our Livestock Reps with the skills and abilities to meet those varying needs.

Our reps will be working more closely with farmers and a key factor will be understanding farmers' needs and kill profile and when they need us to take their livestock - so we can all be more definitive about volumes and timing.

The project is being driven by Murray Behrent, Nigel Jones and Chris Selbie, with ongoing input and feedback from our Livestock Reps. Key to this has been our in-house development of specialist apps to support this enhanced service. Our Reps have been undergoing training on how to use these apps and how to show farmers the benefits of using them too.

Crucially, it will also provide us with more accurate data, so we can make more informed decisions for processing plants, such as when to start up and close down chains. It will give our marketing team an improved forecast of when products are coming through, so they can make better decisions about how much we have to sell, and importantly, where and who to sell it to.

Warmth programme for shareholders

Our shareholders are very important to us and we are currently looking at further ways in which we can recognise the value they add to our co-operative through their commitment - particularly our platinum and gold shareholders - and to make sure that what we offer works well for them. This will include a 'Warmth Programme' with initiatives such as bursaries. I look forward to sharing further details in future Brief Bytes.

Fixed price offer supporting Christmas chilled lamb offer

We have released a fixed price offer supporting the Christmas chilled lamb offer. If you are on a minimum contract you can elect to move to a fixed term from 3 October. If you have not already heard from your Alliance Rep about this, please give them a call. As always, priority will be given to our loyal platinum and gold shareholders.

Sharing our story with future agribusiness professionals

Nigel Jones, our General Manager Strategy, addressed more than 100 MGMT 340 Agribusiness Strategic Management students at Lincoln University last week, discussing Alliance Group's updated strategy and wider industry issues.

That included setting out the role and importance of the co-operative and outlining our business change processes - with a number of students asking pertinent questions at the end and catching up with Nigel outside the lecture theatre to find out more.



Roadshow dates for your diary

I am looking forward to meeting as many of our farmer shareholders as possible at our roadshows which we'll be presenting across the country from 4 October - 3 November. This is a really good opportunity to share your views and ideas with us, and to hear first-hand what we are doing to build a stronger co-operative and enhance returns for our farmer shareholders. So please mark your local meeting as a date in your diary and do feel free to bring along your friends, neighbours or suppliers who may be interested in hearing about our co-operative. The road-show schedule is below.

| Location | Date | Time | Venue |
|-----------------|-------------|-------------|-------------------------------------|
| Darfield | 4-Oct | 2:30pm | Darfield Rugby Club |
| Waiau | 5-Oct | 2:30pm | Amuri Golf Club |
| Omihi | 5-Oct | 7:30pm | Scargill Golf Club |
| Masterton | 10-Oct | 10:30am | Copthorne Solway |
| Feilding | 10-Oct | 2:30pm | Rangitikei Club |
| Dannevirke | 10-Oct | 7:30pm | Dannevirke Services & Citizens Club |
| Fairlie | 11-Oct | 2:30pm | Mackenzie Rugby Club |
| Five Forks | 11-Oct | 7:30pm | Five Forks Hall |
| Kurow | 12-Oct | 2:30pm | Kurow Rugby Club |
| Middlemarch | 12-Oct | 7:30pm | Middlemarch Golf Club |
| Heriot | 13-Oct | 10:30am | Heriot Community Centre |
| Omakau | 13-Oct | 2:30pm | Matakanui Rugby Club |
| Mossburn | 17-Oct | 10:30am | Mossburn Community Centre |
| Otautau | 17-Oct | 2:30pm | Otautau Sports Complex |
| Gore | 17-Oct | 7:30pm | Longford Function Centre |
| Fortrose | 18-Oct | 2:30pm | Tokanui Golf Club |
| Balclutha | 18-Oct | 7:30pm | South Otago Town & Country Club |
| Nelson | 27-Oct | 2:30pm | Waimea Rugby Club |
| Blenheim | 27-Oct | 7:30pm | Quality Hotel |

Beef + Lamb NZ Central South Island Farmer Council dinner

The Beef + Lamb NZ Central South Island Farmer Council dinner will be held in Cromwell on 13 October and we're really looking forward to meeting farmers and members of the Central Otago community. Working with and supporting rural communities is what our co-operative is all about and we are delighted to be providing sponsorship to enable Olympic Women's Coxless Pair, silver medallists Genevieve Behrent and Rebecca Scown to speak at the event and to visit local schools.

Competing at the sharp end

Congratulations to the Pure South Sharp Blacks, New Zealand's top butchers, on their performance in the 2016 World Butchers' Challenge. Competition newcomers France might have pipped our national butchery team in the final but it was a great effort.

Getting your entries in for the Mint Lamb Competition

The Canterbury A&P Lamb Competition celebrates its 10th anniversary this year. The nationwide Mint Lamb Competition is open to all breeds, countrywide, and celebrates the quality and variety of lamb available in New Zealand, with a focus on increasing consumption. This year, organisers have removed penalty points for trimmer lambs, increasing the weight limit to 14-23kgs and creating a highest yield prize for each class. Lambs must be current season, born after 1 July 2016 and they will be judged on the hook at an Alliance plant for best Overall Yield. There is no entry fee for the competition. Proceeds from the gift lambs will be credited to the Canterbury A&P Association to support the development of the Canterbury A&P Show. To receive an entry form or for more information contact the Show Office on 03 343 2136 or email bindy@theshow.co.nz. Entries close Wednesday 19 October.

Flying the flag for Southland

A great night was had by all at the Southland Party, a charity event held in Parliament to celebrate all that is good about the province. We were proud to support this year's event on 16 September, which saw more than 200 guests - a mixture of Southlanders, ex-pats and friends of Southland enjoy the best quality Pure South beef, lamb and venison. \$1,000 was raised for Conductive Education Southern.

Right: Hon. Bill English presenting a prize to Cathy Franks at the Southland Party in Wellington.



Market update

Lamb and sheep

There is some resistance in the UK to price increases for chilled lamb. However, the ramifications of Brexit will be factored into price negotiations. In Europe, demand for middles and legs remains strong and fores are steady. Christmas negotiations are continuing. North America is also still showing strong demand for all chilled and frozen cuts on the back of limited supply. The Middle East market is also firm with prices strong at above average historical levels. The Chinese market remains subdued.

Mutton

Demand for mutton remains firm on limited supply for all markets.

Venison

There is strong demand for European game season chilled venison, and other markets remain firm.

Beef

Chilled airfreight and domestic sales are steady. The US market remains very quiet with importers still looking to ease prices down. Taiwan prices have eased 10 cents per kg on light trade, while Japan also remains quiet with buyers trying to ease offal prices after a strong previous month of price rises. Indonesia is back in the game. However, with light kills, there is currently little to offer in that direction.

Warm regards

David Surveyor
Chief Executive

Your co-operative, working with you across the supply chain



Phone: 0800 354 435
Email: communications@alliance.co.nz
www.alliance.co.nz | www.puresouth.com