



# Brief Bytes

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



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## At Home

### Final roadshow meetings for 2016: Nelson and Blenheim

The annual Alliance Group road show concludes on Thursday (27th October) with meetings in Nelson and Blenheim. It has been pleasing to see so many farmer-shareholders interested in the business and asking good and challenging questions about the co-operative. I encourage anyone keen to hear more about the co-operative's strategy and performance to attend the final two meetings. The Nelson meeting will be held at Waimea Rugby Club at 2.30pm followed by the meeting at Quality Hotel, Blenheim, at 7.30pm.



*Chairman Murray Taggart speaking at the Mossburn Roadshow meeting.*



*Shareholders and suppliers gathered at the Gore Roadshow meeting.*

### Beef X-Ray machines ensure greater chemical lean accuracy

An investment in new beef X-Ray technology at Matura and Pukeuri is ensuring greater precision in the chemical lean (fat to meat ratio) measurements for manufacturing beef. The Matura technology came into service this week, following the successful installation of the technology at

Pukeuri last year. The project also includes automatic weighing and labelling machinery for both plants and represents a total investment of more than \$1m. This investment allows us to meet the chemical lean specifications for manufacturing beef with greater accuracy, ensuring all meat value is realised, optimising returns for our farmer-shareholders. It offers a market advantage, as we can target different grades of product with maximum accuracy and meet any specific customer requirements. We also aim to install the equipment at our beef processing plant in Levin.

### World class deer processing facility for Lorneville



Our investment in a major new deer processing facility at our Lorneville plant is another sign of our commitment to the New Zealand deer industry. This also delivers on our strategy of continuing to invest in the future, lowering the cost base, ensuring world class modern facilities and reinforcing our role as an efficient leading processor. The new facility is expected to be operational for the new processing season in July 2017. Venison operations will be transferred to Lorneville from the current processing site at nearby Makarewa, resulting in a 30 per cent reduction in our deer processing costs. Deer processing will continue at Makarewa in the meantime – and all employees at the site will be offered roles at Lorneville.

### Expanding options at Alliance online store

A reminder that our exciting new online meat store is up and running with premium Pure South lamb, beef and venison products on sale to farmer-shareholders and employees. We are steadily adding more products and different-sized portions so we encourage you to visit [www.alliance.co.nz](http://www.alliance.co.nz) and see what's on offer. For instance, a Pure South Whole 2kg Beef Fillet is on sale for \$80. Buying the whole piece is not only more economical, but best of all allows you to cut each steak to your desired thickness/size.

The store represents our first step in e-commerce and is providing an excellent platform to increase our domestic sales. Delivery options are either Click and Collect from one of our Alliance Meat locations or transported to you by our delivery partner New Zealand Couriers.

#### Shop

CLICK ON THE PRODUCT CATEGORIES BELOW TO SELECT INDIVIDUAL PRODUCTS.  
IMPORTANT: Delivery to rural addresses is not available due to limited shelf-life of chilled and frozen products. Please visit the [NZ courier website here](#) for the nearest agent/depot for collection.



## Share Contributions zero rated for GST

We would like to remind suppliers that **Contribution for Shares** deducted from kill sheets are classified as a financial transaction and as such are zero rated for GST. This means that Contribution for shares should not be claimed back in relation to GST. When you look at your Kill Sheet you'll see a line called **Contribution for shares**, you can't include this amount when completing your GST return. As such the figure in the box on the Kill Sheet (Buyer Created Tax Invoice) titled **NET PAYMENT** shouldn't be used when completing your GST return if the kill sheet has had a Share Contribution deduction. The figures that can be used are either **Net** (immediately below **TOTAL DEDUCTIONS**) which is the GST exclusive total, or **Total (GST inclusive)**. This guidance is provided to assist suppliers extracting information from their Kill Sheet. It shouldn't be treated as financial advice and you should seek advice from your financial / tax advisor for a definitive view with a GST related matters

## In Market News

### Promoting Pure South to the world

This week, Alliance Group Marketing Manager John Rabbitt, along with Dave Richards, Sales Manager from our UK office, represented Alliance Group at SIAL in Paris, the world's largest food innovation exhibition. We were among 7,000 companies from more than 100 countries presenting products to retail and foodstuff professionals. The event attracts over 155,000 visitors, 1,500 journalists and over 120 official delegations. Meanwhile, Mark Lim, from our Singapore-based agent Goldkiwi, attended the China International Meat Industry Exhibition (CIME). Companies from Australia, the US, Ireland and India were among those with stands at the event, which is organised by the China Meat Association (CMA). Grand Farm President Mr Xibin Chen is chairman for beef and sheepmeat for CMA and made a speech on the opening day. Pure South was the only foreign company product displayed on Grand Farm's impressive stand – with the new Pure South Grand Farm dual brand packs on show. Mark joined the Grand Farm team on the stand.

### Foodie heroics - Pure South's major role in Asian food show final



Pure South lamb and beef featured prominently in the final of the popular Food Hero 2016 contest in Singapore on Thursday 20<sup>th</sup> October. Pure South was the main sponsor for the competition, which has a major following across Asia. The event aims to find the next food host talent for network channels Asian Food Channel and Food Network. Keen cooks prepared a meal and video and were then judged on their culinary masterpieces, on-

screen appeal and creativity in producing original and engaging content. The Pure South brand had strong visibility at the event, which saw the four final contestants battling it out in front of a panel of production and creative experts. There were also tastings of Pure South products. The winner from the Philippines won a cash prize and a gift from Pure South. With audiences for the final including media and members of the food industry, this was a good showcase for our brand. Food Hero Asia will produce two videos for broadcast on Asian Food Channel and Food Network. These are well followed by foodies across the South East Asia region so will provide further brand outreach.

They will also be posted on its Facebook page which has two million 'likes'. Asian Food Channel (AFC) is the region's leading food-focused channel. It is available in more than 10 countries in the Asia Pacific region. For more details, see [www.foodhero.asia](http://www.foodhero.asia) or [www.asianfoodchannel.com](http://www.asianfoodchannel.com).



*2016 Food Hero - contestants.*



*2016 Food Hero - tastings.*

## **Market Update**

### **Lamb and mutton**

Chilled volumes of lamb for sea freight to the UK will be similar to last year, but airfreight volume will be lower as some retailers will be stepping back from promoting chilled lamb. UK frozen options are under pressure and we anticipate some weakening on chilled post-Christmas, compared to other markets, due to the weakening pound. In Europe, Christmas chilled volumes have concluded with the focus shifting to frozen. The weak UK pound may push product to the continent which could put pressure on price. The North American market remains firm for all cuts particularly for middle cuts. The Middle East is also firm on limited supply. There has been some further price improvement in China on selected cuts but overall the market is quiet while the high domestic numbers due to drought work through the system. General demand for mutton cuts is firm on limited supply.

### **Venison**

All markets are firm due to anticipated shortages. Chilled production is well advanced and key customers are keen to commit to frozen programmes earlier than usual to secure supply.

### **Beef**

The US market outlook has been poor with prices tumbling in the last 6-8 weeks despite very light volumes on offer from New Zealand and Australia. However, over the last week, we have seen a mild recovery in the US manufacturing beef market. This is positive, but it is too early to say whether this will be sustained. The main issues appear to be sufficient supply from US domestic production, very heavy autumn cow kills and feedlot restocking activity based on record corn harvests and lower feed costs. Brazil entering the market will also have an impact with a 64000 mt general quota allocation.

Prices for chilled New Zealand prime beef have been good. However, export activity in Asia has been limited due to a lack of supply.

### Co-Products

Pelt markets or pickled lamb remain steady with reasonable prices for higher quality handbag leathers. Low grade fourth and merino skins remain a major issue with virtually nil market return - most companies are looking to render or landfill options. The outlook is improving for wool-on salted skin, with recent price improvements in Australia. A lower overall NZ/Australia kill forecast price has improved significantly over the past month. All Alliance Group calf skin product for 2016 has been sold, although there are reports of some New Zealand stocks still being offered around the markets at lower levels. China and India remain the main markets for cattle hides with price and demand relatively flat. Most New Zealand casings producers are well through the negotiation process for 2017 but prices are lower than last year. There is limited buyer demand for wool, with thin trading activity on slipe wool pre-Christmas and prices are slightly softer. Strong soya bean crop forecasts are impacting on protein meal markets with renderables prices back approximately five per cent on the previous month.

Warm regards

David Surveyor

**Chief Executive**

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



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