



Brief Bytes

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



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Market Update – Lamb, mutton, venison and beef

See you at the Canterbury A&P Show



Alliance Group will host a stand at one of the premier events on the rural calendar, the Canterbury A&P Show in Christchurch, from next Wednesday 9th November-Friday 11th November. We encourage farmer-shareholders to visit the stand where you'll have the opportunity to chat with the Alliance Group team and directors and sample some excellent lamb, beef and venison cooked by Pure South ambassador

Graham Hawkes. The show also coincides with the announcement of the co-operative's annual results.

Pictured: David Surveyor - Chief Executive with Graham Hawkes - Pure South ambassador at the Canterbury A&P Show last year.

Pricing simplified

We are making some small changes to the way we price to provide suppliers with a simpler and more consistent method across all the pricing components. Previously, we've had a mix of per head

and per kilo priced components, but starting November 14, pricing will be per kilo. The Farm Assurance Premium (FAP) for Yield will now be incorporated into the base price, with non FAP subject to a five-cent deduction per kilo. FAP for CPK is already included in the CPK price, so that will not change. The shorn/bellied premium of \$1.60 per head will be replaced by \$0.10 per kilo. The purpose is not to change the quantum of the pricing, but to provide more simplicity for suppliers and make Alliance Group easier to work with. You'll see the changes appearing on your kill sheets. Please contact your livestock rep or area manager if you have any questions.

Lamb contract

Alliance Group has released a minimum lamb contract from mid-November until Christmas. This is in line with our commitment to offer a minimum price where prudent to do so. The contract closes on 11th November. Please contact your livestock rep for further details.

Upcoming Director election

Three candidates have been nominated for the two available vacancies on the Alliance Group Board. Don Morrison of Gore and Murray Taggart of Oxford are seeking re-election to the Board and Leon Black of Riverton is also standing. All our farmer shareholders can vote in the election, either online or by post. Voting packs will be sent out on 24 November by electionz.com, the independent election management company helping to run the election. electionz.com will also email those shareholders with a known valid email address, their individual voting details for voting electronically via the internet. Voting closes at 10:30am on Tuesday 13 December 2016.

Alliance Group's Annual Meeting

Our Annual Meeting will be held on 15th December 2016 at The Village Hall, Grand Mercure Nelson Monaco, Nelson. We encourage you to attend if you can. It's another good opportunity to ask questions and catch up with other farmer-shareholders before we all head into the Christmas period.

Improving health and safety

Improving our health and safety performance is a key priority in our business strategy. The measures we are taking, and the conversations about health and safety we are having in every part of our business every day, are making a real difference as we work towards our goal of achieving world class health and safety practices. Reducing our total recordable injury frequency rate equates to 190 fewer people being injured in our workplaces. Last week, the executive team and plant managers attended a safety workshop, which included a review of our progress and planning how we can build on our significant H&S improvements. The event was facilitated by DuPont Sustainable Solutions, who we have been working for the past 18 months. Each plant manager gave a presentation on the specific safety action plans. This was a good opportunity for plant managers to share ideas they could build into their own plans. We also broke into mixed groups to work together to formulate some other actions the leadership team can take forward. We still have a long way to go on our

health and safety journey, but the steps everyone in our business are taking together are making a real difference – and will continue to make a greater difference in the future, ensuring that every one of our people goes home safely at the end of their working day.

Showcasing our pilot farms

As a partner in the Red Meat Profit Partnership (RMPP), we were pleased to welcome the RMPP board to Southland last week. We hosted their board meeting at Lorneville and showcased some of our pilot farms. The pilot farm programme aims to streamline information transfer to farmers and test the ability of new extension models to deliver information in a way that works for farmers. As part of the project, farmers work alongside Alliance Group and build local networks to apply new technology and systems on their farms. Since its launch last year, it's been delivering significant benefits for farmers, who are valuing the learning and changing their on-farm practices for the better. RMPP board members joined a group meeting of our pilot farmers for a presentation on our pilot farms and the areas we are working on. The Board also visited one of our pilot farms at Tuatapere where the farmers, Nathan and Marilyn Parris, are being mentored by a high performing neighbouring farmer as well as working with a farm advisor. Thanks to a focus on pasture measurement and management through the project, and this year's good spring conditions, there was excellent grass cover across the whole farm, which is providing a good start for the increased number of lambs on hand.

Below: The RMPP visit to Nathan and Marilyn Parris' pilot farm.



Paris market meetings

Our Marketing Manager, John Rabbitt, recently returned from Paris, where he attended SIAL, the world's largest food innovation exhibition. International trade expos of this kind present the perfect opportunity to meet with our clients and customers under one roof. John, together with Dave Richards, our London-based UK Sales and Marketing Manager, had valuable discussions with our Middle East, EU and UK customers. With the world changing rapidly, and BREXIT creating many

unknowns for the UK, it was useful to hear first-hand what the markets are saying as well as to convey strategic messages to our customers. It was also an opportunity to discuss how we can expand our business, for instance, in the Middle East and Jordan, and where the emerging opportunities are.

Omega Lamb a hit at expo

There was high praise for Omega Lamb at the Ministry for Primary Industries' Primary Growth Partnership (PGP) expo in Wellington earlier this week. Alliance Group is a partner in the Omega Lamb PGP project, which aims to reach existing and emerging markets with the world's healthiest lamb, imbued with a new class of premium health qualities, including lower levels of saturated fat, and high levels of polyunsaturated fat and healthy omega-3 oils.

Below: Tony Nowell, chair of the Omega Lamb Project with Minister for Primary Industries Nathan Guy (centre) and Wellington's Bolton Hotel Artisan Restaurant executive chef MacLean Fraser at the Food and Fibre Primary Growth Partnership conference and expo in Wellington on 1st November.



Olympics success for NZChefs

Congratulations to New Zealand's national chefs team (*pictured below*), which brought home a silver medal and two bronze medals from the Culinary Olympics in Germany. The team was pleased with the quality of the Pure South lamb and beef they cooked in the contest. They took silver in the all-important hot kitchen section, presenting 110 guests and judges with a New Zealand-focused menu including a main course of lamb loin – which NZChefs president and Chef de Mission, Graham Hawkes, says “really wowed the guests and judges”.



Markets update

Lamb

Chilled Christmas production for the UK concludes next week with some volumes for airfreight scheduled over the first two weeks of November. Some UK market sectors are now promoting British only, and coupled with a weak pound, this will pose some challenges going forward. European demand will keep prices reasonably firm but we are keeping a watch on product flows from UK as the exchange rate affects trading patterns. The North American market continues to be firm for all cuts particularly middle cuts and the Middle East remains firm on limited supply. China is still subdued with limited demand on non-core items.

Mutton

General demand for mutton cuts is firm on limited supply and all traditional markets, such as Taiwan, Malaysia, Mexico and North America, are active on limited supply.

Venison

Negotiations are now underway to confirm frozen programmes for 2017. Prices are firm on limited supply. The chilled season has been reasonably successful but some customers have been short as a result of lower kills.

Beef

There has been a dramatic, albeit possibly temporary, upturn in the US market, following two months of downward trending. Importers have suddenly begun covering orders, prompting a flurry of buy orders and prices are up by around 10 US cents per pound. This is very good news for the short term but most industry analysts still predict more cautious trading ahead for the December to April period. The US remains balanced on large domestic kills, record supplies of grain/corn, another boost in availability of pork, chicken, and low prices. Asian markets are generally firm. Prime chilled stock is in strong demand but prices will ease as supplies increase.

Warm regards

David Surveyor

Chief Executive

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



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