

NZ
PORK

New Zealand Pork Industry Board
Annual Report 2021



OUR INDUSTRY



93

commercial pig farms in the sector



632,153

pigs produced per year

Farm system type (% of production)



55%

of sows farmed indoors



45%

of sows farmed outdoors



34%

of pigs processed in the North Island

66%

of pigs processed in the South Island



95%

An estimated 95 per cent of commercial pig production is under the programme



71.1kg

average carcass weight



TONNES

1.7 MT

average sow produces over 1.7 metric tonnes of pork each year (total carcass weight)



TONNES

MARKET CONSUMERS



23kg

Total pork (NZ raised and imported) consumption per capita on carcass weight equivalent (CWE)

8.8kg

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





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Chairman's and Chief Executive's report



This has been a year of considerable challenges for the New Zealand pork sector with the impact of the ongoing COVID-19 pandemic and regulatory reform.

While the review of the Code of Welfare (pigs) remains the most significant issue affecting the industry, our farmers and the wider supply chain were also impacted by COVID-19. The delay to country of origin labelling regulations was particularly disappointing, especially as the wave of imported pork continues to hit our shores.

NZPork campaigned strongly for imported pork to be required to meet the same animal welfare standards as New Zealand pork and we worked hard to encourage Kiwis to choose born and raised New Zealand pork.

COVID-19

The impact of COVID-19 on the pork sector was significantly different compared to that in 2020. Fortunately, the supply chain was not disrupted to the same extent and our main focus was on supporting our farmers with advice and information in the event COVID-19 occurred on-farm. We have also been encouraging our farmers, their families and staff to get vaccinated.

Thankfully, the Government reduced the more severe operating restrictions so independent butchers could serve their customers during Alert Level 3 – this is an issue we fought long and hard on so we're pleased the Government listened to our concerns to some extent.

With the re-emergence of COVID-19 and subsequent lockdowns and restrictions across the country in August 2021, we made it a priority to help spread the message about the importance of supporting local farmers.

Our 'Support Local Campaign' on social media helped build a connection between the pork on retailers' shelves and the farmers who produce it.

Biosecurity

Protecting the high health status of the New Zealand pig herd and keeping it free of diseases such as African Swine Fever (ASF) and Porcine Reproductive and Respiratory Syndrome (PRRS) remains a key priority of the Board.

The *Mycoplasma bovis* incursion in New Zealand underlined how critical it is for the pork sector to be well-prepared to respond decisively and effectively in the event of a pig disease outbreak.

We worked with farmers to get their support in principle for our proposal for the sector's GIA Operational Agreement (OA) for Biosecurity Readiness and Response covering pig-specific non-zoonotic pests and diseases. This establishes a process for determining decisions if New Zealand experiences a major incursion of an exotic pig-specific disease. Separately, we are working with the other livestock industries to develop an OA for Foot and Mouth Disease.

We are currently awaiting the Minister's response to the Operational Agreement, ahead of the final legal review and consultation with farmers.



Performance and Efficiency review

It is a requirement under the NZ Pork Industry Board Act that we prepare a review for the Minister of Agriculture every five years. This reports on the board's efficiency and achievements in delivering the strategic outcomes required under the act. The audit was undertaken by BDO at the end of 2020 and the report was presented to the Minister this year.

Having interviewed a cross section of stakeholders, there was consensus that the Board had made significant progress and improved on previous years.

This included improved relationships at all levels, better engagement and communications, a clear focus of initiatives and good response to emerging issues.

This year, we also developed a staff working plan. This included having staff consider the key components of 'business as usual' work to support developing a detailed work plan to most effectively measure and deliver key work streams.

Frances Clement

We were delighted to see Frances Clement, our former Policy & Issues Manager (now policy advisor) presented with the Primary Industries New Zealand Industry Champion Award for 2021. Frances was recognised for her championing of our rural community and industry and her 25-year commitment to the pork sector.

It was great to see wider recognition for Frances' achievements over many years, not just for our industry, but for the entire livestock sector.



Thank you

We are proud of the fortitude and resilience our farmers have shown in the face of all the challenges the sector has faced. We would also like to thank our dedicated staff who have worked diligently on a range of issues and the contributions from our industry experts.

David Baines
Chief Executive

Eric Roy
Chairman

Creating greater market value through consumer insights

Capturing consumer insights is critical if our sector is to secure more value for our products. NZPork commissioned two key pieces of research during the year.

A Colmar Brunton study was undertaken to better understand the pork buying behaviour of meat purchasers.

A UMR study aimed to understand buying behaviours and consumer attitudes to industry-related issues including farrowing crates, animal welfare and imported pork.

Colmar Brunton research identifies key marketing messages

The Colmar Brunton research looked into how the pork sector can influence and change the attitudes, perceptions and buying behaviour of New Zealand meat consumers. We also wanted to understand what our sector needs to do to demonstrate a social licence to operate.

In March-April 2021, a total of 1500 New Zealanders aged 18 or over took part in an online survey. The majority of these prepare or consume pork. While 13% don't currently cook/serve pork, they would consider it. However, 15% of Kiwis reject pork altogether.

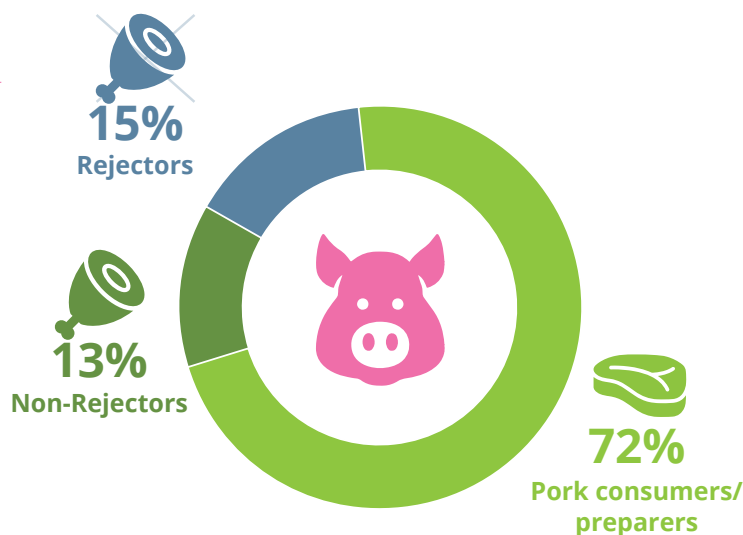
The research clearly highlighted that there is a job to be done in educating consumers about New Zealand pork farming practices versus overseas practices.

The study confirmed that New Zealanders are not aware of the amount of imported pork that they are purchasing.

Consumers would like clear country of origin labelling on pork products. Many consumers are looking on packs and assuming that products labelled as 'made in NZ' are made from NZ-raised pork.

However, while Kiwis want to support NZ farmers and perceive NZ pork to outperform imported pork in all areas, price is a key factor in the purchase decision, second only to quality.

Confidence in cooking is a key driver of appeal and consumption. Demonstrating the versatility of pork for different consumption occasions and the ease of cooking restaurant or takeaway dishes at home could increase frequency of purchase among both consumers and those who don't currently buy pork but would consider it.



Key findings



New Zealanders like NZ pork ...

72% consume or prepare pork **53%** agree that NZ pork is worth paying more for



But they are confused about where the pork on sale here comes from ...

They think **66%** is locally sourced; in reality only **40%** is NZ raised



And they aren't aware that our welfare standards are high.

22% are unsure if NZ pigs are born and raised to higher welfare standards than some countries NZ imports pork from.

19% are aware of PigCare™

The research identified the most persuasive messages for consumers are:



NZ farmed and marketed: Consumers buying 100% New Zealand pork can be confident it comes from pigs born and raised to high animal welfare standards using sustainable farming practices.

64%

say they would be more likely to consider buying pork after seeing this messaging



Health: Pork fillet is healthy because it is low in fat and a valuable source of iron

54%



Versatile: Pork is a very versatile meat as there are so many different ways you can prepare it and a variety of different cuts

48%



Ten minutes for perfect pork – 6+2+2:
How to cook pork chops and steaks

44%



Easy to cook: Pork is easy to cook so you can serve it any day of the week.

42%



UMR research highlights consumer attitudes

Key findings



73% agreed that imported pork should comply to the same animal welfare standards as New Zealand pork. Females, older respondents and NZ Europeans were more likely to agree



On the whole, the facts given about farrowing crates were received mostly positively, although there were a lot of unsure or neutral responses

Attitudes toward the pork industry

19%

Unfavourable

31%

Favourable

Least likely to be rated as important

47%

Profitability for farmers

63%

Environmental responsibility

31% of respondents said they were favourable towards the NZ pork industry and 19 per cent were unfavourable. Older respondents and males were more likely to have a favourable opinion

Safety, taste and affordability

were rated most frequently as important in decision making by respondents who buy pork (80-87%)



Animal welfare code review

Code of Welfare review

In the wake of the very difficult times for pig farmers due to last year's national lockdown, the industry was dealt a further major blow in November 2020 when the High Court ruled that the regulations and minimum standards that permit the use of mating stalls and farrowing crates in the sector are unlawful and invalid. This ruling was on the process followed, not on the underlying science.

In December 2020, following talks on the issue between NZPork, the Ministry for Primary Industries and the Government, regulations were issued covering farrowing crates and mating stalls, essentially extending the status quo. These regulations, which expire on 18 December 2025, allow farmers who are

currently using farrowing crates and mating stalls to continue doing so as long as they comply with the new regulations. This provided short-term certainty for the industry.

This judgement was as a result of a case brought by the New Zealand Animal Law Association and SAFE against the National Animal Welfare Advisory Committee (NAWAC), the Ministry for Primary Industries and the Attorney General. The Court directed the Minister to consider recommending new regulations that provide a transition period to phase out the use of farrowing crates and mating stalls and to consider making such changes to the relevant minimum standards under the Welfare Code for pigs.

Providing evidence to NAWAC sub-committee

NAWAC formed a sub-committee to review the animal welfare performance of available farrowing and mating systems. It was disappointing that this group did not include any industry representation. We made our position clear to NAWAC, MPs and the Government that it was inappropriate not to have any pig farming expertise on the committee. Separately, a working group involving industry representation was convened to review the other areas covered by the code.

In considering the code, we recognise there are some areas that need to be improved and we have argued strongly that this needs to be done based on science and good practice.

We engaged frequently with NAWAC throughout the review process, including arranging and co-ordinating visits to pig farms during January 2021. We brought together an appropriate working group, including farmers, industry vets and other experts to ensure that we delivered existing science-based robust information in key areas to the NAWAC sub-committee considering farrowing and mating systems, as well as for all other areas of the code review.

Our approach to the code review in its entirety has been first and foremost about animal welfare. This is important to our industry for production and for our customers.

NZPork also consulted with farmers on a pre-consultation draft provided to us that considered all areas with the exception of farrowing and mating systems, collated a response, and gave a comprehensive presentation to the sub-committee.

From the outset, we were committed to working with NAWAC to find a common way forward to ensure meaningful animal welfare benefits could be delivered. Unfortunately, the impression our team gained was that this was largely a one-way exercise.

There was no feedback on our submissions and no opportunity provided for detailed discussion of the expert information we provided. Our view was that there did not appear to be any willingness to work with the sector to discuss potential options that might be mutually acceptable. We have also expressed our concerns about how the review process was conducted.

It is clear that as well as changes being proposed to farrowing and mating systems, significant changes appear likely to be proposed right across the farming system including space requirements for growing pigs.

Potential impacts of a farrowing crate ban

While the draft code has yet to be released, the process used to inform the content raises cause for concern. A ban on farrowing crates and mating stalls would have a significantly adverse impact on the pork sector in New Zealand. While there is international recognition that farrowing crates do not provide for all the behavioural needs of sows during the farrowing period, no country has completely banned their use and NAWAC has acknowledged there is currently no effective alternative to farrowing crates that better provide for the range of needs of both the sow and her piglets.

Modern designs of farrowing crates have evolved over time to provide for both sow and piglet welfare. Piglet crushing is a significant welfare issue. The crates are designed with the sow and piglets' welfare in mind to ensure the survival of as many healthy piglets as possible.

Depending on the system that the industry could be forced to move to, our calculations estimate a worst case scenario of an additional up to 60,000 piglets dying every year. Critically, farrowing crates also play an important role in stockperson health and safety to ensure that people can safely provide treatment or assistance to the sow and her piglets if required.

It is also not viable for the industry to move entirely to an outdoors-based system. Location and climate are big factors in whether pigs can be farmed outdoors. Outdoor breeding is possible only in a moderate climate with low rainfall and free-draining soil conditions. In New Zealand, that means most of the local outdoor production is based in Canterbury.

Some pig farmers have indicated they would be forced to exit the industry if the use of farrowing crates and mating stalls is banned. This, and the impact on productivity, would result in New Zealand consumers having to rely more heavily on imported pork produced in countries using practices that are illegal in this country.





Indications of other proposed changes

The industry was represented on the working group that reviewed areas of the code other than farrowing and mating systems. In practice, this provided very little opportunity to work with NAWAC and MPI on the code. At the reporting year's end, we have no definite information on proposals, but indications are that there may be significant increases required in relation to the minimum space allowance for growing pigs. It appears that these proposals have not recognised the range of factors that impact welfare. Additionally, the impact on productivity, management systems and capital investment would be very significant, and for some farmers, added to those associated with farrowing and mating systems.

Our position is that in the event of decisions demanding significant change, we would expect the Government to apply the same production requirements to imported pork, which makes up 60 per cent of the pork consumed in New Zealand.

We have worked consistently to raise public awareness around this and more than 3,000 people have signed NZPork's parliamentary petition calling for imported pork to be required to meet the same animal welfare standards as New Zealand pork.

In line with other countries that have been required to limit the use of farrowing crates, we would also expect financial support for affected farmers to research and implement changes, complete the necessary modifications and additions to facilities and to compensate farmers for the loss of productivity that will ensue.

Consultation

This draft Code of Welfare development is also the first under a new process in the Act, whereby the Code, including minimum standards, will be publicly consulted on at the same times as proposed regulations.

In the past, when a code of welfare was reviewed, minimum standards were set and then NAWAC recommended which of these should be set in regulations.

For regulations to be put in place – and any transition period set – they must be accompanied by a regulatory impact statement.

We understand that a full regulatory assessment has not yet been done for the proposed regulations.

Getting prepared

When the draft code and supporting material is released for public consultation, it will provide a clearer view of what the new code may require. To ensure we can move as swiftly as possible in response, we have prepared a funding application to the Sustainable Food and Fibre Futures Fund (SFFF) to measure the actual welfare benefit of code changes and support work to help farmers manage incoming changes to welfare requirements. This is expected to be a 2-3 year programme of on-farm research based on trialling experimental housing systems and developing good practice management procedures whilst investigating animal welfare outcomes, productivity, stockperson health and safety and practicality. The scope of the funding application is currently relatively broad and will be finalised once the draft code is available.



Maintaining our products' integrity

We are focused on ensuring New Zealand consumers have real confidence that when they purchase New Zealand pork they will be purchasing a consistently excellent product.

Despite further delays due to COVID-19, we have continued to progress our work with AgResearch based on eating quality research carried out by Australian Pork Ltd. Australian Pork has published a significant amount of work that measured pork eating quality variation and consumer preferences. NZPork is building upon this work to identify both high quality pork as well as product that falls outside of established meat quality criteria. We will also be gaining a better

understanding of the factors involved in producing a consistent premium product. The ultimate goal will be to develop a pork quality mark. Recent work has included putting together an SFFF funding application for the next stage of the project, which will include pH sampling and consumer sensory testing. This project is a partnership with AgResearch and members of the pork supply chain. It is hoped this will be underway in the first quarter of 2022.



Consumer promotion



6+2+2 campaign

Consumer research has identified that the average consumer tends to overcook pork. From January to March 2021, we ran a substantial consumer awareness campaign, the 6+2+2 'gold standard' for cooking pork steaks and chops.

The purpose was to help consumers learn to cook a perfect pork steak and chop, with the outcome being to drive sales of pork within that category. 6+2+2 promotes heating a pan to medium to high heat, pan cooking the steak or chop for six minutes on the first side, flipping it for two minutes on the second side and then resting it for two minutes.

Social media campaigns combined with search advertising were highly successful in driving web traffic, and throughout the campaign period website traffic increased by 180 per cent compared to the previous year.

All digital activity from November onwards generated around 4.3 million impressions, and almost 40,000 clicks through to the website. Facebook was the best performer in terms of impressions, while Google Ads did the best job in terms of clicks. Countdown supermarkets nationwide saw an uplift of 6.3 per cent in sales of pork chops and steaks.

The method is designed to work with pork that has a thickness of two centimetres and we worked with supermarkets and butchers to promote 6+2+2 and to ensure two-centimetre thick pork steaks and loin chops are now industry standard.



Support local

Throughout the initial lockdown period, we launched our 'Support Local Campaign' on social media. The aim was to strengthen connections between the pork on retailers' shelves and our farmers.

We executed four main messages

- farmer stories
- from our farmers to your family
- education
- local is best

This campaign saw almost 1.3 million impressions and over 3,000 clicks through to the NZPork website.



PigCare™

Few countries exporting pork to New Zealand meets the industry welfare standards practised by our pig farmers in all respects. Our farmers are committed to high standards of animal welfare and this is underpinned by PigCare™, our expert verified animal welfare audit tool which is now in its tenth year. An estimated 95 per cent of commercial pig production is under the programme. PigCare™ has steadily evolved to ensure it remains relevant and effective, both in providing assurance of animal welfare and as a whole-of-farm assurance programme. There have been a number of updates to the programme this year to reflect evolving standards. PigCare™ has already proven its value to the process of supporting implementation of new protocols and is expected to be further updated in the coming year, including to incorporate standards and regulations once the new Code of Welfare is finalised.

Disease management and Biosecurity



Government Industry Agreement (GIA)

While progressing the final steps towards the completed Operational Agreement (OA) of our GIA for Biosecurity Readiness and Response, we are continuing to work with MPI based on the GIA

principle. This has included the ASF readiness manual that was signed off in August 2020 and the ASF awareness work we undertook in consultation with MPI.



Biosecurity

Much of the pork imported into New Zealand comes from countries where the pork sector is dealing with very serious pig diseases that are not currently present in New Zealand. These include African Swine Fever (ASF), which has devastated pig industries around the world resulting in the death of tens of millions of pigs, and Porcine Reproductive and Respiratory Syndrome (PRRS).

There is a risk that these diseases could enter New Zealand in imported meat and, while harmless to humans, could spread to non-commercial pigs and into

the wild pig population through feeding of meat scraps that have not been properly treated prior to feeding. This is despite New Zealand's regulations banning the feeding of untreated meat to pigs, which to NZPork's disappointment, are not well enforced.

The extensive biosecurity measures needed to ensure the continued high health status of commercial herds and maintain them free of such diseases, adds to the cost and complexity of producing pork and makes it ever harder to compete against imported pork produced to lower welfare and biosecurity standards.



Calling for tighter biosecurity controls on commercial pork imports

While importing standards to manage potential disease incursions via imported meats are in place, our view is that these settings should be reviewed. We have commenced some work to encourage MPI to review its approach, covering strengthening commercial import settings and also food waste feeding regulations. We have a work programme underway, compiling evidence to demonstrate that there is more disease globally and it's spreading faster and with less visibility than before. This, coupled with changes in the origin and volume of imported pork and continued feeding of non-compliant waste-food to pigs, leads us to question the relevance of risk management settings last looked at in 2013. The goal is to encourage MPI to reassess these transmission pathways based on the changed risk profile.

New Zealand still allows fresh pork meat to be imported from countries with ASF so long as it is accompanied by documentation stating it is from an area or region certified free of ASF. Other importers of pork, including Australia, do not allow this to happen.

We want the Government to strengthen the biosecurity controls around imported pork to prevent diseases that could devastate Kiwi pigs from entering the country.

The Government is consulting on proposed requirements for all aircraft and cruise ships coming to New Zealand to provide audio-visual recording and written biosecurity information for travellers and also to ban importing food products that do not meet Import Health Standards. We are concerned that it is not giving commercial pork imports the same focus, despite the greater risk of diseases arriving via the considerably greater quantities of imported pork.

We are reviewing and updating evidence on our position to MPI and are working with pig expert epidemiologist Dr Eric Neumann of Epi-Insight Ltd to look at the changing dynamic of overseas risks, assessing how the level of risk has changed in the light of the throughput of volumes of imported pork coming into New Zealand and increased levels of risk in source countries. Options under consideration including undertaking our own testing of imported product.



Monitoring of feeding of waste food to pigs

This work also includes looking at what monitoring is happening around waste feeding and how the regulations are being enforced.

MPI believes the biosecurity risks of commercial pork imports are managed by treatment such as cooking to a specified temperature, curing or being prepared into consumer-ready pieces to minimise waste.

However, MPI has also acknowledged that the risk management measure of consumer-ready cuts does not completely eliminate the risk of live PRRS being present in imported meat -- some of which ends up in waste from people's kitchens, and restaurants.

As far back as 2008, MPI has recognised these regulations are not appropriate to ensure compliance

or deter offenders. While MPI undertakes limited awareness activities, to our knowledge, since the regulations were introduced in 2005, there has been just one prosecution case.

While food waste feeding regulations ban the feeding of untreated meat being fed to pigs, we estimate there are around 1,500 farms with pigs (outside of the pork industry) who report sometimes feeding untreated food waste including meat, to their pigs.

Awareness and intervention through compliance and enforcement are important components in a biosecurity system that our pig farmers rely on to protect their industry from pests and diseases and their impacts. Our view is that these regulations should be strengthened or better enforced.



Transport biosecurity project

We have also started a piece of work to clearly identify biosecurity risks around transporters dropping animals at a processor and then returning to that farm or a different one to pick up further livestock.

This was as a result of a recommendation from our Farmers' Reference Group this year. The plan for this project has been agreed by the Group and is due to be considered by the Board. The end goal will be to identify the risks of spreading disease through transportation and develop guidelines for processors and transporters.

Ensuring the viability and sustainability of our sector

Country of Origin labelling regulations

The Consumers' Right to Know (Country of Origin Labelling) Bill, now due to come into force in February 2022, will require all pork and cured pork to be labelled with its country of origin. However, imported pork that has been further processed in New Zealand in ways other than 'cured' will need only to include the name and address of a New Zealand supplier.

This means marinated or infused imported pork could sit alongside New Zealand pork and escape the need for labelling as imported. Much of our work this year has focused on raising awareness around this and the fact that much of the imported pork is produced using animal welfare practices illegal in New Zealand.

Throughout the year, we continued to lobby for the law to be extended to ensure all imported pork would be required to be labelled with country of origin, and we will continue to highlight this point.

While not ideal, we believe the introduction of the regulations will 'shine a light' on imported pork, giving much more clarity about country of origin for consumers. It will help to demonstrate the importance



of 'buying local' for Kiwi consumers and support our ongoing messaging around supporting New Zealand pig farmers and high levels of pig welfare.

Our research has shown clearly that New Zealand consumers want to know where the pork they purchase has come from. While we appreciate the further postponement of implementing the new regulations is due to the disruption and uncertainty caused to business by the re-emergence of COVID-19, it was particularly disappointing that the regulations were not in place for the busy Christmas period.

Recruiting from overseas

The relatively small size and low profile of the industry makes recruitment for the pig sector an ongoing challenge. The industry has worked hard to provide training and development opportunities and to promote careers in the sector and is committed to providing New Zealanders with jobs.

We have participated in the Opportunity Grows Here campaign run by MPI and primary sector groups. This aims to attract jobseekers and career changers into jobs and training in the primary industries.

The website features a range of information on the pork sector, including profiling different kinds of industry roles, including stockperson, herd manager and gestation and breeding head of department. It also links to vacancies listed on our nzpork.co.nz.

However, the need for specialist sector-related skills does mean skilled migrant labour is currently an important part of the mix. We welcomed the Government's announcement of one-off residence pathways for some temporary work visa holders already in New Zealand but we need a more permanent solution. We are continuing to talk with government to press home the importance of the industry being able to recruit offshore.

It has been some years since specific data was collected on the pork sector's staffing needs. We are working with MPI and Immigration New Zealand to plan data gathering from farmers to build a current picture of exactly what farm staffing/immigration needs are.



Environment

New Zealand pig farmers adhere to very high standards for environmental management. As a small-scale industry committed to best practice, we have a small environmental footprint relative to other parts of the primary production sector, producing 0.2 per cent of agricultural emissions. This low emissions profile and the size and nature of our sector means reductions in our emissions will require different solutions – rather than a ‘one size fits all’ approach. We work very hard to keep abreast of all new developments at a national and regional level, and ensure our industry’s voice is heard.

Working with He Waka Eke Noa

We have proactively engaged with He Waka Eke Noa (HWEN), the Primary Sector Climate Action Partnership.

Under HWEN, 25 per cent of farmers needed to know their GHG numbers by December 2021, rising to 100 per cent by the end of 2022. The pork industry is not an official partner of HWEN so we are not obligated to meet these particular milestones. However, as emissions from pigs are still set to be priced from 2025, it is important that our farmers understand their emissions numbers and potential strategies

for emissions reductions. We will maintain working towards these targets internally, although we will not be required to report on them.

We are monitoring HWEN's emissions reporting and pricing streams to allow us to advocate for fair treatment of the pork industry when HWEN puts its recommendations to the Government in 2022. The Government will consider these recommendations when setting its Emissions Reduction Plan.

Pig Gas Calculator

Although pig farmers are not currently required to report emissions, our farmers are committed to further improving their emissions profile and NZPork has taken a lead in developing our Pig Gas GHG Calculator. Working with AgResearch, this was adapted from an Australian model with the assistance of SFFF funding.

This has been signed off through the HWEN system. The first step in rolling this out will be to provide a questionnaire for farmers to fill out with their farm’s data. NZPork staff will input data into the calculator on behalf of farmers. This will allow us to ensure the

resulting GHG numbers generated for the industry are robust and can be analysed for future learnings.

Individual farm data will remain confidential but farmers who supply their data will be provided with their individual farm’s GHG numbers and options to improve their farm’s performance if desired. This work will demonstrate that despite our low environmental footprint, the pork industry is investing in this area and is committed to identifying any hotspots and reducing them.

Submission to Climate Change Commission

NZPork welcomed many of the recommendations in the Climate Change Commission's draft advice to the Government. However, its one-size-fits-all approach for livestock failed to take into account non-ruminant livestock such as pigs.

We lodged a submission on the draft advice as part of the commission's consultation process, highlighting the need to acknowledge that emissions from non-ruminant livestock may require alternative actions or policy approaches.

Pigs have a monogastric digestive system so naturally produce much lower methane emissions than ruminant animals like cattle or sheep.

The unique nature of the pork industry in New Zealand means policy designed for the pastoral sector and ruminant livestock may not be the most effective means of facilitating emissions reductions from farmed pigs and could disproportionately impact our farmers.

Submission on Natural and Built Environments Act (NBA) Exposure Draft

During 2021, the Government released the first of its first three planned pieces of legislation to repeal and replace the Resource Management Act (RMA). The first was the Natural and Built Environment Bill Exposure Draft. We worked with our planning consultant to review the draft from NZPork's perspective and made a submission.



Freshwater

NZPork closely monitors district and regional planning and developments and legislation around freshwater to support our farmers to meet or exceed their requirements.

We submitted on the freshwater farm plan discussion document – this is one potential mechanism by which freshwater targets may be met.

Our submission looks to ensure the interests of existing and future pig farmers in the Otago region are recognised and access to resources remain. It identifies the role pig farmers play regionally and nationally in the food production system. The submission seeks that the RPS will recognise the role that good management practices and industry guidelines and codes can play in achieving the outcomes, particularly in regard to air quality and nutrient management. It also reinforces the need for farmers to access freshwater.

We are also following closely and submitting on the proposed Otago Regional Policy Statement (RPS), the first RPS to be developed under the new Environmental Standards for Freshwater.

Farmer and Industry engagement

Key appointments

Brent Kleiss joined NZPork this year as Policy Manager and Maitland Manning was appointed to the new role of National Industry Support Manager.

Brent, who came to us from a Principal Advisor role in stakeholder and industry engagement with MPI, took over from our long-time Policy and Issues Manager Frances Clement, who moved to a Policy Advisor position.

Brent brings significant experience in management and biosecurity from his 13 years at MPI. His contribution to policy will be critical as the sector faces the most significant changes in a long time, in particular, issues associated with the code review.

Maitland has previously held project management roles with DairyNZ and the former Crop & Food Research (now Plant & Food). He was also a research manager at Beef + Lamb New Zealand.

His role sees him working closely with our farmers to support them on a range of key issues and facilitate the growth and development of the sector.



Brent Kleiss and Maitland Manning (right)

This includes advice on immigration, migrant labour, health & safety, vocational education and employment.

He also supports the collaboration, communication and education of all stakeholders in the pork industry supply chain, co-ordinates industry training through our related ITO programmes, and manages the PigCare programme.

AWARDS

Outstanding Achievement award

We were very pleased to present New Zealand pig veterinarian Bruce Welch with NZPork's Outstanding Achievement Award at our Annual Conference. Bruce's 21-year-long work in the sector has been dedicated to the welfare of pigs and to the good of farmers.

Stockperson of the year award

Courtney Gloistein of Kilgour's Farm in North Canterbury was named our 2021 Stockperson of the Year.



Dr Bruce Welch



Behind the farm gate

The disruptions of COVID-19 locally and globally continued to create market volatility during the year for our farmers. Lockdowns in 2021 did not cause the same disruption as in 2020 as wholesalers and some butchers had systems in place to minimise the impact. However, the ongoing challenges around global shipping affected local grain demand and pricing.

Supply

Over the year, the pig kill reduced to 632,153, a total local production of 44,926 tonnes. This was a reduction of 0.8% on the previous year, with 4,932 fewer pigs killed, and a reduction of 1.2% (1,551 tonne) in total tonnes produced compared to last year.

Local pork production continues to be challenged by imported product. Total imported pork volumes increased this year, to 77,607t CWE, compared to 61,390 t CWE during 2020. These figures are amplified by the fact that imports reduced during 2020 due to COVID-19 disruptions. However, this year's total imports are still a significant increase on the 2019 volumes of 72,310 t CWE.

Pork price

The price of imports decreased this year by an average of 6% from \$5.62 to \$5.30/kg (range \$4.75/kg - \$5.84/kg).

The farm gate price (wholesale) of locally produced product also increased, averaging \$4.2/kg for all pork products, 31c higher than the \$3.87/kg average for 2020. While the price dropped 10 cents per kg in March 2021, it recovered, increasing 20 cents per kg in July. The average farm gate prices for bacon were \$3.86 4.12/kg and \$4.36 4.29/kg for pork.

*It is important to note the prices of imported and local farm gate pork are not direct comparisons given one is a wholesale selling price. The cuts are also different, have different specifications and different end uses.

Grain prices

Many farmers faced grain supply issues during the year. Pig farmers are generally insulated against dramatic market effects as they contract their grain supply in advance and can also use imported grain if domestic prices get too high. However, shipping disruptions due to COVID-19 and increasing freight costs have resulted in more farmers – including poultry farmers – trying to source domestic product rather than importing.

A combination of factors contributed to grain scarcity during the year. The West Coast, Te Puke and South Auckland and Canterbury suffered with drought or a dry growing season, while some locations experienced floods. Overall, the grain harvest was fair to average but yields were down from last year's 'bumper season'. Increasing freight costs also saw some usual grain importers start to source domestic grain.

Overall, New Zealand grain prices increased throughout the year, steadily rising as product became limited. Demand has remained high with domestic grains in short supply and logistical challenges for imported grain continuing.

The price outlook is looking to remain high for the coming season with increased production costs, unknown yields, expensive and disrupted shipping, and a forecast that demand is going to be greater than what can be supplied domestically.

Governance

Directors



Eric Roy

**Chairman, Government - appointed director
Government Appointed 2018**

Eric brings extensive political experience and networks along with farming expertise to the role of Chair. Eric served as a National Party MP between 1993 and 2014 and 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 farming business running dairy, beef and deer. He 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 processing sector for more than 32 years. Over his career, he has specialised in wholesale and livestock procurement with a focus on managing pork supply. In 2017, Paul became Procurement Manager of Wilson Hellaby Pork, the new specialised pork processing plant in Hamilton where he also leads projects, including looking at eating quality. Paul has built deep and strong relationships with pork farmers all over New Zealand. He also represents NZPork on the board of Retail Meat NZ.



Dr David Lawton

**Director, Farmer representative Region 2
Re-elected 2020**

David is a veterinarian who after some years in mixed practice and lectureships in Animal Health Information and Dairy Health and Production at Massey served as the Senior Lecturer in Pig Health and Production within the Epicentre under Roger Morris. There he developed a thriving pig practice with 50 clients. Since 2005 David has worked privately as a consultant to NZ pig farmers and the industry. David has been at the forefront of developing welfare, biosecurity and disease management standards for pigs in NZ for over 20 years and has been involved in four welfare code reviews, the development of PigCare, many suspicious disease and food safety investigations, disease eradication programs, pest control, environmental issues, industry training, consent applications and business governance. David has degrees in science and statistics, veterinary science, business management, epidemiology and did his PhD in gastric physiology, and has been the recipient of many awards and scholarships. He has also done further study in governance and sustainable nutrient management. David is a member of and has examined for the ANZCVS in pigs, has a diverse publication record, is an ITO assessor and continues to do teaching cameos at Massey University.



Helen Andrews

**Director, Farmer representative Region 3
Re-elected 2021**

Helen and her husband own and manage a large outdoor pig farm in Canterbury after previously running a dairy farm in Southland. Helen is passionate about the pork industry and has been a tireless advocate and ambitious leader, including acting as an industry representative on welfare and environmental issues for more than a decade. In 2019, she was awarded an AGMARDT 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
Re-elected 2021**

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 Dunsandel 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. He enjoys mountain biking and touch rugby.



David Baines

Chief executive

Chief executive of NZPork, David brings more than 25 years' experience in the meat industry to his role. A director of Retail NZ and Beef + Lamb NZ Incorporated, he is also a former chair of Retail Meat NZ and director of Porkcorp. In 2016, David was appointed a life member of Retail Meat NZ in 2016 and was awarded the Christie Award for outstanding contribution to the domestic meat industry in 2019. 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.

Statutory Disclosures – 2021

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 \$713,433. (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		
	2021		2020
	Continuing	Discontinued	
100-109	-	-	-
110-119	-	-	1d
120-129	-	-	1
130-139	1	-	-
140-149	-	-	-
150-159	-	-	-
160-169	-	-	-
170-179	-	-	-
180-189	-	-	-
190-199	-	-	-
200-209	-	-	-
210-219	-	-	1
220-229	1	-	-
230-239	-	-	-



Financial Statements

For the year ended 30 September 2021

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NEW ZEALAND PORK INDUSTRY BOARD

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 2021.

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 \$234,118 (2020: \$427,824 surplus).

NET WORTH

Equity of the Board as at 30 September 2021 amounted to \$5,647,269 which is an increase of 4.32% over the value of equity \$5,413,151 as at 30 September 2020.

Total assets of the Board increased by 1.44% to \$6,019,356 (2020: \$5,933,742).

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).

NEW ZEALAND PORK INDUSTRY BOARD

REPORT OF THE BOARD Continued

REMUNERATION OF DIRECTORS

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

	\$ 2021	\$ 2020
Eric Roy (Chairman)	50,000	50,000
David Lawton	30,000	30,000
Paul Bucknell	40,000	40,000
Helen Andrews	30,000	30,000
Jason Palmer	30,000	30,000
Total	180,000	180,000

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 as at 30 September 2021:

Director	Pork Industry Interests	Other Interests
Eric Roy		Southland Regional Council (Councillor) Glynore Farms Ltd (Director) Environmental Planning Commissioner
David Lawton	Porkanon (NZ) Ltd (Director) EcoPharm Ltd (Director)	Hogsback 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)

NEW ZEALAND PORK INDUSTRY BOARD

REPORT OF THE BOARD Continued

Helen Andrews	Aparima Wharf Ltd (Director) MD + HL Andrews Partnership (Partner) Supplies pigs to: FreshPork NZ Ltd	
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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, BDO Christchurch Limited continues in office as Auditors.

AUDIT FEES

Accounts received or due and receivable by the current auditors (BDO Christchurch Limited) and previous auditors (Crowe New Zealand Audit Partnership) for auditing the Board's Financial Statements:

	\$ 2021	\$ 2020
Audit Fees – BDO (Current year accrual)	15,500	15,000
Audit Fee – Crowe (2019)	-	15,250
Non-assurance Fees	30,700	-

NEW ZEALAND PORK INDUSTRY BOARD

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 September 2021

	Note	\$ 2021	\$ 2020
Revenue:			
Levy	2	2,212,536	2,550,704
Other Income		52,270	5,650
Total Revenue		2,264,806	2,556,354
Expenses	3	2,529,377	2,057,525
Operating Profit		(264,571)	498,829
Finance Income	4	498,689	115,610
Profit Before Tax		234,118	614,434
Income Tax Expense	5	-	(186,610)
Profit for the year		234,118	427,824
Total Comprehensive Income for the year		234,118	427,824



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

NEW ZEALAND PORK INDUSTRY BOARD

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 September 2021

	Note	\$ 2021	\$ 2020
Accumulated Funds			
Balance at 1 October		5,413,151	4,985,327
Profit for the year		234,118	427,824
Total Comprehensive Income for the year		234,118	427,824
Balance at 30 September	7	5,647,269	5,413,151



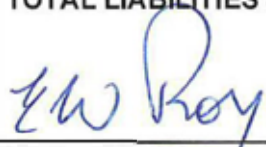
The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

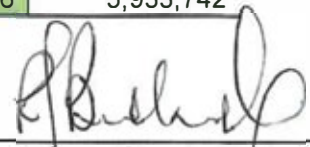
NEW ZEALAND PORK INDUSTRY BOARD

STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Note	\$ 2021	\$ 2020
NON-CURRENT ASSETS			
Investments	8	5,249,532	4,751,015
Property, Plant & Equipment	9	25,357	27,343
Trademarks	10	7,269	7,269
Right of Use Asset	11	-	12,595
Taxation Receivable		186,794	-
Deferred Tax	5	5,951	12,396
Total Non-Current Assets		5,474,903	4,810,618
CURRENT ASSETS			
Cash and Cash Equivalents	12	235,650	860,744
Trade & Other Receivables		262,576	241,291
Investments	8	46,228	21,089
Total Current Assets		544,454	1,123,124
TOTAL ASSETS		6,019,356	5,933,742
EQUITY			
Accumulated Funds	7	5,647,269	5,413,151
TOTAL EQUITY		5,647,269	5,413,151
CURRENT LIABILITIES			
Trade & Other Payables		206,801	184,479
Goods and Services Tax		25,602	29,273
Employee Entitlements		79,478	58,726
Lease Liability	11	-	13,016
Tax Payable		-	175,051
Other Liability	13	60,206	60,046
Total Current Liabilities		372,088	520,591
TOTAL LIABILITIES		372,088	520,591
TOTAL LIABILITIES & EQUITY		6,019,356	5,933,742


 Eric Roy (Chairman)
 Date: 14th December 2021


 Paul Bucknell (Deputy Chairman)
 Date: 14th December 2021

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

NEW ZEALAND PORK INDUSTRY BOARD

STATEMENT OF CASH FLOWS

For the Year Ended 30 September 2021

	Note	\$ 2021	\$ 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Pork Industry Levy		2,198,078	2,517,345
Receipts from Customers and Others		48,220	5,700
Interest Received		172	39,450
GST		4,196	12,254
		<u>2,250,666</u>	<u>2,574,749</u>
Cash was applied to:			
Payments to Suppliers and Employees		2,454,199	1,952,928
Income Tax		316,767	33,991
Lease Liability Interest Payments		181	2,225
		<u>2,771,147</u>	<u>1,989,144</u>
Net Cash (outflow)/inflow from Operating Activities		(520,481)	585,605
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from sale of Investments		-	535,119
		<u>-</u>	<u>535,119</u>
Cash was applied to:			
Purchase of Property, Plant & Equipment		3,748	14,332
Purchase of Investments		25,139	500,000
		<u>28,887</u>	<u>514,332</u>
Net Cash inflow/(outflow) from Investing Activities		(28,887)	20,787
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was applied to:			
Payment of Other Liabilities		-	343
Payment of Finance Lease Liabilities		-	6,300
Lease Liability Principal Payments		13,016	37,365
		<u>13,016</u>	<u>44,008</u>
Net Cash inflow/(outflow) from Financing Activities		(13,016)	(44,008)
NET INCREASE/(DECREASE) IN CASH HELD		(562,384)	562,384
Cash at Beginning of Year		860,744	298,360
Cash at End of Year	12	<u>298,360</u>	<u>860,744</u>

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

NEW ZEALAND PORK INDUSTRY BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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 the New Zealand Pork Industry 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 Generally Accepted Accounting Practice (NZ GAAP). These financial statements have been prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

The Board 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 Board 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:

- Financial instruments – fair value through profit or loss

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 and amounts are rounded to the nearest dollar.

Significant judgements

The Board makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:



NEW ZEALAND PORK INDUSTRY BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Judgement – Going Concern

The COVID-19 pandemic in 2020 and 2021 resulted in significant business disruption and uncertainty. These financial statements have been prepared on a going concern basis. The Board has assessed the likely impact of COVID-19 on the entity and have concluded that for the 12 months from the date of signing the financial statements, COVID-19 will not impact on their ability to continue operating. The conclusion has been reached as the Board has significant cash reserves to maintain current expenditure for at least 12 months from the date of signing these financial statements.

Lease term and Incremental Borrowing Rate (refer to Note 9)

The Board has made assumptions regarding lease term in which the Board is a lessee, including whether the Board is likely to exercise lessee options. The incremental borrowing rate used to measure lease liabilities has been assumed at a rate consistent with current market rates that would be available to the Board for fully secured lending.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Board, the results of those operations, or the state of affairs of the Board.

SPECIFIC ACCOUNTING POLICIES

Property, Plant and Equipment

All items of property, plant and equipment are initially recognised at cost, including costs directly attributable to bringing the asset to its working condition. After recognition as property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

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 profit or loss.

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

Financial Assets

The Board classifies its financial assets into one of the categories below, depending on the purpose for which the asset was acquired, the Board's accounting policy for each category is as follows:



NEW ZEALAND PORK INDUSTRY BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 CONTINUED

Fair value through profit or loss

These assets are carried in the statement of financial position at fair value with changes in fair value recognised in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Board does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within NZ IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Board elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

The Board's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.



NEW ZEALAND PORK INDUSTRY BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 CONTINUED

Financial liabilities

Other financial liabilities

Other financial liabilities include Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

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.

Revenue

Performance obligations and timing of revenue recognition

Revenue is derived from imposes a levy on all pigs slaughtered in licensed premises with revenue recognised at a point in time when pigs are slaughtered. There is limited judgement needed in identifying the point in time. The Boards has the power to imposes the levy per the Pork Industry Board Act of 1997.

Determining the transaction price

The Boards revenue is derived from fixed levy set annually levy and is to be calculated on pigs of any kind slaughtered in the financial year.



NEW ZEALAND PORK INDUSTRY BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 CONTINUED

Employee Benefits

Accrual is made for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Accruals made in respect of employee benefits expected to be wholly settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement, on an undiscounted basis. Accruals made in respect of employee benefits which are not expected to be wholly settled within 12 months are measured as the present value of the estimated future cash flows to be made by the entities in respect of services provided by employees up to the reporting date.

Contributions to defined contribution pension schemes (i.e. Kiwisaver) are recognised as an expense when employees have rendered service entitling them to the contributions.

Allocating amounts to performance obligations

There is a fixed unit price for each pig slaughtered at a specific time. Therefore, there is no judgement involved in allocating amounts to the performance obligations. Levies are stated exclusive of Goods and Services Tax.

Finance income

Finance income comprises interest income on deposits and bank balances as well as fair value gains from investments held under the financial assets fair value through profit and loss. Interest income is accrued on a time basis, using the effective interest method.

Other income

Other income arises mainly from the advertising and since this is not considered to be part of the main revenue generating activities, this is presented this income separately from revenue.

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 statement of financial performance 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.



NEW ZEALAND PORK INDUSTRY BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 CONTINUED

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.

Investments

Investments consists of deposits and mutual funds. Deposits are measured and carried under the financial assets amortised cost model and mutual funds are carried under the financial asset fair value through profit and loss model.

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.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURE

New Standards in the previous year:

Leases

Effective 1 January 2019, NZ IFRS 16 has replaced NZ IAS 17 Leases and NZ IFRIC 4 Determining whether an arrangement contains a lease. NZ IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. NZ IFRS 16 substantially carries forward the lessor accounting in NZ IAS 17, with the distinction between operating leases and finance leases being retained. The Board does not have leasing activities acting as a lessor.

As a lessee, the Board previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under NZ IFRS 16, the Board recognizes right-of-use assets and lease liabilities for all leases.

Prior to IFRS 16 operating lease were recognised per NZ IAS 17 and 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.

Identifying Leases

The Board accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The Board obtains substantially all the economic benefits from use of the asset; and
- (c) The Board has the right to direct use of the asset.



NEW ZEALAND PORK INDUSTRY BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 CONTINUED

The Board considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Board obtains substantially all the economic benefits from use of the asset, the Board considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Board has the right to direct use of the asset, the Board considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Board considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Board applies other applicable NZ IFRSs rather than NZ IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

NZ IFRS 16 was adopted 1 October 2019 without restatement of comparative figures. The following policies apply subsequent to the date of initial application, 1 October 2019.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the board's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the board if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the board is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.



NEW ZEALAND PORK INDUSTRY BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 CONTINUED

Uncertainty over Income Tax Treatment

The Board adopted NZ IFRIC 23 with a transition date of 1 October 2019. The main implications of this interpretation are that if the Board concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the Board must reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates. The Board does not consider any tax treatments adopted as uncertain and therefore has made no adjustment to tax treatment in the current year or to comparatives.

2. REVENUE

The Board recognises revenue from levies on all pigs slaughtered in licensed premises in New Zealand

	Note	\$ 2021	\$ 2020
Levy		2,212,536	2,550,704

3. OPERATING EXPENSES

Operating Expenses comprise of the following:

	Note	\$ 2021	\$ 2020
Other Expenses		112,437	110,894
Business Administration		363,621	283,880
Salaries and Related Costs		713,433	606,687
Directors' Remuneration	15	180,000	180,000
Depreciation and amortisation	9 & 11	20,808	44,802
Audit and other Assurance Fees		46,201	30,250
Regulatory & Research		211,036	115,737
Innovation & Technology		321,011	319,045
Communications Expenses		219,250	331,139
Contestable Funds		-	2,743
Strategic Area of Focus		341,580	32,348
Total Operating Expenses		2,529,377	2,057,525

NEW ZEALAND PORK INDUSTRY BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 CONTINUED

4. FINANCE INCOME

Recognised in profit and loss:

	\$ 2021	\$ 2020
Interest income	38,125	43,893
Net change in fair value on investments classified as fair value through profit and loss	460,564	71,717
Total Finance Income	498,689	115,610

5. INCOME TAX EXPENSE

	\$ 2021	\$ 2020
Reconciliation of effective tax rate		
Net surplus (deficit) before tax	234,118	614,434
Income tax using the Board's domestic rate 28%	65,553	172,042
<i>Tax effect of:</i>		
Expenses that are not deductible for tax purposes	6,311	14,568
Income that is not taxable for tax purposes	(80,706)	-
Income tax expense	-	186,610
Income tax expense in the income statement		
Current tax expense	-	195,378
Deferred tax (credit) / expense	-	(8,768)
Total income tax (benefit) / expense	-	186,610

DEFERRED TAX

Year Ended 30 September 2021	Unused Tax Loss (\$)	Accruals (\$)	Employee Entitlements (\$)	Tax Depreciation (\$)	Total (\$)
Opening Balance at 1 October	-	(4,200)	(8,196)	-	(12,396)
Charged to Income Statement	-	4,060	2,385	-	6,445
Closing Balance at 30 September	-	(140)	(5,811)	-	(5,951)

Year Ended 30 September 2020	Unused Tax Loss (\$)	Accruals (\$)	Employee Entitlements (\$)	Tax Depreciation (\$)	Total (\$)
Opening Balance at 1 October	-	-	(3,628)	-	(3,628)
Charged to Income Statement	-	(4,200)	(4,568)	-	(8,768)
Closing Balance at 30 September	-	(4,200)	(8,196)	-	(12,396)



NEW ZEALAND PORK INDUSTRY BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 CONTINUED

6. IMPUTATION CREDIT ACCOUNT

	\$ 2021	\$ 2020
Balance 1 October	619,611	582,578
Income Tax Paid	355,403	37,093
Income Tax Refund	(2)	(60)
Imputation Credits at 30 September	975,012	619,611

7. ACCUMULATED FUNDS

	\$ 2021	\$ 2020
Restated Opening Balance	5,413,151	4,985,327
Total Comprehensive Income for year	234,118	427,824
Balance 30 September	5,647,269	5,413,151

8. INVESTMENTS

	Interest Rates %	\$ 2021	\$ 2020
a) Short Term (< 12 months to maturity)			
BNZ Treasury Call	0.10	46,228	21,089
Current portion		46,228	21,089
b) Long Term (> 12 months to maturity)			
NZ Funds Managed Portfolio		5,249,532	4,751,015
Non-current portion		5,249,532	4,751,015
Total Investments		5,295,760	4,772,104



NEW ZEALAND PORK INDUSTRY BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 CONTINUED

NZ Funds Managed Portfolio

	\$ 2021	\$ 2020
Opening Balance 1 October	4,751,015	4,148,798
Additions	-	500,000
Disposals	-	-
Income re-invested	283,316	30,500
Change in Fair Value	215,201	71,717
Closing Balance 30 September	5,249,532	4,751,015

Fair value through profit and loss financial assets consists of mutual funds. The fair value is based on published market prices. The fair value hierarchy is considered to be level 1 as inputs are observable quoted prices in active markets for identical assets that the entity can access at the measurement date

9. PROPERTY, PLANT & EQUIPMENT

	Furniture	Computer Equipment	Total
2020	\$	\$	\$
Net Book Value September 2020	18,882	8,521	27,343

	Furniture	Computer Equipment	Total
2021	\$	\$	\$
<i>Cost</i>			
Opening Balance	32,475	32,436	64,911
Additions	-	6,226	6,226
Disposals	-	-	-
Closing Balance	32,475	38,662	71,137
<i>Accumulated Depreciation</i>			
Opening balance	16,023	23,915	39,938
Charge in year	3,012	5,201	8,213
Disposals	(2,371)	-	(2,371)
Closing balance	16,664	29,116	45,780
Net book value September 2021	15,811	9,546	25,357



NEW ZEALAND PORK INDUSTRY BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 CONTINUED

10. INTANGIBLE ASSETS

	\$ 2021	\$ 2020
Balance 1 October	7,269	7,269
Movement	-	-
Balance 30 September	7,269	7,269

The remaining intangible assets consist off the NZPork trademark.

11. LEASES

Nature of leasing activities (in the capacity as lessee)

The Board leases an office building the payment of the lease are fixed over the term of the lease.

Buildings	\$ 2021	\$ 2020
Right of Use Asset	\$	\$
Opening Balance 1 October	12,595	-
Adoption of IFRS 16	-	50,380
Additions	-	-
Amortisation	(12,595)	(37,785)
Closing Balance 30 September	-	12,595
	\$	\$
Lease liability	\$	\$
Opening Balance 1 October	13,016	-
Adoption of IFRS 16	-	50,380
Interest expense	181	2,225
Lease payments	(13,197)	(39,589)
Closing Balance 30 September	-	13,016
Made up of the following:		
Current lease liability	-	13,016
Non-current lease liability	-	-
	-	13,016

The interest rate applied to the lease liability is 6.65% per annum and the lease matured on 31 January 2021. The lease is now on month by month payments.

Amounts recognised in the statement of comprehensive income	\$ 2021	\$ 2020
Amortisation	12,595	37,785
Interest	181	2,225
Total	12,776	40,010

NEW ZEALAND PORK INDUSTRY BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 CONTINUED

Amounts recognised in the statement of cashflows	\$ 2021	\$ 2020
Interest on lease liabilities	181	2,225
Principal lease payment	13,016	37,365
Total	13,197	39,589

12. CASH AND CASH EQUIVALENT

Cash and cash equivalents comprises of the following:

	\$ 2021	\$ 2020
Cash at bank available on demand	237,104	862,064
Credit Cards	(1,454)	(1,320)
Balance 30 September	235,650	860,744

Included within cash and cash equivalents is \$60,206 (2020: \$60,046) held by the Board on behalf of the NZ Pig Breeders Association, Ward Funds Region 1 and Ward Funds Region 2 which can only be used to benefit of these respective organisations (Note 15).

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 (2020: \$50,000).

13. Other Liabilities

Other liabilities comprise of funds that are held on behalf of third parties.

	\$ 2021	\$ 2020
NZ Pig Breeders Association	28,574	28,758
Ward Funds Region 1	19,754	19,540
Ward Funds Region 2	11,878	11,748
Balance 30 September	60,206	60,046

All amount are current and payable on demand by the respective party.



NEW ZEALAND PORK INDUSTRY BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 CONTINUED

14. FINANCIAL INSTRUMENTS

Classification of Financial Instruments.

	\$ 2021	\$ 2020
Financial assets at Amortised Cost		
Cash and cash equivalents	235,650	860,744
Trade receivables	262,576	241,291
Investments	46,228	21,089
	544,454	1,123,142
Financial liabilities at Amortised Cost		
Trade and other Payables	232,403	183,954
Other Liabilities	60,206	60,046
Lease Liability	-	13,016
	292,609	286,814
Financial assets at Fair value through Profit and loss		
Investments	5,249,532	4,751,015
	5,249,532	4,751,015

15. RELATED PARTY TRANSACTIONS

The Directors have 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 2021 are \$28,574 (2020: \$28,758).

NZ Pork Industry Board administers Ward Funds which belong to Region 1 and Region 2. Funds held as at 30 September 2021 are: Region 1 \$19,754 and Region 2 \$11,878 (2020: Region 1 \$19,540 and Region 2 \$11,748).

Paul Bucknell is a Director of NZ Pork Industry Board and is a Manager at Wilson Hellaby Ltd. There were no related party payments during either the current or previous financial years.

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 \$10,167 (2020: \$7,230). There are no amounts outstanding at year end (2020: \$nil).

NEW ZEALAND PORK INDUSTRY BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 CONTINUED

Paul Bucknell and David Baines are Directors of Retail Meat New Zealand Inc. Total payments made to the entity during the year were \$16,360 (2020: \$13,490). An amount of \$nil was owing to Retail Meat New Zealand Inc at year end (2020: \$nil)

David Baines is a Director of Beef and Lamb New Zealand Inc. Total payments made to the entity during the year were \$307,337 (2020: \$117,334) an amount of \$20,892 was owing to Beef and Lamb New Zealand Inc at year end (2020: \$12,564)

David Baines is a Board Member of GIA Executive Committee. Total payments made to the entity during the year were \$10,656 (2020: \$3,038). An amount of \$nil was owing to Beef and Lamb New Zealand Inc at year end (2020: \$nil)

KEY MANAGEMENT COMPENSATION

New Zealand Pork Industry Board has a related party relationship with its key management personnel. Key management personnel includes the Directors, the Chief Executive and Senior Management:

	\$ 2021	\$ 2020
Key management personnel compensation includes the following expenses:		
Salaries and other short-term employment benefits	368,586	324,123
Directors Fees	180,000	180,000
Total	548,586	504,123

16. COMMITMENTS

Commitments consist of future expenditure still to be incurred with commitments to the Australasian Pork Research Institute being of a research nature with the remaining commitments being of a operating nature.

At 30 September 2021 the Board's commitments are as follows:

	2022	2023-2026	Later than 5 Years	Total
Hadleigh Holdings	5,857	-	-	5,857
Australasian Pork Research Institute	81,500	326,000	-	407,500
Sharp Corporation	3,576	1,192	-	4,768
Massey IVABS	127,463	265,202	-	392,665
Essential IT	22,575	90,300	-	112,875
Epi-Insight	50,000	-	-	50,000
Journey Website support	3,186	-	-	3,186
Isentia	12,000	12,000	-	24,000
	306,157	694,694	-	1,000,851



NEW ZEALAND PORK INDUSTRY BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 CONTINUED

At 30 September 2020 the Board's commitments are as follows:

	2021	2022-2025	Later than 5 Years	Total
Hadleigh Holdings	14,100	-	-	14,100
Australasian Pork Research Institute	81,500	326,000	-	407,500
Sharp Corporation	3,576	4,768	-	8,344
Massey IVABS	158,085	-	-	158,085
Essential IT	14,316	57,264	-	71,580
Epi-Insight	50,000	-	-	50,000
Latitude Strategy & Communication	79,200	-	-	79,200
	400,777	388,032	-	788,809

17. SUBSEQUENT EVENTS

There have no subsequent events to balance date that would affect the financial statements.
(2020: \$nil)

18. CONTINGENCIES

There were no contingent assets or liabilities existing at 30 September 2021. (2020: \$nil)

19. CAPITAL COMMITMENTS

There were no material capital commitments as at 30 September 2021. (2020: \$nil)



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"), which comprise the statement of financial position as at 30 September 2021, and the statement of profit or loss and other 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 2021, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ("NZ IFRS RDR") issued by the New Zealand Accounting Standards Board.

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 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) 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.

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the annual report 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 on the other information obtained prior to the date of this auditor's report, 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.

Directors' Responsibilities for the Financial Statements

The directors are responsible on behalf of the Board 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 on behalf of the Board 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.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>.

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the Board's members, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board and the Board's members, as a body, for our audit work, for this report or for the opinions we have formed.



BDO Christchurch
Christchurch
New Zealand
14 December 2021



www.pork.co.nz