



# STRATEGIC PLAN 2007-2010

---

PARTNERS IN A PROFITABLE FUTURE

## CONTENTS

Chairman’s Statement.....	3
CEO’s Introduction .....	4
Snapshot of Current Pork Industry Landscape .....	5
New Zealand Pork – Comparative Advantages.....	5
Object .....	6
Vision.....	6
Mission .....	6
Five Goals.....	6
Delivering on the Plan.....	6
Growing demand for New Zealand Pork.....	7
Increasing supply while reducing the cost of production .....	8
Improving value chain effectiveness.....	9
Securing industry sustainability .....	10
Developing industry capability and profile.....	11

## Chairman's Statement

---

Dear Pork Industry participant

I am pleased to present you with the New Zealand Pork Industry Board's updated strategic plan for 2007-2010.

Our industry is going through rapid change and the plan reflects the Board's response to new challenges and opportunities that have emerged over the last year. The three year term of the plan reflects the urgency that the Board sees over some of the issues but also allows a reasonable amount of time for the Board and producers to measure the impact of new initiatives.

The major change in the plan is a shift to focusing more efforts in delivering to producers and in particular driving change behind the farm gate. Analysis shows that since 2000, pork consumption has grown at 8% annually, however during this time New Zealand pork production has remained relatively stable. Research shows that consumers and the HRI sector have a preference for New Zealand pork, but cannot always source product, it is therefore not yet firmly established as an everyday meal option. The domestic Asian market in particular is a growing market but one that has specific requirements, not always met by New Zealand product. The challenge is therefore to grow production, but also ensure quality requirements are met.

To play its part, the Board will be increasing investment and resources in two key areas: increasing on-farm productivity and enhancing industry sustainability. For example one target we have developed is: 2 more pigs sold per sow per year by 2010. To deliver on this we will be aiming to utilise applied research from the Pork CRC, deliver a comprehensive technology transfer programme and deliver new advanced management training to better equip our industry managers.

We will also be working hard to remove barriers for those considering further investment in the industry. Biosecurity, the Environment and Animal Welfare will be three key areas where the Board will be increasing its focus through Research and Development, technology transfer and advocating on behalf of the industry. Additionally we will be working hard to promote the industry with the aim of attracting skilled workers and new investors both integral to raising production.

The Board recognises the importance of supply chain cooperation in delivering what the customer wants, and ensuring producers achieve acceptable returns. We will focus on delivering information and analysis that aids the decision making of all players, and ensure that any initiatives we coordinate have the buy-in and involvement of all sectors as this allows returns to be maximised.

The plan belongs to all producers and we invite you to provide your feedback and ideas to assist the Board and staff get it right. Please take the opportunity to talk to myself, other directors of the Pork Industry Board and staff. We look forward to your input.

Chris Trengrove  
Chairman

## CEO's Introduction

---

The New Zealand Pork Industry Board invests on behalf of New Zealand producers to enhance the value of the pork industry and ultimately increase the returns of producers. In doing this, the Board is focused on identifying collective investment opportunities throughout the chain which will deliver better returns than producers would be able to achieve as individuals.

In developing this plan the Board and management have assessed the domestic and international pork industry landscape. We have surveyed and spoken with producer groups and individuals. Recognising the importance of other stakeholders we have consulted government, both central and local, processors, wholesalers, retailers and exporters. Additionally we have called upon expertise in the service industry.

Our consultation has reinforced a number of key principles that help to drive this strategy:

- This strategy is focused on enhancing producer returns, but in doing so recognises that all of the value chain must be better off for those returns to be sustainable
- To maximise impact with the Board's investment funds, priority will be given to a fewer, higher impact initiatives within producers control or influence
- Successful change occurs when key stakeholders have involvement and ownership. The Board will seek to facilitate both financial and in-kind involvement to leverage industry resources to optimise outcomes.
- The three year term of the strategy recognises both the urgency and a clear accountability from the Board to deliver quantifiable results within a specified timeframe

As the front page of this document suggests we see that it is partnering across the value chain which will deliver the most sustainable benefit to producers and we look forward to working with you to successfully implement this strategy.

Sam Mclvor  
Chief Executive Officer

May 2007

## Snapshot of Current Pork Industry Landscape

---

The following characteristics set the scene for the current and immediate future business environment:

- Increasing demand for pork products both domestically and internationally (Domestic growth 8% 2000-2006 in pork products vs. 1.9% in other meats)
- Increasing globalisation of trade and increased pork importation which in combination with fluctuating exchange rates impacts on domestic producers' farm gate returns.
- A relatively static tonnage of New Zealand pork and continued consolidation of the industry
- An escalation in the costs of production; in particular uncertainty around future grain costs, and additionally average carcass weights are significantly lower than international competitors
- Increasing external focus and pressure on the methods and impact of food production systems, for example environmental and animal welfare issues
- Constraints being placed on industry expansion by labour, capital, and resource consent processes. Concern also about current disease impacts (PMWS) and ongoing border security effectiveness particularly relating to PRRS
- Retail chains establishing their own brands independently of producers.

## New Zealand Pork – Comparative Advantages

---

Despite the challenging business environment, there are a number of comparative advantages that the New Zealand industry has, and must look to retain:

- A closeness to market and a declared preference by consumers for New Zealand grown pork
- Dominance of the domestic chilled market
- An internationally high health status
- A temperate climate suitable for both indoor and outdoor production
- A small industry base of some 320 producers meaning the industry can be “nimble on its feet” when presented with challenges or opportunities
- Competent and innovative producers who are able to rapidly respond to change
- Fresh pork and associated products currently better meet lifestyle needs than competing protein products.

## Object

---

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

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

## Vision

---

Contributing to a profitable future for the New Zealand Pork Industry

## Mission

---

Helping producers make 'More Profit from Pork'

Through partnering industry stakeholders we will deliver governance, marketing, research, development, extension and policy services that assist producers to make more profit from pork.

## Five Goals

---

In delivering on this mission the Board will focus its investments in five key areas:

1. Growing demand for New Zealand Pork
2. Increasing supply while reducing Cost of Production
3. Improving value chain effectiveness
4. Securing industry sustainability
5. Developing industry capability and profile.

## Delivering on the Plan

---

The following section details measurable objectives under each goal and outlines the strategies to achieve these objectives. Each of the strategies will be broken into a three year project plan for which individual staff will have responsibility and accountability. Measurement of progress behind the farm gate will be determined by the use of benchmark data gathered from farmers and utilised in the Monthly Analysis of Input and Output Prices (MIOPs) and post the farm gate from a combination of Statistics New Zealand and a combination of qualitative and quantitative surveys.

# GOAL 1

## GROWING DEMAND FOR NEW ZEALAND PORK

To increase the value and volume of New Zealand pork products sold

KEY OBJECTIVES			
O1 To increase consumption of New Zealand produced pork to 13.4 kg per capita by Sept 30 2010 with average \$/kg trending positively	O2 To have 100% NZ Pork identified and used in 95 % retail outlets by volume., by 30 September 2010	O3 To have consistent increases in the presence of New Zealand pork on HRI menus Juicy Tender in 30% HRI by volume by 30 September 2010	O4 Differentiate New Zealand bacon and ham to increase consumption and price by 30 September 2010
STRATEGIES			
S1 Position, differentiate and promote NZ Pork products through TV advertising, point of sale materials, labelling, website and recipe club.			
S2 Improve functionality and increase distribution of value enhanced products (Apple Tender and Juicy Tender) to the retail and HRI sector.			
S3 In response to market research, develop a unique selling point and other attributes for New Zealand fresh pork and ensure these are passed to consumers and those who influence consumer decision making.			
S4 Work with industry participants to re-launch Trim Pork including cut availability.			
S5 Develop and implement a strategy to train, resource and influence those in food service to create a greater presence of fresh pork and products in the HRI sector.			
S6 Monitor key stakeholder attitudes and perceptions of New Zealand pork with surveys at least annually.			
S7 Implement a strategy to differentiate New Zealand bacon and ham through, labelling, TV advertising, a bacon competition and public relations campaigns			
<b>BUDGET</b>	\$ 2.00 m (60%)		

## GOAL 2

### INCREASING SUPPLY WHILE REDUCING THE COST OF PRODUCTION

To increase on-farm productivity<sup>1</sup> and pork supply through the application of knowledge and technologies

KEY OBJECTIVES			
O1 To increase pigs sold per sow per year by 2 and total lwt sold <sup>2</sup> by 30 September 2010	O2 To improve Herd Feed Conversion efficiency (HFC) by 3% annually from 2008	O3 To identify opportunities to reduce industry average feed energy <sup>3</sup> costs by 30 June 2008	O4 To facilitate the availability of methods to accurately measure feed quality by 30 September 2010
STRATEGIES			
S1 Deliver 2 more pigs per sow technology transfer programme which results in 80% of industry production attending and 70% making profitable business changes.			
S2 Deliver practical written materials that raise producer awareness on new profitable technologies. Tools utilised will include international literature reviews, R&D Briefs, Pork Outlook, and Pork CRC newsletters.			
S3 Deliver one advanced management HFC course annually.			
S4 Demonstrate two beneficial CRC projects locally annually focusing on pig output or feed efficiency utilising local vet and farmer expertise to prioritise..			
S5 Complete an independent review of New Zealand pig feed options to identify opportunities for greater feed efficiency and cost reduction by 30 June 2008.			
S6 Carry out review of current NZ feeding matrix and potential practical methods available for testing feeds by 30 September 2008.			
S7 Convene industry feed mentor group to prioritise initiatives in the feed area by 15 March 2008			
<b>BUDGET</b>	<b>\$411,000 (12%)</b>		

<sup>1</sup> This goal recognises that the absolute cost of production must be reduced while at the same time increasing productivity. Productivity is defined as the amount of output per unit of input (labour, equipment, and capital).

<sup>2</sup> The two pigs at the industry average of 67kg

<sup>3</sup> Net energy i.e. what is utilised by the pig as opposed to what is supplied to the pig

## GOAL 3

### IMPROVING VALUE CHAIN EFFECTIVENESS

To increase producer returns by facilitating greater effectiveness in the value chain

KEY OBJECTIVES			
O1 To deliver at least one product or process annually which will grow consumer demand <sup>4</sup> and enhance industry profitability	O2 To deliver information that enhances the decision making of stakeholders	O3 To facilitate the delivery of fresh pork that better meets the NZ markets eating quality needs by 30 September 2009	O4 To develop tools to more accurately predict pig supply by 30 September 2008
STRATEGIES			
S1 Deliver weekly pig kill, monthly import/exports, Pork Outlook and pork industry review quarterly, E-Brief to relevant stakeholders.			
S2 Instigate a project to investigate tenderness variation in fresh pork and implement a quality mark programme jointly with processors, wholesalers and retailers by 30 September 2009.			
S3 In partnership with industry develop products, and identify new pork cuts that drive potential for higher carcass weights, and cooperatively work to ensure these are successfully delivered at retail.			
S4 Complete an analysis to determine the destination of NZ produced pork in particular the split between fresh (trim pork vs other) and processed (including ham and bacon split), and retail vs food service by 30 June 2008.			
S5 Establish a fresh and processed value chain advisory committee (s) by 30 June 2008 to identify opportunities and recommend investment priorities.			
S6 Research the domestic Asian market and work with industry players to develop products that better meet their needs by 30 September 2008. <sup>5</sup>			
<b>BUDGET</b>	<b>\$93,000 (2.8%)</b>		

<sup>4</sup> True demand is a combination of volume and price

<sup>5</sup> Research shows that the Asian community within NZ is dissatisfied with current product offering and is turning to other meat alternatives

## GOAL 4

### SECURING INDUSTRY SUSTAINABILITY

To continually enhance the sustainability of production and processing methods

KEY OBJECTIVES			
O1 The Pork industry is acknowledged as proactive and responsible in managing pig welfare by 30 September 2010	O2 Industry led good practice environmental mgt is implemented in 80% of industry <sup>6</sup> by 30 September 2010	O3 The pork industry's internationally comparative high health status is enhanced and it is protected from damaging disease incursions	O4 The pork industry continues to produce safe food
STRATEGIES			
S1 Work with partners to carry out research to develop best practice sow housing options and transfer results to producers.			
S2 Encourage, monitor, and ensure compliance with the pig code of welfare (2005).			
S3 Identify good practice environmental management and work with stakeholders to successfully implement on producer properties.			
S4 Work with MAF Biosecurity New Zealand and other stakeholders to enhance border security and disease surveillance with a strong emphasis on minimising the risks of a PRRS incursion.			
S5 Deliver best practice biosecurity and animal health information to producers through technology transfer and training.			
S6 Monitor industry food safety standards for both local and imported products and provide policy advice to ensure the industry continues to produce safe food.			
S7 Advocate on behalf of industry to ensure robust and fair development of regulations and to reduce unnecessary compliance costs.			
<b>BUDGET</b>	<b>\$462,000 (13.7%)</b>		

<sup>6</sup> The 80% of the industry is by production.

## GOAL 5

### DEVELOPING INDUSTRY CAPABILITY AND PROFILE

To develop the reputation and capability of industry to meet future challenges

KEY OBJECTIVES			
O1 Training programmes are delivered which have 80% uptake <sup>7</sup> and result in improved productivity	O2 To attract and retain more skilled people in the industry	O3 To enhance the New Zealand pork industry image and profile	O4 PIB provides world class service in governance, marketing, research, development, extension, and policy services
STRATEGIES			
S1 Facilitate delivery of ProHand, stock person, herd/grower manager and advanced management training courses annually, work with AgITO to measure productivity impacts.			
S2 Deliver technology transfer programmes that grow industry intellectual capital by enhancing knowledge and skills.			
S3 Inform key stakeholders of the significance and success of the pork industry.			
S4 Develop and deliver a programme to attract more employees to the industry. (Includes a remuneration survey.)			
S5 Build a prospectus to promote the industry as a viable career and investment option.			
S6 Implement within the Pork Industry Board best practice systems in governance, finance and accounting, IT, HR project management and communication.			
<b>BUDGET</b>	<b>\$391,000 (11.6%)</b>		

<sup>7</sup> 80% by volume not producer numbers