

Livestock Transport Efficiency Rollout

Help us support our Livestock Transporters towards a more sustainable and viable future.

Our livestock transporters are an essential part of Silver Fern Farms' supply chain, and play a critical role within our chain of care. It is essential we support them as they too face increased costs, compliance, regulation and find it tough attracting talent into their sector. Together we can all work smarter in managing the planning of our livestock transport bookings, to reduce empty kilometres on the road and increase vehicle utilisation.

Over the past 12 months we have been using a new planning technology across the South Island to give our livestock transporters work that better utilises their trucks, which reduce wastes, emissions, and the time and distance animals spend in the truck. We have achieved this using the [M2X](#) platform, which is a bespoke transport planning tool for livestock movements.

The results have been exceptional, drastically reducing the empty kilometres travelled. The savings allow Silver Fern Farms to invest back into our Livestock Transporters with higher payments per kilometre.

This week we began introducing this new way of working to the Livestock Transporters and Livestock Reps that service our Eastern North Island processing sites.

The response from this group of transporters was positive as we try to solve a shared problem. Our target is to go live in the Eastern North Island region at the end of October 2022, followed by the rest of the North Island in February 2023.

To work smarter and help our Livestock Transporters become more efficient, we need to make changes to how livestock bookings are made, which affects all points along the supply chain.

All livestock bookings will be centralised into the M2X planning tool at least 48hrs before cart. This work is then grouped into circuit bookings with the objective of maximising the load efficiency of the truck, while still meeting your needs as farmers, and our plant delivery times.



To achieve this it does also mean the work given to transporters from Silver Fern Farms could look a little different, including a greater opportunity for back loads or top up loads.

The big change for you on farm is that we could send a different transporter to pick up your livestock, when this makes sense to maximise load efficiency. On average in the South Island this happens in 1 in 5 carts, but it can vary depending on your location.

Our livestock transporters are an important part of our sector and for them to succeed and become more efficient we ask for your help to support this change. We expect a high standard of service from all our carriers, to ensure your needs are met and maintain the chain of care for animals from farm to processing sites.

Before we introduce this across the North Island our Livestock Team are busy ensuring your supplier details are correct in our system, including yard locations, contact names and phone numbers – this information is critical to ensure a successful outcome for our transporters.

In the coming editions of our Supplier Update we will also share other initiatives where together we can support our Livestock Transport partners, including the safety of loading ramps on-farm, emptying stock before cart, and planning ahead for tall animals.

Thank you in advance for your support. For any questions talk to your local Livestock Representative.



PLATE TO PASTURE SUPPLIER ROADSHOW 2022

Silver Fern Farms invites suppliers and rural partners to our Supplier Roadshow Dinners. In 2022 we'll be running a large dinner and presentation in each region. Please join us to celebrate the conclusion of a challenging season and reconnect ahead of the next one. Each dinner will feature a presentation from our management team, as well as a chance to enjoy a great Silver Fern Farms red meat meal.

Please click below to register for the regional roadshow dinners.

WHANGAREI

24th November
Northland Cricket
Venue, Whangarei

KARAPIO

17th October
Ferrybank –
Sir Don Rowland
Events Centre

NEW PLYMOUTH

23rd November
Devon Hotel, New
Plymouth

TAKAPAU

20th September
St Vincent's,
Takapau

CHRISTCHURCH

28th September
Omarino Wine
Estate

GORE

15th November
Croydon Lodge,
Gore

Tail Docking Reminder

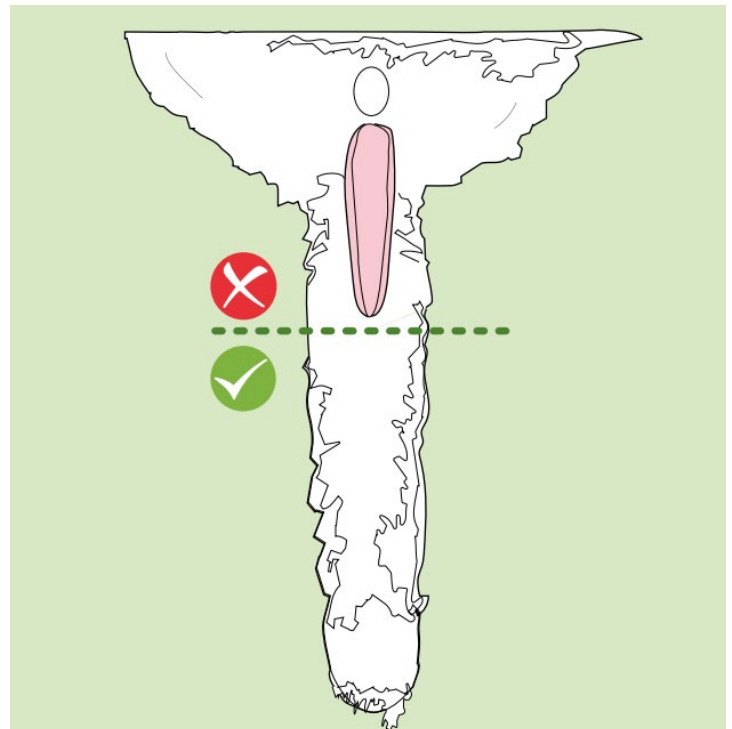
With lambing underway please remember that the Animal Welfare (Care and procedures) Amendment Regulations (2020) include a regulation applicable to the docking of a sheep's tail.

The new regulation states that no person is to dock any sheep's tail unless it is no shorter than the distal end of the caudal fold, which is the end of the flaps of skin that attach to the underside of the tail to the lamb's body.

Tail length performance against these guidelines are monitored by plant yard staff and reported on your kill sheets. MPI will also be monitoring, and depending on the severity of non-compliance against the new regulations, infringement fees can be issued.

Under the regulations, hot iron or rubber rings are the only methods that can be used to dock tails and the use of any other method can also lead to an infringement fee of \$500.

For more information visit [Beef+Lamb NZ](https://www.beef+lamb.nz).





Beef

The US market for lean imported beef remains in negative territory as ongoing drought conditions combined with heavy domestic production weigh down the market.

US red meat inventory is up sharply, with the USDA reporting red meat stocks 23% higher than 2021 on 1st August, despite very strong US exports. The combined effect of increased stocks of beef, chicken and pork has cold storage availability at a premium and a potential risk for beef imports leading into the new season.

NZ exports to the US year-to-date are down sharply. Tariff rate quotas issued to 31st August were 25% lower by volume than the same period last year, and only 51% of the USA quota has been used to end August due to stronger demand into North Asian markets.

Chinese beef imports for August from all countries were at a record 258,000mt. The scale of imports from South America is significant, total imports by origin were: Brazil 51%; Argentina 19%; Uruguay 7%; USA 8% Australia & NZ 16%. South American pricing has softened through August and will negatively affect pricing from NZ and Australia.

Chinese demand has slowed, a result of cities under ongoing partial or full shutdown due to

Covid, large inventories of beef and generally slower consumption which is creating some level of cautiousness from importers. The next 4-6 weeks will be important to provide a direction in pricing and demand leading into end of year.

Other North Asian markets remain flat, due to an oversupply from Australia and USA. Japan has a much weaker JPY/USD, and as a result USD prices are being dragged lower. Increased availability from Australia and South America is providing a competitive environment to enable this.

South-East Asian markets are also weaker, with lower-value cuts and offal items being bid lower, reflecting increased availability from Australia and slower demand.

Australian beef exports for August reached 92,000mt – a 23% lift over July exports of 75,000mt.

Despite several weeks of processing more than 100,000 head, recent kill volumes have dropped closer to 90,000, while continued rainfall across the Eastern border continues to affect processing volumes.

The weaker pricing in the US imported market for grinding meat is also seeing Australia shift more volume into Japan, Korea and other Asian destinations, creating increased competitive pressure.



Sheepmeats

Reports from the UK suggest market conditions remain tough with an abundance of inexpensive domestic lamb available, and plenty of New Zealand legs being carried by customers, whilst demand remains somewhat lackluster.

The UK media continues to focus on the impending cost of living crisis, with the situation set to worsen over the coming months as temperatures cool and energy costs and usage lift. Spending habits continue to be impacted upon, with any post-Covid economic bounce being well and truly over. The UK government has introduced an Energy Price Guarantee, effectively fixing energy pricing for the next 2 years. This, along with other initiatives such as the Energy Bills Support Scheme, will go some way to alleviating their ever-increasing cost of living.

Elsewhere around the globe it is more of the same, with current market conditions continuing to create uncertainty and prices

experiencing further slippage. An increase to volumes out of Australia, hitting competing export markets at cheaper prices, is also dragging down prices. This is evident in multiple markets such as North America, the Middle East and East Asia.

Commitments towards the Christmas chilled period have been mixed. Whilst some markets continue to operate in line with traditional volumes, others have taken a more cautious approach. A shortened export window on the back of supply chain disruptions, coupled with apprehension around market performance over the Christmas period, has seen chilled demand reduce. Conversely, a shift towards frozen product sold on the defrost has been seen, with this format offering the customer added security regarding shelf life. Given this trend there is the potential that we could see a reduction in chilled lamb through 2023 and an increase frozen/defrost volumes.

There has been very little movement of note in mutton. Supply remains low with demand subdued, though in-line with availability.



Venison

Our focus continues towards the production and fulfilment of EU Game Season chilled obligations via sea freight.

As with lamb the window of opportunity to capitalise on this heavy demand period has been constrained due to supply chain disruptions, and again apprehension around market performance.

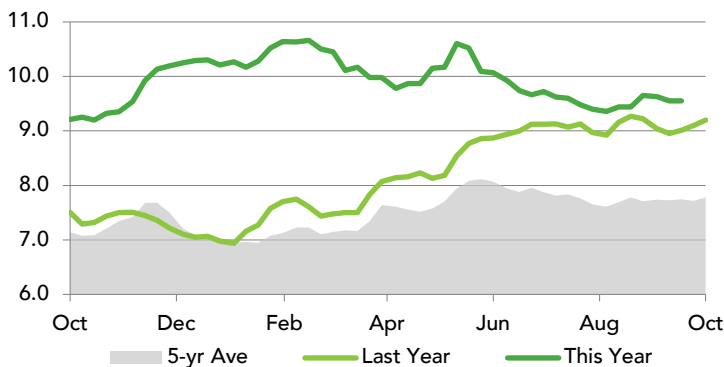
Sales for this same supply period via air have tracked above expectations, albeit we were working from a low base, however we continue to explore additional opportunities here. It is anticipated there will be little

to no premiums available for air freight consignments, such is the differential between sea and air costs.

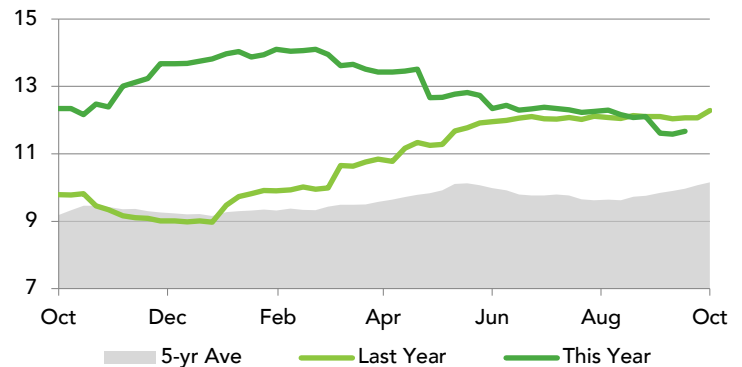
Frozen product availability has been limited as the bulk of primal production has been directed to chilled production. After the EU Game Season production period we expect to have a clearer view forward on frozen pricing and demand, as livestock availability increases. The China market continues to function well - prices have plateaued while demand has remained firm.

Look out for our a special report on our Venison Market Activity next week.

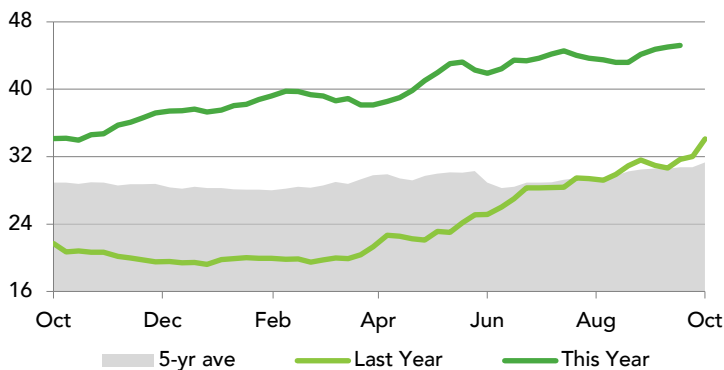
US imported 95CL bull



UK CKT lamb leg



US French Rack



Lamb Flaps

