

Processing Pressure Easing

After one of the longest seasons in history we are starting to see light at the end of tunnel for those waiting for processing space.

Across both islands processing back logs for Ovine are nearly back at manageable levels. This is timely as Ovine processing plants in both islands complete an extended season and prepare to work through their planned maintenance ahead of the Bobby Calf season.

Though lamb forecasts are manageable right now, we are conscious the industry Lamb kill continues to trail (~1.3 million head) behind the same time last year. Late season lamb finishers need to be mindful of the available lamb processing capacity throughout the Bobby Calf season and don't get caught out carrying lambs and have them cut their teeth come October.

The Cull Cow season is also near complete in the North Island and only a few weeks away in the South Island before things are tidy. We are holding Cull Cows on grazing, deferring them later into the season which helps with our stock mix within our Beef processing plants. This allows us to run our Beef processing plants longer into the season, enabling us to process more Prime Beef, Prime Cow and Bulls.



There are still wait times for these stock classes which will continue for a few months yet. [Click here](#) for our latest update on wait times. Thank you to all our suppliers for your patience through this trying season – we acknowledge the pressure and impact this has caused back on farm.

He Waka Eke Noa Partnership Recommendation

Earlier this month, the He Waka Eke Noa Partnership presented their recommendation for an Agricultural Emissions Pricing mechanism to government. The recommended option was a Farm Level Levy, which was Silver Fern Farms' preferred option as it recognises and rewards the efforts of individual farms.

Some key features of the Farm Levy are:

- Farms calculate their short and long-lived gas emissions through a single centralised calculator (or through existing tools and software that are linked to the centralised calculator)
- Calculated on-farm emissions determine the levy cost rather than the use of national averages
- Recognition of reduced emissions from on-farm efficiencies and mitigations as they become available

- Incentives are provided for uptake of actions (practices and technologies) to reduce emissions
- A split-gas approach applies different levy rates to short- and long-lived gas emissions
- On-farm sequestration is recognised, which could offset the cost of the emissions levy
- Levy revenue is invested in research, development, and extension including a dedicated fund for Māori landowners.

The Government will now consider the Partnership's advice alongside advice from the Climate Change Commission, before making decisions later this year on how agricultural emissions are to be priced from 2025.

In the meantime Silver Fern Farms will continue to support suppliers to 'Know Their Number' and develop emissions plans.



Bobby Calf Bookings Go Digital

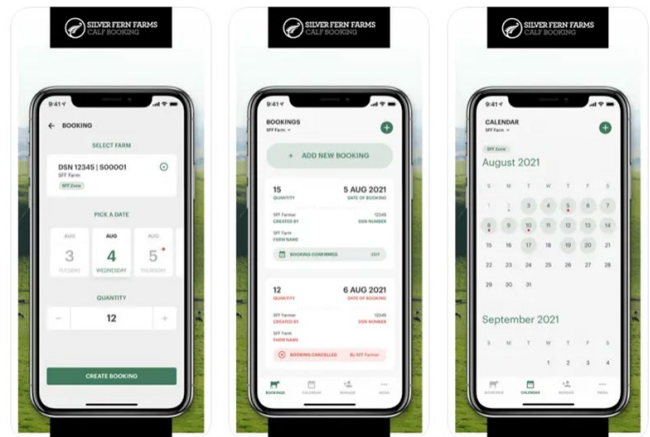
The industry is likely to see an increase in the number of Bobby Calves coming forward for processing on the back of changes to the terms of milk supply moving forward. We are preparing for an increase this year and larger increase for the 2023 season. At the same time, in some regions the availability of a 7 day pick up services has been reduced to 6 days, due to availability of labour within the transport and logistics sector. Managing the intake of calves through the peak weeks will need to be carefully managed to avoid animal welfare risks

For the 2022 Bobby Calf Season the following guidelines must be followed:

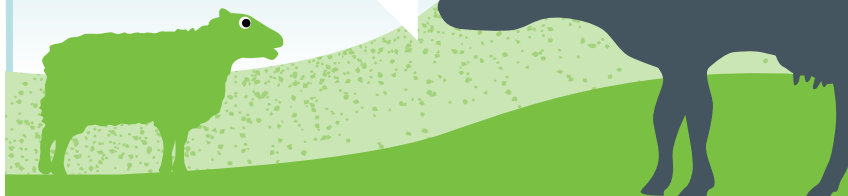
- The flag system across the North Island will no longer be used for Silver Fern Farms calves – an end of an era!
- All Bobby Calves destined for Silver Fern Farms must be booked in advance via the Silver Fern Farm Calf App - Download the app for [iPhone](#) or [Android](#).
- Calf processing space will be released **four days in advance**.
- When capacity has been filled on a particular day the ability to book for that day will become unavailable.
- Registering & Booking via the App is simple and easy – our Customer Service Team are happy to help on 0800 362 362.
- **No transporter** will pick up calves that have not been booked via the Silver Fern Farms Calf Booking App.
- Processing space will be tight in the peak processing weeks.

- Suppliers may need to carry calves for longer than four days in the peak processing weeks.
- It is imperative that numbers booked are accurate. Transporters will only pick up the numbers that have been booked.
- There will be **zero** tolerance on suppliers that book and do not utilise their booking – this will be monitored.
- The above guidelines were used successfully across the South Island in the 2021 season.
- All other terms & conditions including animals welfare standards for the cartage of Bobby Calf supply remain the same.

Thank you for your support as we collectively work towards a successful 2022 Bobby Calf Season.



eASD is
mooooooving
to MyOSPRI
this July



In July, OSPRI is replacing the eASD system with a new system, called MyOSPRI.

Signing up will be easy. OSPRI will send you a link, and all you'll need to do is use your current eASD email address and set a new password. All your historic eASDs will be moved over to MyOSPRI.

For more information go to OSPRI.co.nz



Winter Presentation

With wet weather impacting much of the country it's timely to consider stock presentation. Mud, dags, and dirty animals are the enemy of product quality, as contamination is easily transferred from the hide/pelt and onto the carcass during processing.

Our focus is to ensure all carcasses meet A and B presentation standards, which ensures extended product shelf life and lifts overall quality. From a market perspective, clean stock are particularly important for our programmes for this reason.

MPI processing standards for export certification are also more stringent in order to protect New Zealand's reputation for producing safe food. AsureQuality's assurance and verification checks allow them to reach into plant to reduce chain speeds, or in extreme cases they could stop a plant from exporting until standards reach satisfactory levels. This would severely impact our ability to service suppliers and customers.

Our staff in animal assembly yards have been well educated around stock presentation to avoid dirty stock going into plant and triggering this response. We do put stock through the washing systems at plants, however some stock arrive in conditions that even those systems won't bring them up to standard. It is critical that presentation is addressed before the stock are transported.



Presentation premiums can apply to both Shorn and Bellied lambs. Lambs must have less than 25mm of wool to qualify as Shorn. Any lambs with greater 25mm of wool need to be crutched and bellied to a maximum width of 90mm or one blow.

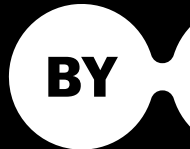
Please also ensure cattle and deer meet presentation standards before they get on the truck. For any questions around stock presentation please talk to your local Livestock Rep.



PLATE TO PASTURE FARMER CONFERENCE 2022

Join our great lineup of guest speakers, plus industry leaders and our own in-house experts, to hear about the latest developments in our market-led sustainability work.

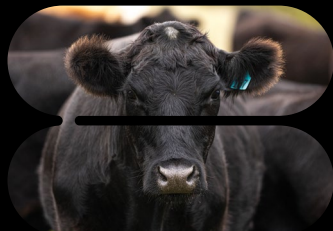
We'll also host the Silver Fern Farms Boning Competition National Finals, and celebrate the Plate to Pasture Supplier Awards for 2022.



TE PAE CONVENTION CENTRE

CHRISTCHURCH

4-6 JULY 2022



WIN: All registrations go in the draw to win one of two UBCO 2X2 Work Bikes. Built purely for off-road riding, these are perfect for farm use and off-road adventure! RRP \$8099 each.

CLICK HERE TO REGISTER



Beef

US beef market prices continued to ease over the past couple of weeks, due to heavy domestic supplies and weaker lean beef pricing, which is pressuring imported prices lower.

US cattle growing areas continue to face ongoing drought issues which will see the current liquidation of cows continue until the drought breaks. The outlook however remains positive for imported beef from Q4, when domestic availability is likely to tighten.

China lockdowns have had a significant negative impact on demand, however Covid-19 restrictions are easing, which is allowing the market to work more freely. Importers remain nervous about further outbreaks, which could see restrictions reimposed disrupting demand. This is highlighted in the price variation between importers, based on how they view the forward

market. The prolonged and ongoing impact of African Swine Flu, which has affected domestic pork production, is expected to result in a permanent increase in beef consumption, which will be positive for imported beef demand.

Australia Meat & Livestock are now forecasting 2022 beef production will grow less than previously indicated. Exports are now forecast to grow by 5.9% compared to 2021, down 120,000mt from earlier estimates. This only re-enforces a stronger lift in production through 2023.

Overall frozen beef pricing has had a reasonable downwards price correction over the past couple of months. Inflation pressure and weaker Asian currencies against the USD are starting to affect consumer and importer sentiment. A weaker NZD/USD has however masked these USD price corrections.



Sheepmeats

Price pressure remains globally with all markets feeling the effects of ever-increasing inflation.

Traditionally, as we move deeper into the New Zealand winter and our livestock supply tightens, we would expect to see pricing lift given demand for finished goods remains relatively constant against weaker raw material supply. However, this winter market dynamics are such that demand has started to experience some softening across multiple markets and specifications. This softening has been very market specific; for example, in the UK we continue to transact at levels which have seen incremental slippage over time, while reductions experienced in China have been steeper and more severe, albeit coming from loftier highs.

Global supply chain issues continue to plague the industry and play havoc with delivery performance. This has been reflected in

export stats over the previous few months, with New Zealand's chilled volumes reducing year on year. There has been a shift away from chilled product as an offering, primarily due to inconsistencies and unreliability experienced in getting product to market. Fortunately Silver Fern Farms have so far managed to avoid any serious repercussions to our chilled business, though this remains an ever-present risk.

Mutton markets continue to see softening on pricing, with demand remaining firm against limited availability. China's interest in mutton remains very much aligned to pricing – they continue to buy however they also continue to bid pricing down. This has created opportunities for other markets to capitalise on in regard to volume, however prices have reduced globally.





Venison

Demand for Venison into China continues to track above expectations, and China continues to feature heavily in the makeup of our frozen venison sales.

Pricing into China seems to be bucking the trend of other proteins heading into this market and has held firm, showing venison is now an established protein in China – no longer a subsidiary product riding on the coat tails of lamb, mutton, and beef.

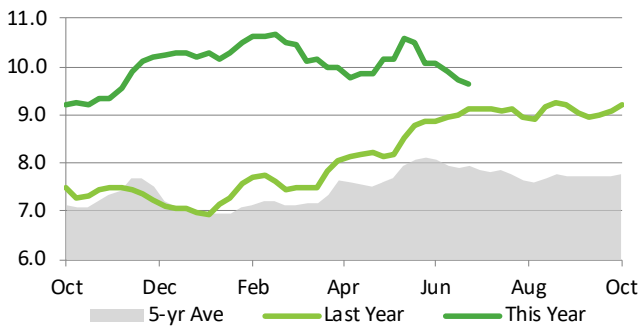
The EU market remains unchanged with both demand and pricing remaining constant. We

are not expecting this situation to change across July and August as we continue to service mainly frozen business through this period.

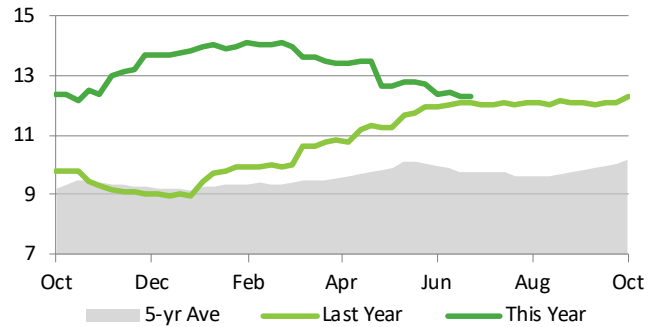
Negotiations continue towards the 2022 European Game Season. The current pressures being felt in-market are creating some nervousness around pricing, though volumes are expected to be similar or slightly better than last year.

Finally, we again highlight the risks around the global supply chain. Getting product with a limited shelf life into market, in-line with customer requirements, is critical to the success of this programme.

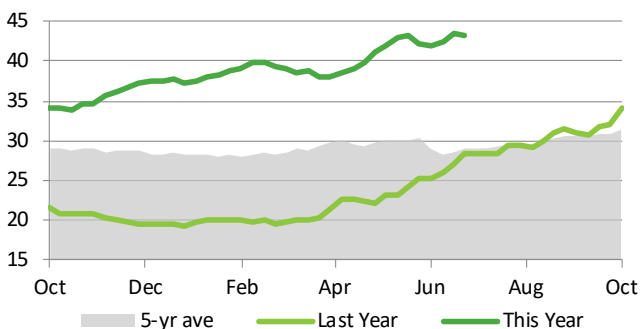
US imported 95CL bull



UK CKT lamb leg



US French Rack



Lamb Flaps

