



RED MEAT PROFIT PARTNERSHIP

ASSURANCE & PROVENANCE

FINAL REPORT

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1.0 Executive Summary

Red Meat Profit Partnership (RMPP)¹ is an initiative to help the pastoral red meat livestock sector in New Zealand increase its productivity and profitability. Structured as a Primary Growth Partnership (PGP) programme, RMPP works with farmers and sector businesses to develop, test and put new ideas, new technology solutions and new ways of working into action behind farm gates and between farms and red meat processors. Established in November 2013, RMPP's programme is funded 50/50 by government and industry, for seven years ending in March 2021, following a six month extension due to the COVID-19 situation.

RMPP began with an intensive research phase, from which evolved a programme with four components: agricultural extension; resources and tools; people and capability; and assurance and provenance.

This report concerns the fourth programme, Assurance and Provenance covering the development of a national farm assurance programme and evidence to support the market positioning of red meat. The programme minimises reputational risks, ensures product meets customers' expectations and maximises commercial and national economic benefits.

RMPP invested in a two-pronged approach: developing key messaging and stories to enhance the positioning of New Zealand beef and lamb underpinned by a robust quality assurance framework.

The Assurance and Provenance programme delivered several key outputs:

New Zealand Red Meat story: development of a country of origin brand *NZ Taste Pure Nature* positioning the provenance of New Zealand beef and lamb and providing consumers complete confidence in the integrity of the brand offering.

New Zealand Farm Assurance Programme (NZFAP): A national farm assurance programme launched in July 2017 with 75% of farms registered and is on-track to cover more than 90% of all farms by 2022. NZFAP underpins the *NZ Taste Pure Nature* positioning.

Materiality study: This assessment investigated the issues most important to red meat sector stakeholders in New Zealand. These issues were ranked by importance and business impact, to form what's known as a sustainability materiality matrix. The materiality assessment reinforced the importance of the development and direction of the 'next level' sustainability assurance standard to complement NZFAP.

NZ Farm Assurance Plus (NZFAP Plus): An advanced voluntary Standard that covers water, soils, climate, biodiversity and people management standards.

Farm planning support material for farmers: Development of comprehensive farm planning material and farmer support tools (e-learning modules and workshops) which allow farmers to better engage with and understand farm planning.

New Zealand Farm Assurance Incorporated (NZFAI): Establishment of an industry representative body to oversee and manage assurance programmes following the end of the RMPP programme. An independent evaluation showed positive economic benefits of NZFAP and the potential for NZFAP Plus when fully implemented.

Independent evaluation shows industry profitability resulting from RMPP's investment in the NZFAP and NZFAP Plus programmes to be more than \$25 million.

For a relatively modest investment — much of it in "in-kind" support from RMPP Partners — the programme has been a success and has delivered enduring positive change and a platform for the industry

1 <https://www.rmpp.co.nz/>

to move confidently into a natural resource constrained and uncertain future.

The key programme outputs as detailed in Annex 1.

2.0 Red Meat Profit Partnership

RMPP is a programme to help the pastoral red meat livestock sector in New Zealand increase its productivity and profitability.² Structured as a PGP programme,³ RMPP works with farmers and sector businesses to develop, test and put new ideas, new technology solutions and new ways of working into action behind farm gates and between farms and red meat processors. RMPP is governed by a Programme Steering Group (PSG).⁴

Established in November 2013, RMPP's programme is funded 50/50 by government and industry for seven years ending in March 2021⁵.

RMPP's Partners are six meat processors (Alliance Group, ANZCO, Blue Sky Meats, Greenlea Premier Meats, Progressive Meats and Silver Fern Farms); two banks (ANZ Bank and Rabobank); Beef + Lamb New Zealand⁶ (B+LNZ) the farmer-owned, industry organisation representing New Zealand's sheep and beef farmers; and the New Zealand Ministry for Primary Industries⁷ (MPI).

RMPP began with an intensive research phase, from which evolved a programme with four components:

- Agricultural Extension
- Programmes, Resources and Tools
- People & Capability
- Assurance and Provenance.⁸

This report concerns the fourth component, Assurance and Provenance, and within it focuses on three discrete work programmes:

- New Zealand Red Meat Story
- New Zealand Farm Assurance Programme
- New Zealand Farm Assurance Programme Plus.

2 The red meat sector in New Zealand is almost wholly based on pastoral feeding of livestock housed outdoors with, in winter, some use of fodder crops and off-field feeding platforms. Livestock are very seldom housed indoors, this not being necessary in New Zealand's temperate climate. There are a very few intensive cattle feedlots where cattle are sent for a few months to fatten on grain-based feeds. Such farming systems are not the 'target' of RMPP's activities.

3 A joint venture between government and industry, that invests in long-term innovation programmes to increase the market success of New Zealand's primary industries. Replaced by Sustainable Food & Fibre Futures (SFF) in August 2018. <https://sff-futures.mpi.govt.nz/funding-and-programmes/sustainable-food-and-fibre-futures/>

4 <https://www.rmpp.co.nz/page/our-people/> Note that this URL leads to the RMPP Board, one member of which is appointed to represent the interests of the six meat processor Partners and another of the two banks. The RMPP Programme Steering Group consists of the RMPP Board plus representatives from the Ministry for Primary Industries representing the interests of Government.

5 Following COVID-19 disruptions the programme end date was extended from November 2020 to March 2021.

6 <https://beeflambnz.com/>

7 <https://www.mpi.govt.nz/>

8 <https://www.rmpp.co.nz/page/our-programme/>

The investment by RMPP in this programme is relatively modest in comparison with the other RMPP programme investment areas at \$2.9 million (4.5% of RMPP's overall spend). Assurance programmes and market-facing promotion appropriately requires significant input and investment by processors and others with a direct interest in those markets. Accordingly, RMPP's role has focused around the creation of assurance frameworks, standards and tools to assist farmers and processors to meet challenges.

2.1 RMPP Business Case

The RMPP Business Case⁹ recognised that stakeholders and value chain participants including regulators and consumers are becoming increasingly focused on the way food products are produced. While each participant's interests are many and varied they commonly centre around eating quality, ethical, food safety and environmental issues.

To address these growing issues the business case identified an opportunity to build a consistent set of baseline messaging and materials to support the value proposition that underpins New Zealand's red meat products and the sector's production and processing systems. These messages needed to be broader than simply geographic or point of origin stories and objectively explain why customers (wholesalers, importers, retailers and consumers) should purchase New Zealand meat products as opposed to other domestic or imported products.

There was also a need identified to build confidence and understanding in the New Zealand domestic population around the performance and importance of the red meat sector to New Zealand. The most likely way to achieve this is by the sector proactively managing and acting in areas where inaction may risk the sector's reputation.

Specifically two sub projects were planned:

- The development of tailored stakeholder messaging around key areas of health and wellbeing, provenance and product confidence — known initially as the New Zealand Red Meat Story
- The development and implementation of a baseline red meat quality assurance framework — New Zealand Farm Assurance Programme (NZFAP) which was subsequently enhanced with the New Zealand Farm Assurance Programme Plus (NZFAP Plus).

3.0 NZ Red Meat Sector Story/Taste Pure Nature

The purpose of developing a Red Meat Sector Story was to:

- Create a powerful tool for the sector to ensure the story connects with the right people in the right way
- Take the whole industry forward and provide meat exporters and their customers tools to influence consumers and drive value
- Lift farmer performance and standards to ensure product quality and integrity.

The Red Meat Sector Story was designed as a Country of Origin proposition, essentially New Zealand's promise to the world expressed as a platform, story and appellation that positions New Zealand beef and lamb globally as a premium food choice.

RMPP's role was to support industry in the development and verification of key messages and insights. Specifically RMPP funded a stocktake of compliance systems (regulatory, industry, and customer specific) and other proof points; a stocktake of available nutritional information around New Zealand beef and lamb and a stocktake of competitor country verification systems e.g. the Republic of Ireland's "Origin Green" national food and drink sustainability programme.

⁹ Red Meat Sector Collaboration for Sustainable Growth: Project Plan 4 — Production & Provenance

RMPP's major contribution to the Red Meat Sector Story was the development of NZFAP (refer subsequent section).

RMPP funding was used to provide a dedicated project manager within B+LNZ to ensure the project maintained momentum.

3.1 Taste Pure Nature

*Taste Pure Nature*¹⁰ is B+LNZ's origin brand developed with RMPP and sector support and launched in 2019. RMPP has not had direct involvement in the development of the brand beyond development of NZFAP and early work in verifying key messages and work outlined above.

A global brand platform with multiple assets and channels, *Taste Pure Nature* underpins exporters' marketing programmes, providing the provenance of New Zealand beef and lamb.

The brand targets 'conscious foodies' — a market segment that B+LNZ research demonstrates will pay a premium for naturally raised, grass-fed, hormone and antibiotic-free red meat.

Taste Pure Nature connects this market with their values and is underpinned by the NZFAP, giving consumers increased confidence in the integrity of the brand offering.

4.0 New Zealand Farm Assurance Programme (NZFAP)

The New Zealand Farm Assurance Programme (NZFAP) is a national farm assurance programme designed to streamline the process for red meat farmers to provide confidence to consumers and international markets of the integrity, origin, traceability, biosecurity and animal health and welfare of red meat produced and processed in New Zealand.

An early step in the programme development was the establishment of an Advisory Group in 2014 to develop a 'Red Meat Baseline Quality Assurance Standard and Approach'. This group included representatives from four of RMPP's processor Partner organisations, B+LNZ, MPI, as well as three representatives from AsureQuality¹¹. An observer from Deer Industry NZ was also included to ensure the scheme developed would meet the requirements across the sheep, beef and deer sectors. This Advisory Group led the development of the baseline draft quality assurance (QA) standard and the draft scheme rules which was renamed NZFAP in August 2015.

The Advisory Group's focus was to ensure that the new scheme developed would address gaps in the current QA schemes across multiple companies and would be robust and internationally recognised. To this end it sought independent certification from an internationally recognised body JAS-ANZ¹².

A pilot of the new standard was conducted in early 2016 with 34 sheep, beef and deer farms across several companies to test the usability and robustness of the QA standards.

The full implementation of NZFAP commenced on 1 July 2017 with SFF followed by ANZCO and Greenlea, and later, Silver Fern Farms (SFF), Progressive Meats, Blue Sky Meats and a further eight companies over the following 12 months. By mid-2019 member companies totalled 16 and this grew to 18 by the end of 2019. NZFAP member companies are listed in Annex 2.

¹⁰ <http://tastepurenaturenz.co.nz/>

¹¹ AsureQuality Limited is a New Zealand State Owned Entity providing quality assurance functions to the New Zealand primary sector

¹² JAS-ANZ is the government appointed 'Joint Accreditation System of Australia and New Zealand' responsible for providing accreditation, certification and inspection to ISO standard ISO/IEC17065

So what is NZFAP?

NZFAP covers the audit and certification of sheep, beef and deer farms. The certification assists processor/exporter companies to maximise product eligibility for different commercial customers and supply programmes as well as helping farmers achieve domestic regulatory compliance requirements. The costs for certification are met by member companies and farms are audited every three years. The introduction of a single standard across the industry has reduced duplication and costs for farmers and enhanced customer confidence in the New Zealand supply chain. The NZFAP programme is JAS-ANZ accredited.

NZFAP covers the fundamental components of origin and traceability, biosecurity, food safety and animal welfare. In addition specific guidance to farmers covering particular aspects of stockmanship and animal management are covered including; body condition scoring, humane emergency slaughter, obligations around keeping mortality records, procedures like tail docking, castration, disbudding and dehorning, shearing and dog welfare. NZFAP provides detailed guidance on transporting animals, including pre-transport preparation as well as ensuring all animals are fit for transport.

This ensures:

- All qualifying livestock are born in New Zealand and all animal movements on and off farm must be accompanied by a legally binding Animal Status Declaration and be retained for five years
- All livestock displaying signs of unusual illness or ill-thrift (failure to thrive) must be notified to a veterinarian. All animal remedy treatments used, or product stored, must be recorded in detail and where administered done so by suitably trained personnel.
- All agrichemicals and fertilisers stored or used must be recorded in detail and where used be done so by a trained person and be applied in accordance with manufacturer's instructions
- All livestock shall be cared for under the five freedoms of animal welfare;
 1. Freedom from thirst, hunger and malnutrition
 2. Freedom from discomfort
 3. Freedom from pain, injury or disease
 4. Freedom from distress
 5. Freedom to express normal behaviour.
- All animal handlers have the knowledge, training or supervision to ensure the animal's health and welfare
- All farm infrastructure will be constructed, maintained and operated in a manner that minimises distress or injury to animals or humans
- A documented preventative animal health plan must be prepared and reviewed annually for all livestock on the farm
- All livestock shall have sufficient food, water, nutrients and shelter to maintain good health and welfare
- Animals are prepared and fit for transport.

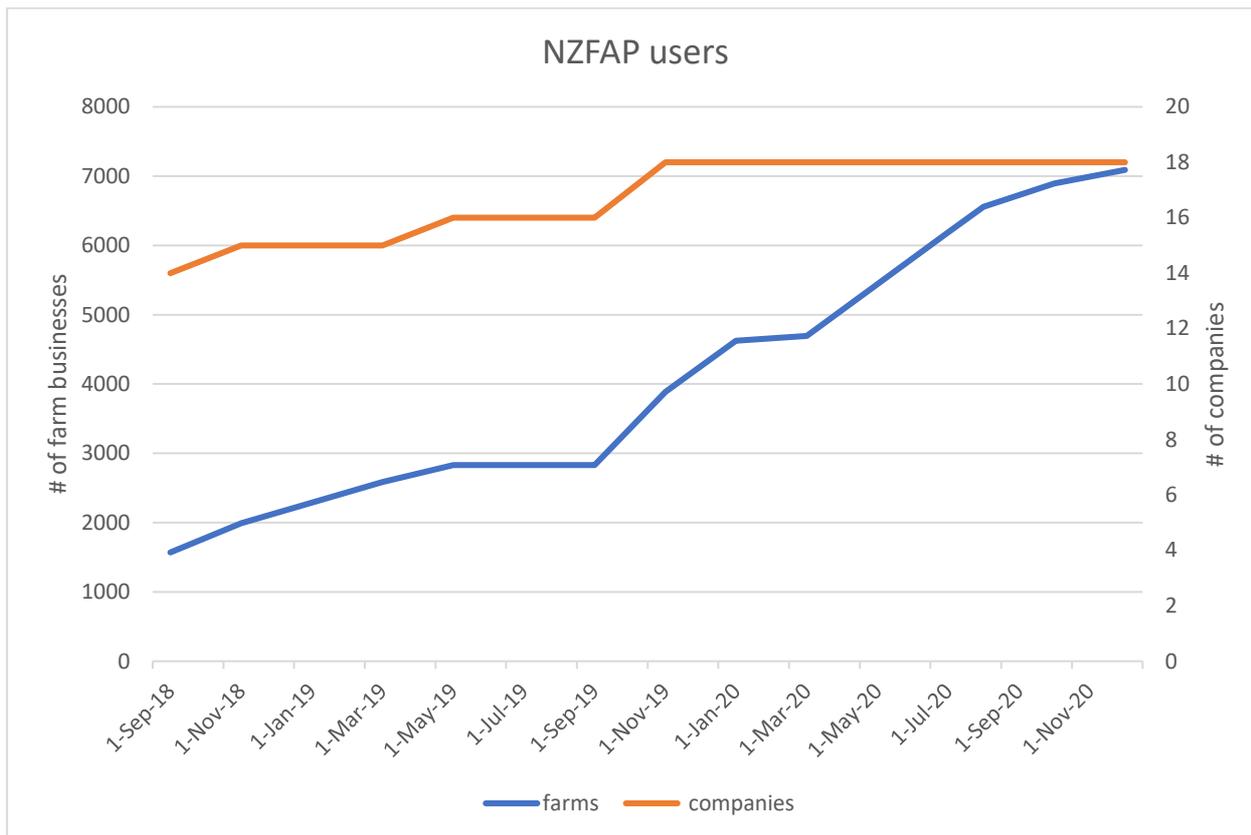
A farmer handbook¹³ has been produced to give detailed guidance to farmers and other interested parties around what to expect leading up to and following a farm audit. This handbook also contains a pre-audit checklist, the NZFAP standard as well as detailed descriptions and recommended best practice guidelines to meet and exceed the standard.

13 New Zealand Farm Assurance Programme Farmer Handbook

https://www.nzfap.com/site_files/23537/upload_files/NZFAPHandbookMasterV3aJuly2020.pdf?dl=1

There are approximately 9,200 commercial farm businesses across the country with 75% of these registered under NZFAP¹⁴. AsureQuality is targeting a further 1,700 farm businesses to be registered by October 2022 which represents approximately 93% of all commercial farms. Figure 1 shows the uptake of NZFAP by processor companies and farms over the last two years.

Figure 1. Uptake (registered farms) and NZFAP member companies over time



NZFAP streamlines on-farm audit and certification within a single farm programme. AsureQuality estimates savings of approximately \$378,000 per annum in direct audit costs due to fewer audits across the industry since the introduction of NZFAP. These savings are due to a reduction in both audit costs and administration costs through the implementation of NZFAP. The avoided audit costs come from the reduction in the average number of audits each farmer needs to conduct under a single national scheme. The avoided administration costs come from those processors who were previously operating their own QA systems and can now avoid costs by sharing administration costs across the sector.

NZFAP Snapshot — Key numbers to 1 December 2020

- 7,090 farms registered
- More than 6100 audits completed
- 900 audits completed October/November
- 18 member companies
- 37% efficiency gain in terms of fewer audits being conducted now compared to July 2017
- Approximate savings of \$378,000 in direct audit costs per annum (across industry)

14 Figures to 1 December 2020 provided by AsureQuality

5.0 Materiality Assessment

RMPP recognised at its inception that standards and QA programmes beyond animal welfare and food safety would be required by industry in the future. Land and water management, biodiversity, climate change and people management were all identified as being domains needing such an assurance standard and was the genesis of the NZFAP Plus programme (originally called SENZFAP – Sustainable and Ethical New Zealand Farm Assurance Programme). Work on developing a draft SENZFAP Standard commenced in early 2018. Subsequent to the initiation of the NZFAP Plus, some of the RMPP beef processing partners were approached by McDonald’s Restaurants Limited to establish a NZ Chapter of the Global Roundtable for Sustainable Beef. McDonald’s stipulated that before such a chapter could be established, a materiality study for the New Zealand beef industry needed to be completed.

RMPP commissioned consultancy company ‘thinkstep’ to complete a red meat sector sustainability materiality assessment¹⁵. This was funded by RMPP and carried out in partnership with the New Zealand steering committee for the Global Roundtable for Sustainable Beef (GRSB)¹⁶.

This assessment investigated the issues most important to New Zealand red meat sector stakeholders¹⁷. A series of interviews, focus groups, surveys and workshops held with external and internal stakeholders were held to identify a range of issues considered important to the red meat sector. These issues were ranked by importance and business impact, to form what’s known as a sustainability materiality matrix.

Priority areas and metrics for the future were also identified. While there were naturally some differences in issues raised by those interviewed, there was also a lot of alignment. Feedback has shown that consumers are demanding increased transparency and progress on environmental and animal welfare issues. Responding to dietary changes (towards vegetarianism/veganism) is another important trend.

The industry is seen as being well-positioned to make substantive economic and environmental contributions to New Zealand and is currently developing knowledge that could be taken to the world. Having industry alignment, leadership, and strategic vision is considered essential to taking advantage of these opportunities. The top issues identified as priorities for the red meat sector are:

- Industry profitability
- Industry leadership and vision
- Transparency, measurement and verification
- Investment in resource and development, innovation and technology
- Maintaining social license to operate.

The materiality matrix shown in Figure 2 ranks the material issues identified by stakeholders and shows an urgency rating. In general the more urgent issues tend to be in the higher priority areas.

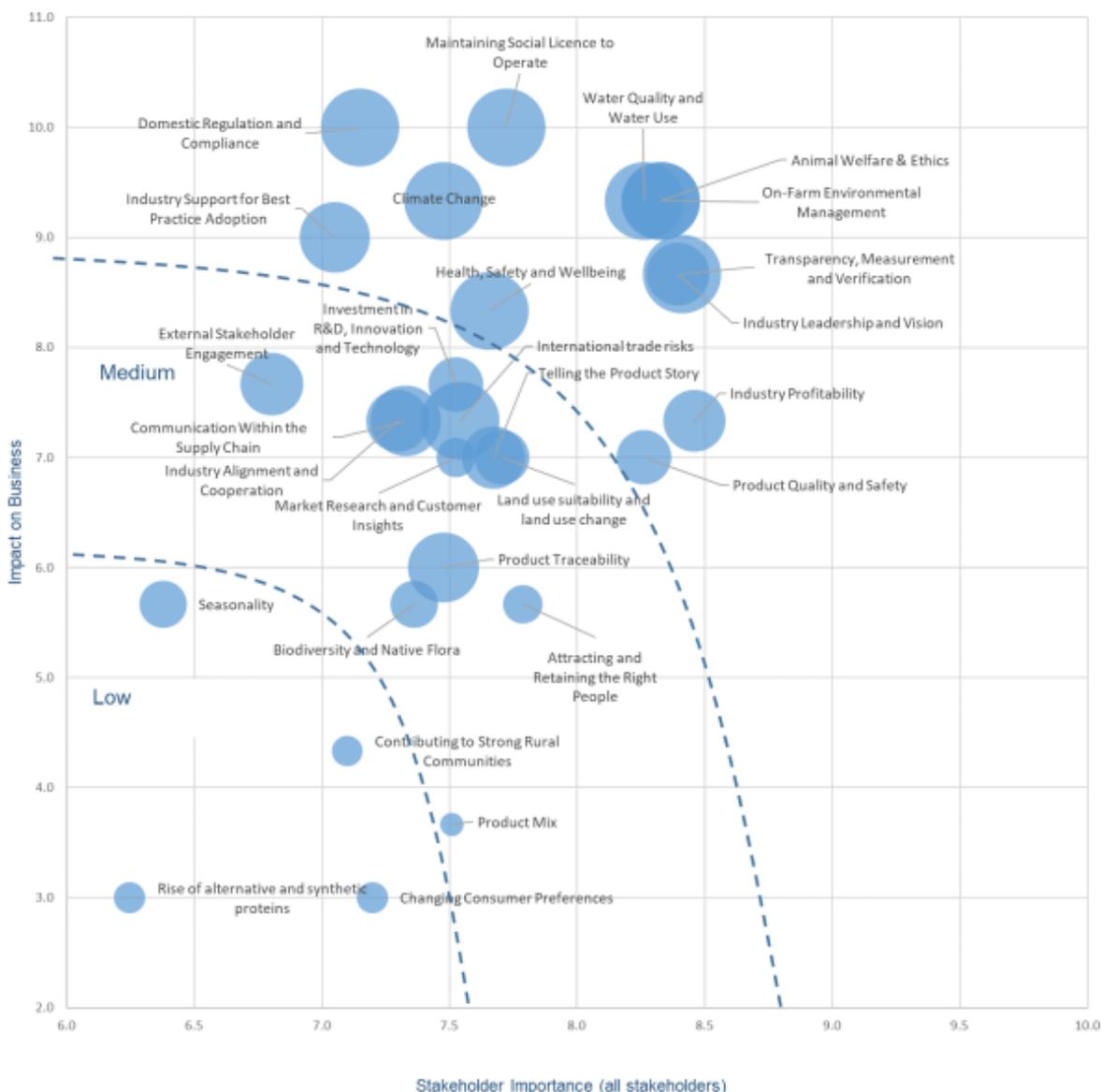
¹⁵ New Zealand Red Meat Sector Materiality Assessment — Thinkstep Ltd.

https://www.rmpp.co.nz/site_files/13089/upload_files/RMPPMaterialityAssessmentReportFINAL.pdf?dl=1

¹⁶ The Global Roundtable for Sustainable Beef (GRSB) mission is to advance, support, and communicate continuous improvement in sustainability of the global beef value chain through leadership, science, and multi-stakeholder engagement and collaboration

¹⁷ ANZCO Foods, RMPP, B+LNZ, Greenlea Premier Meats, Silver Fern Farms, Meat Industry Association, Farmers (several), Federated Farmers, Meat Workers Union NZ, Synlait

Figure 2: Materiality matrix showing urgency (larger bubble=higher urgency)



Transparency, measurement and verification and maintaining social license to operate relate specifically to on-farm environmental management, water quality and quantity, animal welfare and ethics and climate change.

The sustainability materiality assessment reinforced the importance of the development and direction of the 'next level' sustainability assurance standard to complement NZFAP.

This materiality study provided solid validation for adding further layers to NZFAP. The work programme initially known as SENZFAP and later known as NZFAP Plus was undertaken to develop the NZFAP Plus standard and broader programme which commenced under this new name in mid-2019.

This programme included development of a draft NZFAP Plus Standard as well as developing tools and information for farmers to assist with the practical aspects of measuring on farm practices. An evaluation of the draft standard was also planned at this stage.

The purpose of the voluntary NZFAP Plus programme is to:

- Create better more sustainable farming businesses,
- Demonstrate that the red meat sector is farming sustainably, and
- Provide confidence to red meat consumers that our products are produced in the manner they expect.

The case for a next-level assurance programme

This programme was planned to build on the foundation of NZFAP (animal welfare, biosecurity, food safety and traceability) and include standards for the management and use of farm and natural resources, biodiversity, people and further biosecurity standards. The sustainability materiality assessment was viewed as a valuable tool in assisting the red meat sector to prioritise strategic initiatives and for individual companies to drive continuous improvement within their supply chains.

The public scrutiny of farmers with respect to environmental and animal welfare outcomes is intensifying with concerns regarding water, soil, winter grazing, climate change and more. The challenge is to avoid prescriptive regulations with little regard of individual farmers' specific situations. Any regulatory approach should be focused on outcomes enabling achievement through individual farm plans underpinned by independent quality assurance.

The pressure from customers is less strongly felt, but the trend towards increasing expectations is ever present albeit not necessarily with a premium price attached. New Zealand's image and reputation as a quality and trustworthy food producer could be undermined by a concerted effort or an accidental incident.

NZFAP Plus is seen to provide an integrated framework to deliver on societal and consumer expectations while achieving sustainable, profitable businesses run by farmers with pride in their industry. This framework will be the platform for the red meat sector to own its challenges and take responsibility for collectively and individually addressing them. It is an opportunity to demonstrate leadership. The intent is to provide a credible and robust sustainable farm assurance programme that crucially includes independent verification of outcomes. Therefore, NZFAP Plus addresses three of the top five issues identified in the materiality study. The standard covers environmental management, biodiversity, people, and biosecurity.

Once the NZFAP Plus programme components and structures are in place it was planned they would transition into the ownership and governance entity for NZFAP (NZFAI), in the same way as NZFAP transition is being managed. RMPP would not be responsible for the implementation or adoption of NZFAP Plus, as this would be the responsibility of the entities adopting the standard and programme, which was also the case with NZFAP.

6.0 New Zealand Farm Assurance Programme Plus (NZFAP Plus)

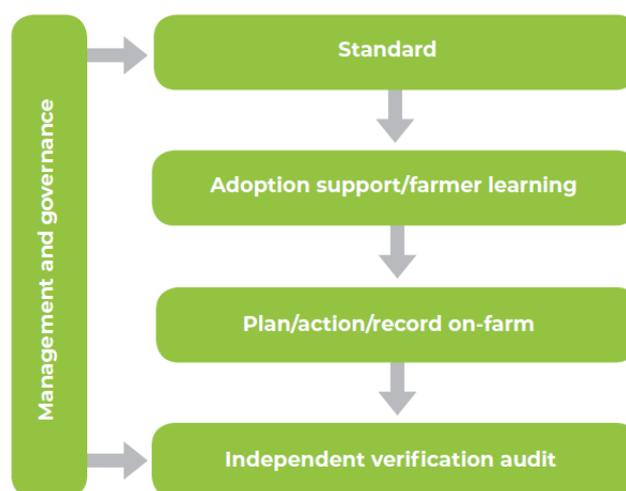
Building on the success of NZFAP, RMPP begun the development of a new voluntary standard and programme for sustainability called NZFAP Plus. NZFAP Plus integrates the farm planning process and verification. The purpose of NZFAP Plus programme is to:

- Create better and more sustainable farming businesses through understanding natural resources and appropriate practices
- Facilitate continuous improvement on farms with regards to business performance
- Demonstrate and validate with credible detail to the wider New Zealand community, and government, that the red meat sector is farming sustainably, responsibly, and ethically
- Provide confidence to red meat customers and consumers that our products are produced in the manner they expect [Note: a price premium is probably unlikely but having such verification of meaningful standards and good practices in place will at least maintain the value of farm products].

NZFAP Plus is not primarily about compliance. Rather it is about planning, practicing, demonstrating, verifying, and celebrating sustainable farming; and providing a clear consistent leadership pathway for farmers and the sector.

The NZFAP Plus programme structure/process is shown in Figure 3:

Figure 3: NZFAP Plus programme structure



The draft NZFAP Plus Standard¹⁸ has three sections (animal welfare, food safety and traceability are already addressed through NZFAP):

- Natural Resource Management
- People Management
- Biosecurity.

The Standard has been drafted with input from RMPP partners, farmers, and technical experts to ensure they are robust and accurate, practicable, and meaningful. The Standard as drafted ensures strong alignment to proposed legislation and regulations and offers farmers a one-stop-shop to demonstrate good practice across all the key aspects of their business. There may be refinement required across the various sections as various legislation and regulations are enacted. Like all standards, it is expected NZFAP Plus will continually evolve to reflect new knowledge and revised legislation and regulations.

It is envisaged that NZFAP Plus will become recognised as an accredited industry assurance programme and a means of fulfilling regulatory requirements around freshwater, soils, biodiversity, and greenhouse gas management.

18 New Zealand Farm Assurance Programme Plus —
https://www.rmpp.co.nz/site_files/13089/upload_files/NZFAPPlus.pdf?dl=1

6.1 Pilot of NZFAP Plus Draft Standard with a farmer group

The pilot project involved 33 farmers from across New Zealand reflecting a range of business stages and regional variation. Twenty-three of those farmers participated in the formal evaluation, but all participating farmers' views were captured through the pilot and are incorporated in the evaluation report¹⁹.

The purpose of the pilot was to; (a) determine the achievability and costs and benefits of the draft standard, and (b) provide insight into successful implementation and roll-out of NZFAP Plus with farmers.

Although most farmers initially found the Standard to be quite daunting, farmers in the pilot study sought no material changes on any particular requirement with the exception being one business questioning the need to record any community involvement on farm. The structure and contents of the Draft Standard did not need substantive change as a result of the pilot, although some revision was required to reflect recent legislative changes. The view was that although some requirements will be difficult to achieve, or require a lot of effort, they are all achievable and will strengthen a farm business over the long-term. The overarching view was the draft NZFAP Plus Standard is fit for purpose and does not need to change in scope or intent.

The areas in which farmers have the most progress to make are biosecurity management, biodiversity management, greenhouse gas management, nutrient management and having the detailed and precise base understanding of their natural resources through comprehensive farm mapping and analysis. The pilot highlighted, for some farmers, areas in people management they needed to address. Similarly, the pilot assisted a number of farmers to identify additional biosecurity risks, especially around plant pests, and new ways of managing those. Biosecurity procedures were rarely documented by farmers beyond an animal health plan.

Documentation and record keeping was the main area requiring attention, and this does require one or more digital solutions that farmers can use to simplify planning, record keeping and monitoring.

Farmers in the pilot group made particular progress on soil health assessments (using the visual soil assessment technique) and winter management recording, reflecting the value farmers saw in these activities and that implementation was relatively straightforward and these topics have a strong connection to their farming business. Many farmers made progress across virtually all aspects of the draft Standard during what was a relatively short timeframe of the pilot. The self-assessed score across the entire Standard for pilot farmers improved from 2.47 to 2.90 (out of 4), showing that the farmers involved are on average approximately 70% of the way to fulfilling the programme's requirements.

The cost for a farmer to implement this programme is expected to range between \$5,625 - \$16,000 up front together with 9-17 days for the farmer's time²⁰. Ongoing annual costs to cover annual reviews of plans and monitoring are expected to be \$1,500-\$5,700 per annum and 7-12 days of farmer time. These costs only reflect the managerial costs (being largely planning and monitoring), and not the costs of actually doing the work such as fencing, planting and tending, pest control, which will substantively outweigh the managerial cost, but also provide the opportunity to improve/enhance returns.

Through the pilot process, the vast majority of farmers identified some benefits, albeit yet to provide any financial returns because of the short timeframe of the pilot to observe changes or benefits. The benefits identified by the group were:

- Improved understanding of their resources and hence learning what to do (and why), and confidence to act, including reinforcing and validating they were on the right track

19 NZFAP Plus farmer pilot evaluation report

[https://www.rmpp.co.nz/site_files/13089/upload_files/NZFAPPlusPilotandEvaluationReport\(1\).pdf?dl=1](https://www.rmpp.co.nz/site_files/13089/upload_files/NZFAPPlusPilotandEvaluationReport(1).pdf?dl=1)

20 Assumes farmers are already meeting their legislated obligations around people management

- Clear direction and framework to follow for making decisions about resource management
- Bringing a higher degree of professionalism to their farming business and the sector, that better reflects the scale and worth of their businesses
- Providing a foundation for clear, precise and consistent communication with their farm team, including their bankers, advisors, and employees, and their communities
- Supporting proactive and planned decision making
- Driving enthusiasm in the farm team about their natural resources around the creation of a legacy for the farming family and providing the opportunity to involve and engage their families and communities
- Making farm system changes to protect and enhance their natural resources and which will allow sustainable production in the future
- Feeling much more prepared for the coming regulatory environment.

Most farmers are now looking at their land and business differently as a result of the pilot. This ranges from relatively mundane things such as siting water troughs to avoid negative impacts, to connecting all the various aspects of natural resource management of land, water, greenhouse gases and biodiversity; and seeing how addressing these aspects in an integrated manner makes good business and environmental sense.

The majority of farmers involved in the pilot have been very supportive of the programme, suggesting the time is right for this programme. There were some farmers who feel they have done enough already unless there is a material reward from their processor. There were a small number who after being involved have realised they are not interested in or motivated to undertake this kind of programme in their business, though that motivation may emerge if they were to be financially rewarded. Pilot farmers recognised that this programme will not be suitable for everyone, though many did express the view that this is all largely going to be required in the near future anyway.

Many farmers also saw the programme as a means to access premium markets/customers and to stay ahead of the pack. Most pilot farmers could see ways in which other farmers could be engaged, and that constraints such as time and cost could be overcome through clear value propositions from processors.

The roll-out of the programme is going to require significant support for farmers. The first step was seen as the initial assessment of individual farmers determining what the standard is asking for and its relevance to the farm, asking good questions of the farmer to determine what they have already achieved, setting some priorities and a plan to work through the programme in a logical manner, making the programme more achievable.

Farmers have recommended two approaches for overcoming barriers and providing support:

- a) Small Action Group style groups (sub-catchment groups) with regular workshops to provide ongoing technical input, peer support to work collectively through the programme's requirements and drive progress and accountability
- b) Engaging directly with professionals to build the base knowledge of the underlying natural resources and to translate that into farmer understanding and then action plans for farmers to own and implement; and the possibility of this initial investment being funded by banks and amortized over 10 years to soften the cost.

These approaches are not mutually exclusive, and most farmers will likely use a combination of them both.

Farmers saw the key success factors for implementation as being:

- Ensuring that farmers own their plans through this process and can set their own priorities based on the robust and objective analysis of their underlying natural resources and business context
- Whoever is supporting the farmers must have both empathy for farmers and an understanding of farming systems, and have the ability to motivate and maintain accountability

- Solid, technically correct resources that are readily accessible must be available, and there was strong support for this to be a stand-alone independent online service, and should also include examples of what good documented plans and records looks like in various contexts
- Access to well qualified technical experts to engage and learn from one-on-one and in facilitated workshops
- Systems for rapid and easy on-farm data capture, plan documentation and monitoring are essential to underpin widespread uptake. This needs to include easy to use templates.
- Peer-to-peer learning and support through small group forums will facilitate a greater shift in mindset and more rapid progress than having farmers working in their own silos
- Farmers are going to need time to develop the plans and then to implement their action plans; many farmers noted that this programme will never actually be completed on farms – it will be a life-long journey of continuous improvement. Whoever is responsible for implementation of the programme must recognise that not everything can or has to be done immediately. The work for farmers should be chunked down.
- Having very clear timelines will motivate farmers to get things done together with a strong and compelling value proposition
- Farmers should be asked to visualise how their farm and business would look if they undertook the programme and to describe their confidence in its sustainability if they completed the programme, and how good would realizing that vision feel? They should be asked what would it change for them and their business?
- Progress along the way towards fulfilling NZFAP Plus must be recognised and celebrated, even if just by the farm team and/or their small group they are working within.

Significant constraints to implementation identified by the farmer group are:

- a) The lack of professionals available to complete natural resource mapping and to compose farm plans appropriately
- b) Time available to farmers for administration and office work, particularly in businesses that are not corporates that have this built into their system already, and/or when a farming partner is not heavily involved in the day to day business – many farmers are already time poor
- c) The computer skills of farmers with respect to setting up and/or operating data capture, record keeping, mapping, planning, and monitoring systems
- d) The availability of auditors with the relevant skill set to verify this programme.

These constraints are reflected in the likely timeframe in which many farmers will be ready for certification being up to a year from registration, dependent on their starting point. It is likely to take this long for them to engage required professionals (e.g. to map natural resources) and to complete their documentation unless they have the ability to work intensively on this programme.

NZFAP Plus is about farmers knowing their natural capital and its connection to land use and land management. Farmers need to see that it is a clear strategic and tactical approach to retaining the ability to determine their own destiny and to being a certifiable, credible assurance programme. That is what NZFAP Plus provides, as opposed to someone external defining and prescribing how farmers should farm.

The value and necessity of having the solid and precise knowledge, including mapping, of the underlying natural resources on farm is a crucial starting point for the NZFAP Plus programme. For those pilot farmers with an existing comprehensive farm plan, there was already a solid foundation to reference during their initial assessment and questioning about the standard. Such knowledge is about giving farmers clear direction and confidence to act towards managing their natural resources. At the same time, it must be acknowledged that obtaining a farm plan which covers off such a broad set of information to help set up a farm for the future is a challenge. It is, however, the best pathway through which farmers can own their future.

The overarching sentiment from pilot farmers was that NZFAP Plus is necessary, timely, and provides the direction and framework they have been seeking. The Standards are relevant and valuable to all farm businesses and will lead to continuous improvement in farm practices, performance, the natural environment and in farmers' livelihoods. NZFAP Plus has provided farmers a strong sense of relief that there is a way forward through the regulatory and market pressures they face.

6.2 Farm planning — supporting tools and materials

A key part of the broader NZFAP Plus programme has been to ensure farmers have the tools and material to support them with farm planning. As a first step RMPP worked with B+LNZ to refresh existing farm planning resources. These resources²¹ now include up to date information on soils, water, climate change and biodiversity. This comprehensive new farm planning material will support farmers to grow their farm planning knowledge — whether they are beginning their farm planning journey or are keen to build-on existing farm plans and work towards the NZFAP Plus standard.

RMPP's role in developing material and supporting the development of these workshops was completed in September 2020 and B+LNZ will take on the roll-out of farm planning workshops for the remainder of 2020 and into 2021 with 80 workshops currently planned.

In addition to supporting B+LNZ's farm planning efforts, the programme has delivered outputs that complement other industry initiatives e.g. *He waka eke noa* — the joint action plan across the primary sector, government and iwi/Māori which aims to equip farmers and growers with the knowledge and tools they need to reduce emissions, while continuing to sustainably produce quality food and fibre products.

e-learning modules

The NZFAP Plus programme set out to develop three e-learning modules. These learning modules are a useful introduction to complex topics produced for mainly a farmer audience and are a useful information source — with a mix of tutorials and video these short online learning tools were developed to support the more formal farm planning workshops and other material.

Two of these — “Introduction to Farm Planning²²” and “Biodiversity²³” have been on the Knowledge Hub since August 2020. A third module on “Climate Change” is on-track for completion in December 2020.

7.0 New Zealand Farm Assurance Incorporated (NZFAI)

Throughout its development phase and successful launch NZFAP was owned and administered wholly by RMPP. Given the limited lifespan of RMPP, as a seven year PGP Programme with around two years to run, Partners recognised the need for a more enduring legal structure to own the NZFAP Know How, administer NZFAP and any other assurance programmes after RMPP concluded. RMPP investigated several legal structures and determined an incorporated society was the most appropriate legal structure for the ongoing administration of NZFAP. Programme Partners agreed to the formation of an incorporated society — New Zealand Farm Assurance Incorporated (NZFAI)²⁴ — in April 2019. Member companies as at November 2020 are listed in Annex 3.

21 Link to farm planning resources on B+LNZ website and Knowledge Hub (B+LNZ yet to put this info on Knowledge Hub)

22 <https://beeflambnz.com/knowledge-hub/module/farm-plan-natural-resource-management>

23 <https://beeflambnz.com/knowledge-hub/module/managing-native-biodiversity-your-farm>

24 New Zealand Farm Assurance Incorporated (NZFAI) <https://www.nzfap.com/>

An incorporated society offers a legal structure which is ideal for not for profit organisations, maintains its own separate legal entity, provides for ease of administration, offers flexibility for its members and has a simpler governance structure than a standard company arrangement.

RMPP formally assigned all rights and interests of NZFAP Know How to NZFAI in June 2020. This included the NZFAP scheme rules, NZFAP programme standards, NZFAP farmer handbook and NZFAP domain names.

In November 2020 RMPP and NZFAI agreed to the assignment of the Draft NZFAP Plus Standard.

The NZFAP Plus Standard was formally transferred from RMPP to NZFAI on 1 December 2020.

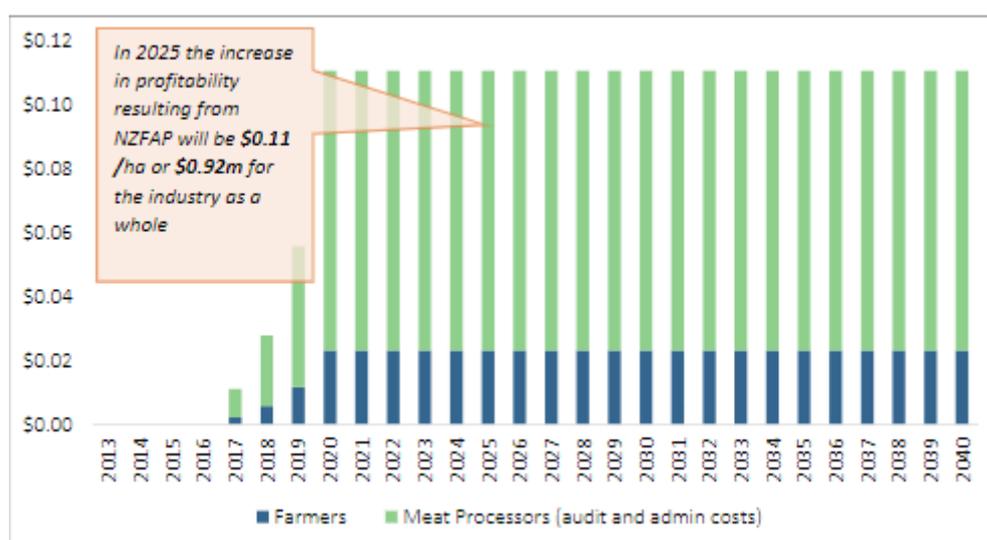
8.0 Independent economic evaluation NZFAP/NZFAP Plus

In early 2020 RMPP commissioned Scarlatti Limited (Scarlatti), an independent research, analytics and evaluation firm, to undertake an overall economic evaluation of the RMPP programme²⁵. This is an interim Report and will be finalised closer to the end of the RMPP programme on 31 March 2021. As part of that evaluation Scarlatti considered the impact and benefits of both the NZFAP and NZFAP Plus programmes.

Economic benefits –NZFAP

The Interim Scarlatti Report shows annual economic benefits (\$/ha) generated by the development and implementation of NZFAP at the base rate of adoption from 2013 to 2040 as displayed in Figure 4 below. The benefits are projected to have increased rapidly from 2017 to 2020 where two thirds of the industry's farmers have become NZFAP assured (7,500 farmers of the 11,250 industry farmers), the remaining 30% not currently participating in any QA programme. These assumptions align closely with actual numbers measured byASUREQuality (6,885 farm business registered under NZFAP at 31 October 2020). According to the Interim Scarlatti Report in 2025, NZFAP is projected to be generating an annual economic benefit of \$0.11 per hectare per year, or \$0.92 million in total across the industry. Twenty one percent of the generated benefits are attributed to farmer time savings, while 79% are attributed as avoided audit and administration costs for the industry's meat processors.

Figure 4: Annual economic impact generated by NZFAP – average over the industry (\$/ha)



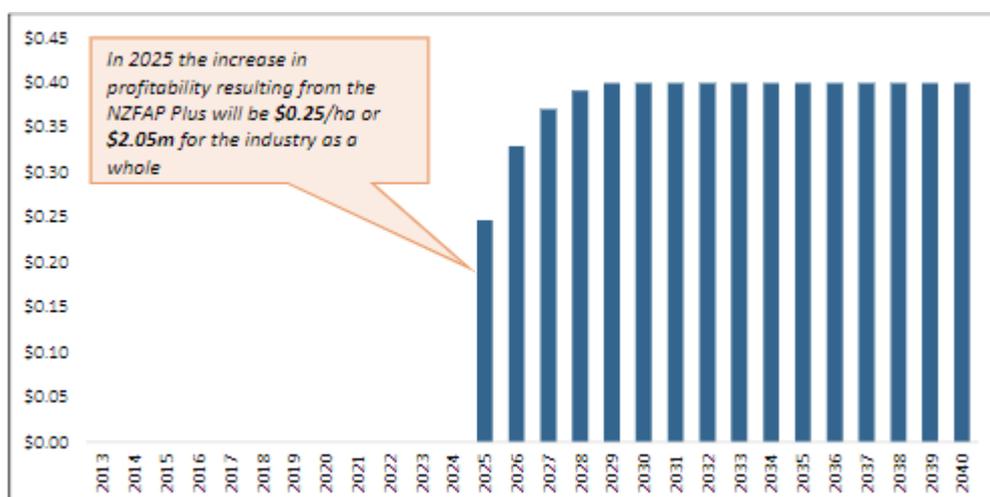
Return on Investment — NZFAP

Scarlatti calculates the additional industry profitability resulting from RMPP’s investment in NZFAP is approximately \$8.8m — a ratio of this value to investment is 10.5:1.

Economic benefits –NZFAP Plus

Scarlatti’s analysis assumes an industry-wide uptake of NZFAP Plus by 2025 will be driven by factors such as government regulation and associated requirements (as signalled in recent freshwater reforms and industry’s response as evidenced by the *He waka eke noa* initiative). It is assumed that annual economic benefits generated by the full development and implementation of NZFAP Plus could result in \$2.05m in 2025 lifting to \$3.3m per annum by 2030 in total across the industry.

Figure 5: Annual economic impact generated by NZFAP Plus – average over the industry (\$/ha)



Return on Investment — NZFAP Plus

Scarlatti calculates the additional industry profitability resulting from RMPP’s investment in NZFAP Plus is approximately \$17m — a ratio of this value to investment is 33:1. Note that the Interim Scarlatti report assumes the NZFAP Plus is a finished product and ‘ready to implement’ so does not factor-in any costs upon industry to implement NZFAP Plus. In any case NZFAP Plus shows a healthy return on investment.

Scarlatti also determined that there were likely to be non-economic and unquantifiable benefits that will flow from both the NZFAP and NZFAP Plus programmes, once established and fully implemented. These unquantified benefits are likely to include on-farm production benefits that are likely to arise once farmers develop a better understanding of their farm system and how it interacts with its underlying natural resources.

9.0 Programme success/reflections

The smallest of the four RMPP programmes the Assurance and Provenance set out to help manage the red meat sector’s reputational risks and positively position its products and systems for maximum benefit. The programme has been a success — it has delivered an industry-wide assurance scheme, plans for an additional scheme, catalysed the development of origin brand and the development and delivery of tools and material to assist farmers in farm planning.

The programme was slow to make early progress as RMPP and industry players worked out how best to work together. Some early wins with NZFAP development set the programme up and underpinned the

future achievements of Taste Pure Nature.

NZFAP has excellent support from the industry, has been well developed and well implemented. This will be a lasting legacy of the programme. NZFAP is on track to have more than 95% of the commercial-scale farming businesses registered by 2022. Eighteen processor companies are NZFAP members and the wool and dairy industries are looking at how they can be part of the programme or apply learnings from it.

The implementation of NZFAP has given the sector confidence and led to the development of the 'next level' assurance programme — NZFAP Plus which has unanimous support from processor partners. Again, this should prove a legacy for the programme and provide the means for farmers who engage in the programme to create a robust legacy of their own for their farms and their families.

The Materiality assessment — which provided a useful sense-check with stakeholders on the issues facing the sector — would have been really helpful in early days of the programme rather than coming as it did nearer the end. In any case it was useful to confirm issues of concern, identify priority areas for future work and areas to keep a watchful eye on.

A practical output from the programme for farmers is the development of comprehensive farm planning material and farmer support tools (e-learning modules and workshops) which allow farmers to better engage with and understand farm planning. These outputs are timely and will assist the industry in meeting its broader sustainability goals.

The independent evaluation by Scarlatti shows positive economic benefits of NZFAP and the potential for NZFAP Plus when fully implemented.

Possibly the most pleasing aspect of the programme has been its ability to bring the industry players together to focus on issues of mutual benefit. This has culminated in the formation of NZFAI, bringing together industry players from all corners of the sector. This success is evidenced by the rapid formation of NZFAI to administer and grow assurance schemes.

The programme has delivered on what it set out to do and in some areas it has exceeded expectations.

For a relatively modest investment — much of it in "in-kind" support from RMPP Partners — the programme has been a success and has delivered enduring positive change and a platform for the industry to move confidently into a natural resource constrained and uncertain future.

Annex 1.0: Key programme Outputs

NZFAP website: <https://www.nzfap.com/>

NZFAP Standard and Handbook (version3), scheme rules, JAS-ANZ accreditation etc

Taste Pure Nature

Materiality Study Thinkstep paper —Materiality study

https://www.rmpp.co.nz/site_files/13089/upload_files/RMPPMaterialityAssessmentReportFINAL.pdf?dl=1

NZFAP, including society rules

E-learning modules — Biodiversity, Introduction to Farm Planning, Climate Change

Farm Planning manual (B+LNZ)

NZFAP Plus materials (Draft Standard)

NZFAP Plus Pilot and Evaluation Report

Annex 2.0: NZFAP Participating Members

These companies are all active participants and represent over 95% of New Zealand's beef, sheep and deer production. Each member company works with and rewards their farmers suppliers to supply NZFAP certified stock.

AFFCO

Alliance Group

ANZCO Foods

Blue Sky Pastures

BX Foods

Duncan New Zealand Venison

Escorial Group

Firstlight Foods

Greenlea Premier Meats

Mountain River Venison

Ovation

Progressive Meats

Silver Fern Farms

Spring Sheep Milk Co

Taylor Preston

Te Kuiti Meats

Wilson Hellaby

B+LNZ, Deer Industry NZ and Pāmu are associate members of NZFAP

AsureQuality and MPI are NZFAP Partners

Annex 3.0: NZFAI Members

NZFAI is an industry owned Incorporated Society currently with the following shareholding as at 30 November 2020

Non-Contestable Members (8 seats)

- Alliance Group
- ANZCO Foods
- Beef + Lamb NZ (B+LNZ)
- Blue Sky Meats
- Deer Industry New Zealand (DINZ)
- Greenlea Premier Meats
- Progressive Group (Ovation, Te Kuiti Meat Processors, Progressive Meats)
- Silver Fern Farms

Other Members

- AFFCO
- BX Foods
- Duncan New Zealand Venison
- Escorial Group
- Landcorp Farming (Pamu)
- Mountain River Venison
- Spring Sheep Milk Company
- Taylor Preston
- Wilson Hellaby

Beef+Lamb NZ and Deer Industry New Zealand are NZFAI Associate Members.