

## 1982/83 MEAT INDUSTRY REVIEW

This article describes the 1982/83 meat season with particular emphasis on developments in the major international markets for New Zealand's meat exports. A brief description of recent changes in marketing arrangements for export sheep meats is also included. The meat production season in New Zealand is based on a September year and unless otherwise noted references to seasons in this article are on this basis.

Although meat production in 1982/83 reached record levels, overall it was not a good year for the industry. A large carryover of stocks from the previous season, record production, and difficult trading conditions in the major United Kingdom market combined to depress lamb prices, and producers' incomes were heavily supplemented by SMP and stabilisation account payments. Mutton prices were also depressed, although beef had a reasonable season with a moderate increase in prices in the US market.

### LIVESTOCK NUMBERS

Sheep numbers fell by 0.2 per cent to 70.2 million during the June 1983 year. This was the first year since 1975 that a decline had been recorded. While there was only a small increase of 0.6 per cent in 1982 the average rate of increase in the previous six seasons had been about 4 per cent. Beef cattle numbers continued the decline of recent seasons falling by a further 8.2 per cent to 4.5 million. The prospect for the year to June 1984 is for little change in both beef cattle and sheep numbers.

The levelling off of total livestock numbers over the past two seasons has been attributed to a depressed market outlook, falling real farm incomes and unfavourable climatic conditions in some regions.

### NEW ZEALAND MEAT PRODUCTION

Total meat production (measured on a bone-in basis) in the 1982/83 season was 1,277 thousand tonnes, an increase of 4.4 per cent on 1981/82. The increase was primarily due to an increase in lamb production of 11 per cent to a record 478 thousand tonnes. Details of meat production for the last five seasons are shown in table 1.

Though some areas were affected by drought, in particular eastern areas of the North Island, the generally favourable spring of 1982 generally assisted lamb survival rates. While earlier drought conditions reduced lambing percentages<sup>1</sup> by 5 points in parts of Marlborough, Canterbury and Otago the overall lambing percentage for the spring of 1982 was relatively good at 99.5 per cent, which was 2 percentage points above the 1981 figure.

Together, the good lambing percentage and survival rates combined with an increase in breeding ewe numbers of 3 per cent, resulted in a significant increase in the availability of lambs for slaughter and actual slaughterings were up by 12 per cent (see table 2). The

<sup>1</sup> The lambing percentage is calculated by dividing the number of lambs tailed by the number of breeding ewes.

**TABLE 1**  
**ESTIMATED MEAT PRODUCTION**  
(000 tonnes, bone-in basis)

Season Ended September	1979	1980	1981	1982 <sup>1</sup>	1983 <sup>1</sup>
Lamb	351.1	391.2	425.7	429.0	478.0
Mutton	162.8	168.5	200.5	196.0	203.0
Beef	490.5	478.8	480.8	495.0	497.0
Veal	21.1	16.9	17.3	20.8	19.0
Pigmeat	35.7	34.5	32.5	34.3	38.0
Other (including offal)	58.1	61.0	50.6	48.4	42.0
<b>Total</b>	<b>1,119.3</b>	<b>1,150.9</b>	<b>1,207.4</b>	<b>1,223.5</b>	<b>1,277.0</b>

Source: Department of Statistics.

<sup>1</sup> Ministry of Agriculture and Fisheries provisional estimates.

**TABLE 2**  
**NZ LIVESTOCK SLAUGHTER<sup>1</sup>**  
(000's)

Season Ended September	1979	1980	1981	1982	1983
Lambs	26,042	28,698	32,308	32,115	35,995
Sheep	7,372	7,461	9,143	9,021	9,238
<b>Total Sheep and Lambs</b>	<b>33,414</b>	<b>36,159</b>	<b>41,449</b>	<b>41,136</b>	<b>45,233</b>
Calves (less than 27 kg)	1,107	931	964	1,020	924
Vealers (27-159 kg)	58	33	33	51	39
Heifers	459	417	382	386	440
Steers	846	762	733	730	765
Cows	646	654	735	802	711
Bulls	176	183	206	255	241
<b>Total Cattle<sup>2</sup></b>	<b>2,185</b>	<b>2,049</b>	<b>2,089</b>	<b>2,224</b>	<b>2,196</b>
Pigs	725	718	713	716	720

Source: NZ Ministry of Agriculture and Fisheries.

<sup>1</sup> Slaughterings at Meat Export Works and Abattoirs.

<sup>2</sup> Excludes calves under 27 kg.

increase in production by weight was a little less than this as average lamb carcass weights declined from 13.3 kg in 1981/82 to 13.2 kg. This decrease was associated with more competition for feed as a result of the higher lamb numbers and a bigger cull earlier in the season.

Adult sheep slaughterings increased by 2.4 per cent to 9.2 million. While there was a decline of less than 1 per cent in adult beef slaughterings, the average export beef carcass weight was up from 222.9 kg in 1981/82 to 226.1 kg resulting in a 0.4 per cent increase in beef production.

Of total meat production, 305 thousand tonnes, or about 24 per cent was consumed domestically. The local market accounted for 26 per cent of total beef production but only 6 per cent of lamb production.

**TABLE 3**  
**DOMESTIC CONSUMPTION OF MEAT**  
(000 tonnes, bone-in basis)

Season Ended September	1979	1980	1981	1982	1983
Lamb	34.5	33.5	29.3	27.2	33.0
Mutton	63.9	64.9	63.0	71.3	74.2
Beef	160.7	147.1	144.1	149.9	140.9
Veal	6.1	3.6	3.8	4.9	4.7
Pigmeat	38.0	36.2	32.0	35.0	38.8
Other (including offal)	15.5	15.8	15.9	18.8	13.6
<b>Total</b>	<b>318.8</b>	<b>301.2</b>	<b>288.1</b>	<b>307.1</b>	<b>305.2</b>

Source: Department of Statistics.

**TABLE 4**  
**MEAT PRODUCTION AVAILABLE FOR EXPORT<sup>1</sup>**  
(Bone-in weights — estimated)  
(000 tonnes)

Season Ended September	1979	1980	1981	1982	1983
Lamb	329.3	270.8	408.4	413.6	463.5
Mutton	104.2	108.2	138.3	124.9	134.2
Beef	338.1	324.2	349.4	366.4	368.0
Veal	15.4	13.5	13.7	15.2	13.3
Pigmeat	1.0	0.9	0.5	0.4	0.3
Variety Meats	44.3	47.3	50.0	50.9	53.8
<b>Total</b>	<b>831.7</b>	<b>882.5</b>	<b>960.3</b>	<b>971.4</b>	<b>1,033.1</b>

Source: NZ Meat Producers Board.

1. Includes production withdrawn for local consumption.

**TABLE 5**  
**EXPORT SHIPMENTS**  
(tonnes, shipping weight)

Seasons Ended September	1981	1982	1983
Chilled Lamb	700	929	1,100
Frozen Lamb, carcasses	313,651	275,838	346,822
Frozen Lamb, cuts and boneless	64,631	57,165	79,596
<b>Total Lamb</b>	<b>378,982</b>	<b>333,932</b>	<b>427,518</b>
Mutton, carcass	82,216	96,679	77,946
Mutton, cuts and boneless	9,119	11,626	16,879
<b>Total Mutton</b>	<b>91,335</b>	<b>108,305</b>	<b>94,825</b>
Chilled Beef	5,548	5,662	7,153
Frozen Beef, quarters and cuts	80,854	79,395	89,091
Frozen Beef and Veal, manufacturing	131,949	128,955	129,249
Vealer, quarters and cuts	11	13	6
Bobby Veal	7,530	8,153	7,030
<b>Total Beef and Veal</b>	<b>225,892</b>	<b>222,178</b>	<b>232,529</b>
Other Meat	420	347	146
Fancy Meat	48,994	50,445	53,147
Inedible Meat and Offal	22,092	16,539	16,468
<b>Total Other</b>	<b>71,506</b>	<b>67,331</b>	<b>69,761</b>
<b>Total Meat for Export</b>	<b>767,722</b>	<b>731,706</b>	<b>824,633</b>

Source: NZ Meat Producers Board.

## INTERNATIONAL MARKETS

### Lamb

The large carryover of stocks from the previous season combined with the record level of production exerted a depressing influence on lamb markets during the 1982/83 season. As private meat exporters had indicated that they were prepared to purchase only part of the season's production, and then at prices considerably below the Meat Board's average price, the Board compulsorily purchased the whole season's production. Fortunately, Iran re-emerged as a major purchaser with shipments to that country increasing to 122,200 tonnes compared with only 56,200 tonnes in 1981/82. The USSR which is not a traditional purchaser of New Zealand lamb took 35,800 tonnes. Shipments to the United Kingdom were down by 16 per cent to 167,300 tonnes, largely because additional shipments had been made to that market in the previous season in order to relieve pressure on storage facilities in New Zealand. Overall, lamb shipments for the year totalled 427,500 tonnes which represented an increase of 22 per cent from 1981/82 and is a record for any season. Details of shipments by product are given in table 5 and shipments by country are given in table 8.

Lamb prices have reflected the general over-supply situation. Although the United Kingdom market now takes less than half of New Zealand exports, prices in that market (see table 6) can play an important role in establishing prices in other export markets and are a reasonable indicator of the general level of returns. The price of New Zealand PM lamb at Smithfield at the start of the season in October 1982 was 55.5 p/lb, compared to an average of 64 p/lb for the 1981/82 season. The

Meat Board which had taken control over all export sheep meat production attempted to hold and stabilise prices by managing the release of product on to the market. However, with growth in disposable incomes still depressed the overall demand for meat was relatively flat, and there was intense price competition from other meats, particularly pork and chicken.

Compounding the problem was the presence of abundant supplies of domestically produced lamb during October and November. Thus, in order to shift the stocks of old lamb before the new season's lamb arrived in quantity, the price was dropped to a low of 48.5 p/lb in February, and lamb was heavily promoted. The price of new season's lamb was initially set at a premium of 63 p/lb to encourage sales of the previous season's product but the price declined steadily from that figure to 57.5 p/lb by the end of the season. For the season as a whole, the average price was 55 p/lb which represents a decline of 14 per cent from the previous season's average price. This fall in the return to the New Zealand exporter was compounded by exchange rate movements. Although the New Zealand dollar was devalued by 6 per cent in March 1983 against the basket of currencies, the weakness of sterling meant that for the year as a whole the UK pound depreciated by an average 3 per cent against the NZ dollar.

Increased production of domestic lamb continues to be a problem for New Zealand exports to the United Kingdom market. The EEC sheepmeats regime, which was introduced in 1980 has encouraged production by improving the profitability of sheepfarming in Europe by the payment of a variable premium above the market price. Domestic supplies of mutton and lamb have increased from 231,000 tonnes in 1979 to 263,000 tonnes in 1982. For the period January-September 1983

**TABLE 6**  
**SELECTED MID MONTH PRICES FOR NEW ZEALAND PM GRADE LAMB AT SMITHFIELD**  
 (converted to NZ c/kg)

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1979	214.2	202.6	201.2	211.6	219.3	223.8	236.8	228.3	223.4	227.0	237.2	224.2
1980	225.2	260.9	256.9	298.2	302.1	290.8	294.2	269.8	262.8	260.9	241.5	248.7
1981	289.7	315.9	382.2	316.4	348.3	341.1	271.0	252.3	277.8	317.9	317.8	321.4
1982	359.3	345.2	336.8	325.5	321.9	317.6	313.7	299.1	298.2	289.9	250.8	247.7
1983	240.1	229.0	319.5	315.3	307.3	307.4	296.5	284.2	287.3	295.3	293.2	284.1

Source: NZ Meat Producers Board.

estimated production was up a further 7 per cent on the same period in 1982. Although part of this production is exported to the higher-priced Continental markets the incentive to do this is discouraged by a clawback arrangement which reduces the variable premium on the product exported to other Community members.

At times during the season, exports of British lamb to France were halted by trade disputes and this tended to have a disruptive effect on the British domestic market when export supplies were diverted there.

Market conditions in several other lamb markets were also generally unfavourable. The American market was affected by high levels of slaughtering as domestic producers liquidated stocks. This placed further pressure on lamb prices which were already feeling the effects of competition from cheaper alternative meats, and as a consequence demand for New Zealand lamb slipped as its price was undercut by cheaper American supplies. In continental Europe lamb prices were undermined by the overhang of stock, though the volume of sales was generally up to expectations. Shipping volumes to Japan increased marginally in 1982/83, though in the latter part of the season strong price competition from Australian lamb began to cut into New Zealand's market share.

From a volume point of view, the Middle East market provided some encouragement for New Zealand in an otherwise very difficult season, with the return of Iran as a very substantial purchaser of New Zealand lamb. The contract for the 1982/83 season was for 120,000 tonnes and in November 1983 agreement was reached between the Board and Iran for a contract to supply 140,000 tonnes in the 1983/84 season, plus or minus 10 per cent at the seller's option.

Other worthwhile sales in the Middle East involved a contract to supply the Jordan armed forces with 2,700 tonnes of carcass lamb which has been followed by a further contract for 4,400 tonnes for 1983/84. Shipments to Saudi Arabia were up by 50 per cent to 10,900 tonnes while sales to Egypt totalled 2,500 tonnes compared to almost nothing in 1981/82.

### Mutton Markets

As table 8 shows, exports of mutton declined by 14 per cent to 94.8 thousand tonnes in 1982/83 with the USSR again being the most important market taking 52.3 thousand tonnes. Japan was the second largest market with shipments of 16.3 thousand tonnes and other markets of consequence were the United Kingdom and Korea which took 12.1 and 7.2 thousand tonnes respectively.

The Japanese market was slow throughout the year and at times almost inactive. Production of processed meats has declined due to weak consumer demand and

there has been a tendency amongst some processors to substitute low quality pork for mutton.

During the calendar year 1982, use of processed mutton was down 12 per cent and there was a further drop of 6 per cent in the first half of 1983. Adding to the pressure on prices was competition from the Australian product which was selling at US 37c/lb in October. Prices improved a little later in the season but most of the New Zealand product would have sold below the quoted prices of US 52-53c/lb. Although both Australian and New Zealand mutton sales to Japan were down, the Australians appear to have increased their share of the market.

Boneless mutton exports increased from 7.8 thousand tonnes to 14.1 thousand tonnes despite the fall in total mutton exports. More of the season's production was boned out in 1982/83 because of the need to conserve on freezer space due to the very high level of stock carried over from the previous season.

### Beef

Total beef and veal shipments in 1982/83 decreased by a little under 1 per cent to 232.5 thousand tonnes. The US which is by far the largest market, took 163.7 thousand tonnes which represented a decrease of 7 per cent from 1981/82 while shipments to the second biggest market, Canada, were up 9 per cent to 25,000 tonnes. Together these markets accounted for 81 per cent of total shipments.

Shipments to Asian markets were up sharply from 11,900 to 22,900 tonnes, with Japan (6,500 tonnes) taking the largest share. 3,700 tonnes of beef were shipped to the South Korean market following success in securing official import tenders for the first time in several years. New Zealand was assisted by Korean tender specifications which may have been adopted to place pressure on traditional Australian suppliers in response to protectionist restrictions on Korean exports to Australia.

At the start of the season there was some expectation that prices on the US market would improve as the United States recovery proceeded and higher disposable incomes translated to increased demand for red meats; however, higher domestic production had a dampening effect on prices. During 1983 US beef production is estimated to have increased by 3 per cent while total meat production is estimated to have increased by 4 per cent. Manufacturing cow beef in the US at the beginning of the 1982/83 season was US105 c/lb, which was up 5-6 cents on the prices prevailing at the end of the preceding year due to voluntary restraints which effectively prevented further beef imports for the remainder of the calendar year and placed a premium on the product that was available. Thereafter however, cow beef for January delivery slumped to around US 95c/lb. Prices rebounded to a peak of US113 c/lb in

**TABLE 7**  
**SELECTED MID MONTH PRICES FOR NEW ZEALAND BONELESS COW BEEF IN THE UNITED STATES**  
 (converted to NZ c/kg cif prices)

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1979	259.7	269.6	279.9	299.6	268.4	249.2	213.2	245.1	278.8	275.6	296.8	286.4
1980	287.0	296.3	247.0	248.3	236.1	241.7	258.4	284.6	276.3	274.7	289.3	269.9
1981	271.5	264.1	254.7	264.9	264.7	268.2	271.6	281.4	285.7	277.4	275.4	268.5
1982	274.2	283.1	290.1	294.2	297.6	296.0	287.3	287.2	317.7	323.3	NQ	NQ
1983	305.0	312.3	358.1	374.7	362.7	359.4	354.6	352.2	353.9			

Source: NZ Meat Producers Board.  
 NQ Not quoted.

April before slipping to US 105c/lb by September under pressure of record US beef production induced by drought conditions during the northern summer.

For the 1982/83 season as a whole, manufacturing cow beef prices averaged US106 c/lb compared with US102 c/lb in 1981/82.

In the second half of 1982 Australia, New Zealand and Canada, the major exporters to the US market, agreed to voluntary restraints on exports to the US when it became apparent that US imports were running at a level which would activate the trigger level for the imposition of quotas. Voluntary restraints also became effective from September 1983 when unexpectedly large supplies from Australia again threatened to activate the trigger. New Zealand's limit was set at 165,000 tonnes

**TABLE 8**  
**NEW ZEALAND MEAT SHIPMENTS BY**  
**PRINCIPAL DESTINATIONS**  
 (000 tonnes shipping weight)

Year Ended September	1981	1982	1983
<b>Lamb</b>			
United Kingdom	152.1	198.3	167.3
Iran	90.1	56.2	122.2
Iraq	30.3	5.1	0.3
Japan	16.2	15.0	17.1
United States	15.0	7.6	6.5
Saudi Arabia	11.1	7.3	10.9
Greece	10.1	10.4	6.7
Canada	9.5	7.2	10.0
Other Markets	42.8	43.7	86.5
<b>Total Shipments:</b>	<b>377.2</b>	<b>350.8</b>	<b>427.5</b>
<b>Mutton</b>			
USSR	49.6	63.6	52.3
Japan	20.9	19.5	16.3
South Korea	6.9	4.4	7.2
United Kingdom	5.7	13.7	12.1
Other Markets	5.6	9.6	6.9
<b>Total Shipments:</b>	<b>91.5</b>	<b>110.8</b>	<b>94.8</b>
<b>Beef and Veal</b>			
United States	163.8	176.4	163.7
Canada	24.8	23.0	25.0
United Kingdom	6.0	4.0	1.1
Japan	3.8	1.6	6.5
Okinawa	2.8	1.9	2.8
Singapore	2.6	3.2	3.3
Hong Kong	2.5	3.0	3.1
Trinidad and Tobago	1.9	1.9	1.9
Saudi Arabia	1.3	2.0	1.8
Other Markets	16.5	17.2	23.3
<b>Total Shipments:</b>	<b>226.0</b>	<b>234.2</b>	<b>232.5</b>

Source: NZ Meat Producers Board.

which was up from the limit of 158,000 tonnes applied the previous year but 20,000 tonnes less than planned exports.

#### By-products

Exports of edible offal rose to 53,000 tonnes. The most important market was the United Kingdom which took 31,600 tonnes. France and Japan which both took 4,300 tonnes and Saudi Arabia which took 2,200 tonnes were the other major markets.

Although receipts for tallow were up from \$57 million for the September 1981/82 year to \$72 million in 1982/83, prices were still under some pressure with competition from soya oil in the higher grades and palm oil in the lower grades of tallow. Towards the latter part of the year demand primarily from Asian countries picked up and there was a corresponding upward movement in prices.

The market for cow hides was generally firm during the year reflecting lower killing levels world wide and there was a steady upward movement in prices. Demand for sheep pelts was also reasonably favourable and there was a sharp increase in prices towards the end of the season but lamb pelt prices came under pressure and were generally down on the previous season.

#### EXPORT RECEIPTS

Export receipts for meat and meat by-products for recent seasons are shown in table 9. The data shown in the table refer to foreign currency proceeds from exports received through the banking system in the September year and are not directly comparable with the value of export shipments due to lags between shipments and payments which may vary over time. In addition, there is some difference in the basis of valuation between official trade statistics and OET receipts.

Total receipts for meat and meat by-products in the year to September 1983 were \$2,325.6 million, an increase of 19 per cent on the previous year. Because of the strength of the US dollar and the improvement in prices for imported beef on the US market, receipts from the United States grew by 29 per cent to \$636.3 million making it clearly the most important single market for New Zealand meat. By contrast, the fall off in lamb shipments to the United Kingdom and the very depressed prices received in that market saw a decrease in receipts by 30 per cent to \$292.7 million, which represented only 16 per cent of total meat receipts. The sharp increase in receipts from the Middle East reflects the re-emergence of the Iranian market which accounted for earnings of \$307 million compared with only \$61

**TABLE 9**  
**NEW ZEALAND OVERSEAS**  
**EXCHANGE TRANSACTIONS**  
Export Receipts: Meat Industry  
\$ million

<i>Year Ended September</i>	1980	1981	1982	1983
<b>Meat:</b>				
United Kingdom	366.2	402.7	421.1	292.7
United States	445.6	413.4	490.7	636.3
Canada	94.2	99.7	88.2	112.3
Japan	73.4	109.9	101.4	114.9
USSR	63.3	50.4	52.9	29.4
Middle East	209.6	379.0	144.4	393.8
Caribbean	17.4	19.4	22.6	19.5
EEC (excluding UK)	49.4	63.2	99.2	98.9
Other	115.8	164.3	149.4	179.7
<b>Total:</b>	<b>1,434.9</b>	<b>1,702.0</b>	<b>1,569.9</b>	<b>1,877.5</b>
<b>Meat Industry By-Products:</b>				
Hides and Skins	112.0	90.3	98.7	112.5
Sheepskins and Pelts	149.8	110.8	142.3	164.6
Sausage Casings	34.5	49.1	48.1	44.7
Tallow	49.6	65.1	56.7	72.3
Inedible By-Products	34.7	40.8	43.3	54.0
<b>Total By-Products:</b>	<b>380.6</b>	<b>356.1</b>	<b>389.0</b>	<b>448.1</b>
<b>Total Meat Industry:</b>	<b>1,815.5</b>	<b>2,058.1</b>	<b>1,958.9</b>	<b>2,325.6</b>

million in 1982. The fall off in receipts from the USSR was due to low returns for mutton and also because of delays in payments for lamb.

### PRICE STABILISATION SCHEMES

Two meat price stabilisation mechanisms are operated in New Zealand under the Meat Income Stabilisation Scheme, which is operated by the Meat Producers Board. Minimum and trigger prices<sup>2</sup> are set each season for benchmark grades of meat. If the schedule price exceeds the trigger price a compulsory levy equivalent to the excess is deducted and deposited in the Meat Income Stabilisation Account at the Reserve Bank. If the schedule falls below the minimum then the shortfall is made up from this account. Over time it is intended that the scheme should be self-balancing.

Under the supplementary minimum price scheme a supplementary minimum price (SMP) is set for each grade of meat before the beginning of the season. If the prices fall below the SMP the Government pays a supplement to the producer to bring the price back up to the SMP level. If prices fall below the Meat Producers Board's minimum prices then the Government's supplement is limited to the difference between the two prices.

In 1982/83 the Meat Producers Board purchased all export lamb and mutton at SMP levels. As the average market return for this production was below the Board's minimum prices the full difference between the minimum price and the SMP of 32c/kg for lamb and .9c/kg for mutton was funded by the Government under the SMP scheme. Total SMP payments were \$145.8 million for lamb and \$11.2 million for mutton.

Because of the difference between prices that would have been justified by market realisations and the Board's minimum prices, payments of \$219 million for

<sup>2</sup> These prices are set by the independent Minimum Export Prices Committee and are based on a three-year moving average of prices; the average of prices in the last two seasons and an estimate of the average price in the coming season.

lamb and \$69 million for mutton were made from the Meat Income Stabilisation Account. Not all of this represents support for 1982/83 production as payments were also made with respect to stocks from the 1981/82 season which were sold in 1982/83 at below their purchase price.

At the start of the season supplements for beef were set at levels ranging from 10c/kg for bull to 28c/kg for manufacturing cow related grades. After fluctuating somewhat the supplement reached a peak of 32c/kg for manufacturing cow in December but thereafter declined and was phased out by the beginning of March. For the season as a whole \$17.1 million was paid out through the SMP scheme and \$0.7 million through the Board's stabilisation scheme. As prices in New Zealand dollar terms continued to improve following the 8 March 1983 devaluation the trigger prices were at times exceeded, though by relatively small margins, and the first payments were made into the stabilisation account in April. The total skim-off for the season for all grades of beef was \$2.3 million. The net level of support to beef producers was considerably down on the 1981/82 season when payments totalling \$53.3 million were made under the SMP scheme and \$4.4 million from the stabilisation account.

For the 1983/84 season Government SMP levels have been left unchanged (see table 10) while the Board's minimum prices have been altered in line with market conditions. The Board's minimum price for lamb and the minimum trigger prices for mutton have been reduced, while there have been increases in both minimum and trigger prices for all grades of beef.

**TABLE 10**  
**MINIMUM AND TRIGGER PRICES**  
(cents/kg)

	<i>Government SMP</i>		<i>Meat Board Trigger</i>			
	82/83	83/84	82/83	83/84	82/83	83/84
Lamb						
— PM	146	146	114	99	155	155
Mutton						
— PL1	51	51	42	12	63	52
Beef						
— Cow M	125	125	98	120	145	165
Steer P1	147	147	128	153	175	200
Bull	147	147	127	150	175	195

### SHEEPMEAT MARKETING STRUCTURE

The very acute problems experienced in marketing sheepmeats in both the 1981/82 and 1982/83 seasons, and the perception that the industry as it was presently structured could not adapt sufficiently quickly to a rapidly changing marketing environment brought about by changing consumer preferences, protectionist pressures, the growing importance of single buyer markets and strong competition from alternative meats, induced the Minister of Agriculture in May 1983 to appoint a task force to analyse the meat industry and recommend a structure that would maximise returns to New Zealand.

The task force identified weakness in the industry's marketing structure which were reflected in unnecessarily violent price fluctuations in major markets with consequent flow on effects to other markets; inconsistent supply to new smaller markets; and the undercutting of market development efforts

through price cutting and the selling of product of inconsistent and substandard quality. A re-organisation of the industry was seen as necessary for disciplined selling and pricing practices, to ensure product quality and to place the necessary resources into marketing, product innovation and strategic planning.

The following principal recommendations were made to the Minister.

1. The New Zealand Meat Producers' Board should assume control of all export lamb and mutton carcasses and handle them as a national pool.
2. The Board would generally act as the primary exporter of carcasses and primary cuts.
3. A single authority should import New Zealand lamb carcasses and primal cuts into the United Kingdom.
4. A new body, the Meat Industry Council would assist the Board in the formulation of an industry strategic plan and it would formulate and monitor annual plans in co-operation with the Board.
5. No specific changes were recommended for marketing beef or variety meats.

After considerable debate in the industry, the Government accepted the recommendations of the task force with some modifications including a provision for 'outside pool' contractual arrangements between farmers, processors and exporters for specialised markets and some extensions to the function of the Meat Industry Council including the continued review of the Meat Producers' Board's performance and of export licensing arrangements and marketing structures and the determination of procedures to settle disputes between exporters and processors and the Meat Producers' Board.

Under the new structure the farmer will continue to be able to select his freezing works on the basis of service and cost. A base payment will be made after the stock has passed the scale and a further payment will be made at the end of the season depending on the returns for the farmer's grade of stock in the market place. Freezing works are free to compete for stock and for Board contracts for further processing and along with other exporters will be able to buy back carcasses for further processing and export to designated markets in accordance with a marketing plan which is approved by the Meat Board.