



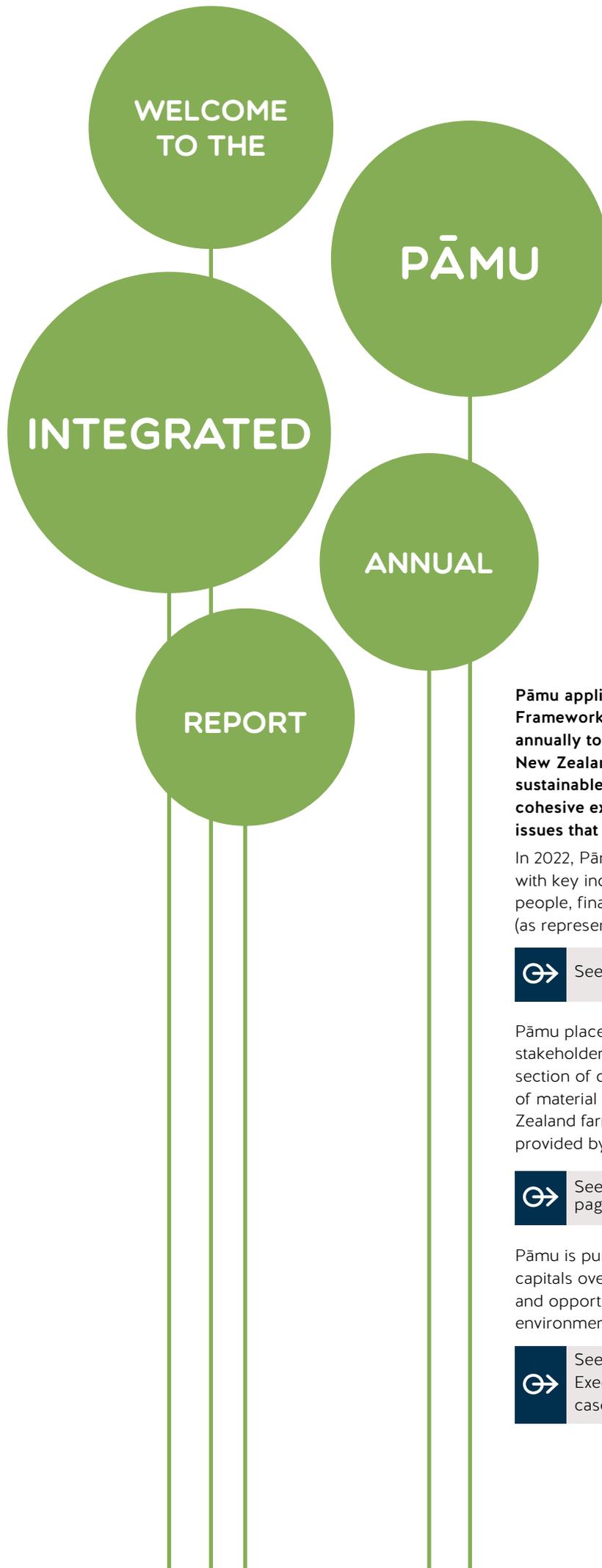
FOR AOTEAROA NEW ZEALAND

OUR INTEGRATED REPORT 2022

Pāmu is the brand name for Landcorp Farming Limited, a state-owned enterprise in which the New Zealand Government is the sole shareholder. Pāmu is a large-scale producer of food and fibre, with interests also in forestry and horticulture. Our purpose is enriching our land, our people and the future of farming in Aotearoa New Zealand.

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Pāmu applies the International Integrated Reporting Framework to improve the quality of information provided annually to stakeholders and to the public of Aotearoa New Zealand. Integrated reporting puts a focus on the sustainable use of six capitals to create value and on a cohesive explanation of company strategy and of material issues that exist in the operating environment.

In 2022, Pāmu provides an updated performance scorecard with key indicators on our use of our six capitals: natural assets, people, finance, farms and animals, expertise and relationships (as represented on the front cover of this report).



See 'Performance scorecard' on pages 8–9.

Pāmu places high importance on the views and priorities of stakeholders. This year, we have engaged again with a cross-section of our stakeholders to gain greater understanding of material issues faced by this company and all other New Zealand farmers and growers. We appreciate deeply the insights provided by stakeholders in our 2022 engagement process.

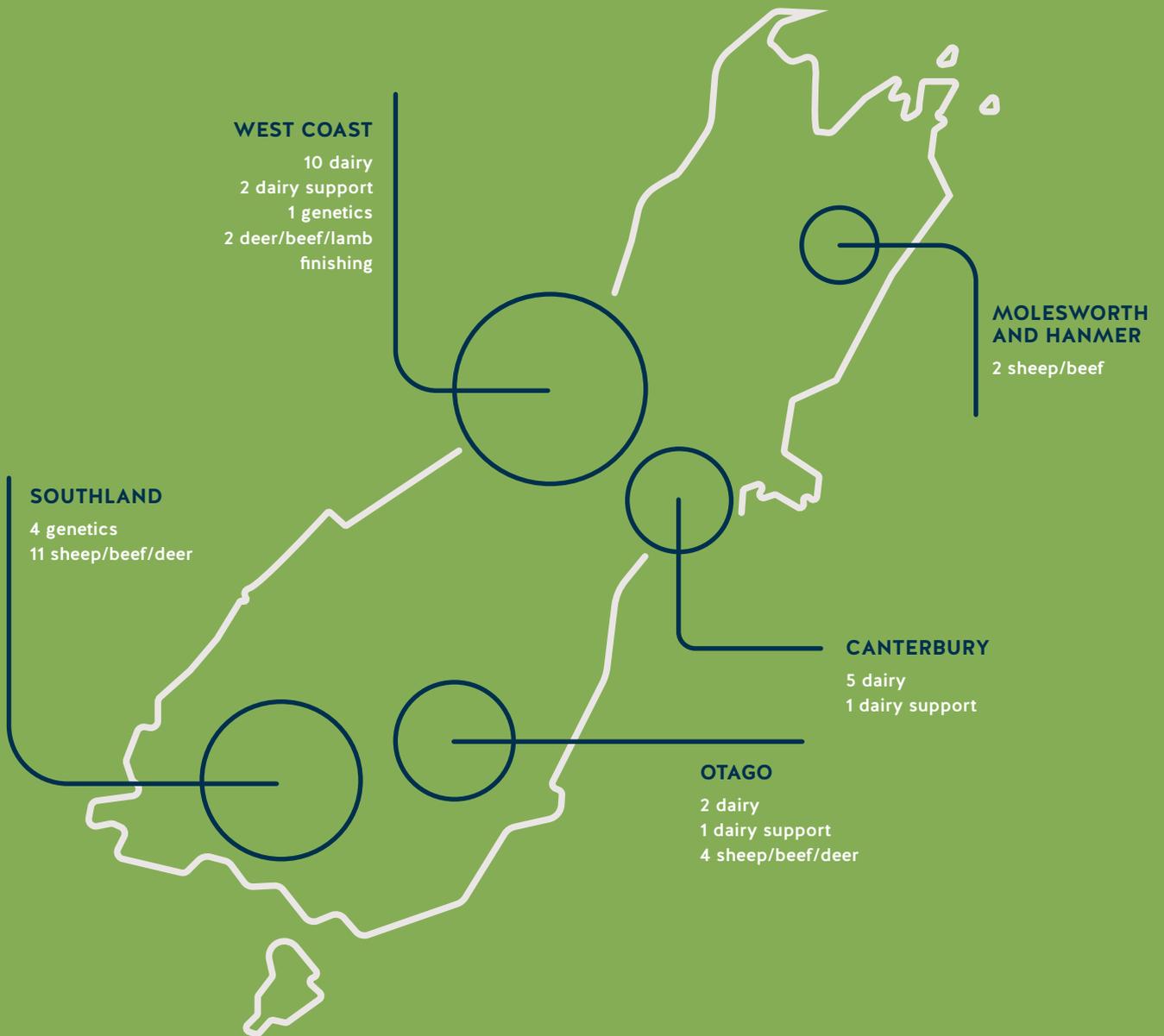


See 'Material issues – what stakeholders tell us' on pages 16–29.

Pāmu is pursuing a clear strategy to build the value of our six capitals over the long term and to address the many challenges and opportunities that arise from material issues in our operating environment in New Zealand and globally.



See 'Strategic outlook from the Chair and Chief Executive' on pages 10–14, and 'Strategies in action' case studies on pages 30–41.



116*
Farms in total

29
Farms managed by Pāmu, owned by others

87
Farms owned and managed by Pāmu

363,488
Total hectares of farms

210,107
Hectares of managed farms

153,381
Hectares of owned farms

* Four farms were sold on 30 June 2022.

VALUE CREATION

OUR PURPOSE

ENRICHING OUR LAND, OUR PEOPLE AND THE FUTURE OF FARMING

OUR WORLD

GLOBAL AND LOCAL MARKETS FOR FOOD AND FIBRE

VALUE CHAINS FROM FARM, FOREST AND ORCHARD TO MARKETS

LAND AND NATURAL RESOURCES

AOTEAROA NEW ZEALAND – PEOPLE, GOVERNANCE, PROVENANCE

SOCIAL LICENCE – TE TAIAO

TECHNOLOGIES AND KNOWLEDGE

PĀMU CAPITALS



PEOPLE

Farmers, growers, marketers, supply chain managers, business experts
620 employees



NATURAL ASSETS

363,488 hectares
9,844 hectares QEII covenants



FINANCE

Total assets \$2,392 million



FARMS, ANIMALS AND PLANTS

112 farms
1,255,619 stock units
14,280 ha plantation forests



EXPERTISE

Leader in cattle, deer and deer genetics, expertise in farm management and animal-based production systems
R&D investment \$0.6 million



RELATIONSHIPS

Supply chain partnerships, research and development partnerships, stakeholder engagement programmes

OPERATIONS

Pastoral farming of dairy cows, beef cattle, sheep and deer – milk and red meat production in efficient, sustainable farming systems

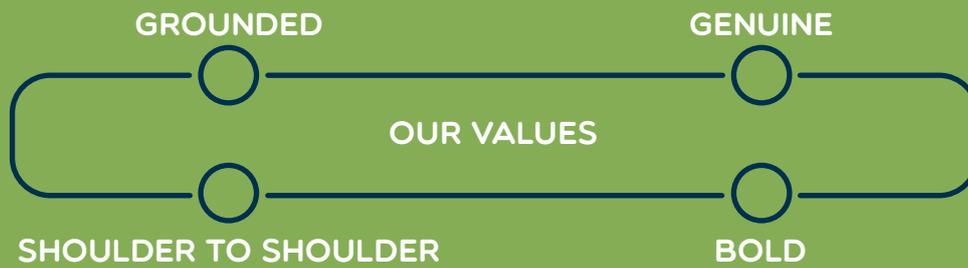
Ongoing pursuit of farming excellence – genetics, productivity knowledge practices, digital tools, land and water management, kaitiakitanga

Wood production and carbon sequestration – excellence in forestry

Horticulture – commercial crops and research and development of new crops

Speciality milk production and development (on-farm and in value chains) – organic bovine, sheep milk and deer milk

NOTE: Data is as at 30 June 2022 or for the year end at that date.



OUTPUTS

Dairy products

13.6 million kg milk solids

Red meat

Prime beef 5,807 tonnes
Sheep meat 5,637 tonnes

Forestry harvest

Total wood harvest 33,920 tonnes

Horticultural produce

Avocados and other experimental crops

Carbon emissions

Carbon credits and other ecosystem services

1.12 million NZUs

Net carbon emissions
230,748 tonnes CO₂e

OUR AMBITIONS

HIGHLY RESPECTED EMPLOYER – SKILLED, INNOVATIVE AND MOTIVATED PEOPLE FOR LAND-BASED INDUSTRIES OF AOTEAROA NEW ZEALAND

GLOBAL LEADER IN SUSTAINABLE LAND USE AND SYSTEMS – MODEL OF TE TAIAO CONCEPTS AND PRACTICES

PROFITABLE – NOP OF \$100-110 MILLION PER ANNUM BY 2030

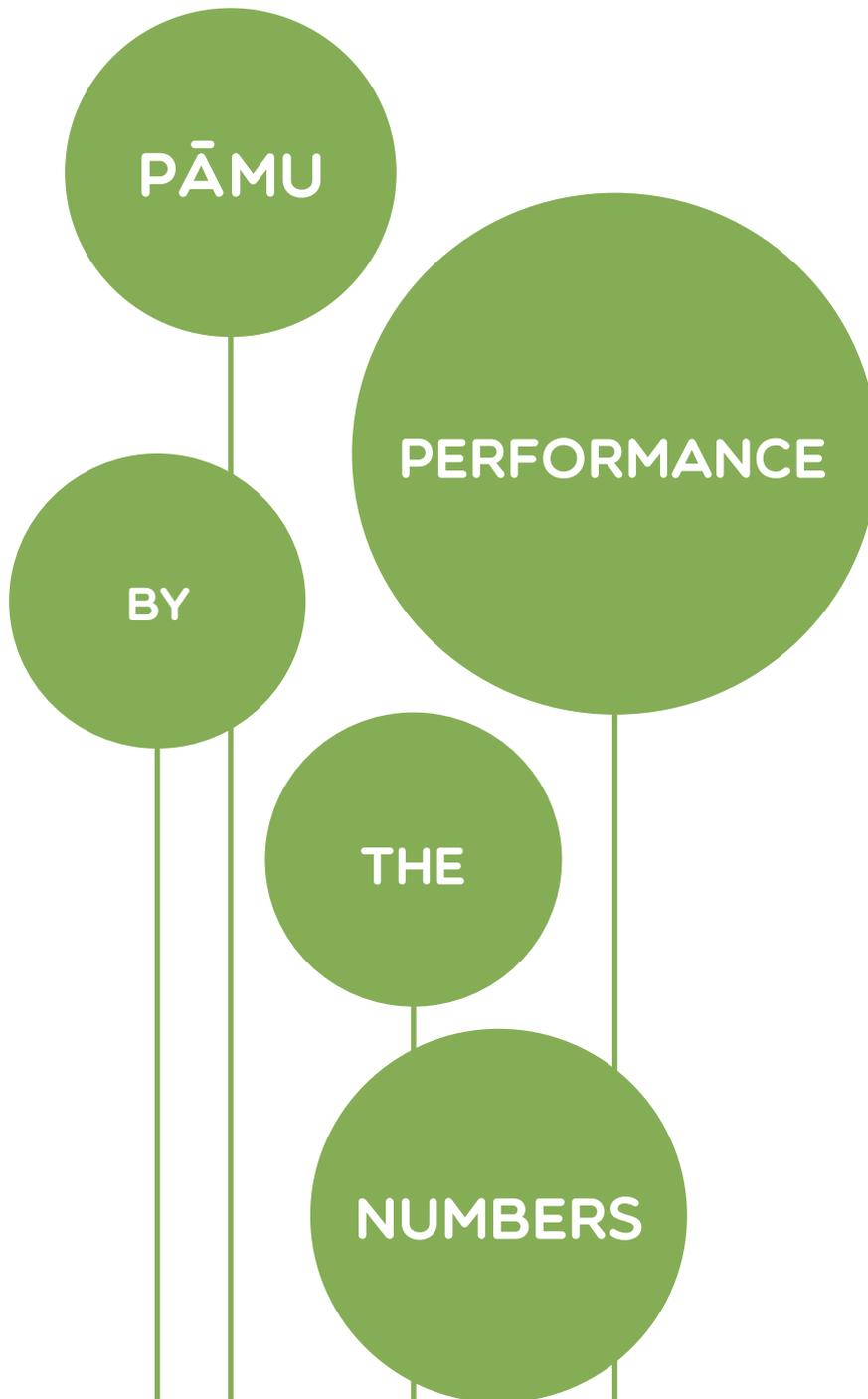
UNIQUELY DIVERSIFIED FOOD AND FIBRE PRODUCER – PRODUCER OF HIGH-VALUE PRODUCTS FOR GLOBAL MARKETS

RECOGNISED INNOVATION PARTNER AND SOURCE OF KNOWLEDGE ON EXCELLENCE AND SUSTAINABILITY IN FARMING, FORESTRY AND HORTICULTURE

VALUED PARTNER IN VALUE CHAINS TO MARKET AND IN RESEARCH AND DEVELOPMENT



TODD BOLTON
AND SON FINN BOLTON
TEST WATER ON FARM
AT MANGAMINGI AS PART
OF A ZQRX TESTING
INITIATIVE FROM
NZ MERINO



Since Pāmu started using the International Integrated Reporting Framework, we have presented performance indicators in relation to each of the six capitals. Much of this information has a raw form consistent with Pāmu's commitment to transparency and to providing stakeholders with increased insight into the business. Some indicators are subject to volatility from year to year, while growth in the value of capitals occurs mainly over the longer term.

The indicators reported on the next two pages are updated for 2021/22, and they are accompanied by comprehensive footnotes. We encourage readers to assess performance over multiple years and in context of Pāmu's purpose and strategy. The company can be contacted for further information on performance.

PERFORMANCE SCORECARD

	Financial year 2022	Financial year 2021	Financial year 2020
Environment			
Total hectares ¹	363,488	364,538	365,627
Total area retired and protected in QEII covenants (hectares) ²	9,844	9,940	9,497
GHG emissions on all farming operations (tonnes CO ₂ e) – gross ³	n/a	722,237	747,798
GHG removals ⁴			
GHG removals production forestry (tCO ₂)	n/a	350,770	237,585
GHG removals – indigenous including mānuka (tCO ₂)	n/a	140,719	95,313
Farms with Toitū carbonreduce certification (% of all farms) ⁵	17	n/a	n/a
Pāmu Sustainable Farm Performance Programme (% of all farms)	17	n/a	n/a
Phosphate loss on all farming operations (tonnes) ⁶	365	372	433
Nitrogen loss below the root zone on all farming operations (tonnes) ⁶	4,822	4,955	4,926
Intensive winter grazing hectares (%) ⁷	2,944 (4.16%)	3,567 (4.41%)	4,397 (5.31%)
Synthetic nitrogen fertiliser applications, total (tonnes) ⁸	5,080	5,594	5,939
Total areas of plantation (hectares) ⁹	14,280	12,190	10,756
People			
Lost-time injury frequency rate (LTIFR) ¹⁰	8.6	9.8	7.2
Lost-time injury severity rate (average days lost per lost-time injury) ¹¹	12.9	24.1	17.2
On-farm safety observations (number) ¹²	7,576	5,772	3,263
Positive incident report frequency rate ¹³	1,258.4	1,121.7	722.5
Employee turnover (%) ¹⁴	28.9	23.5	21.3
Training metric – proportion of employees in any form of mental health training (%) ¹⁵	21	29.7	12
Employee diversity – gender and ethnicity (% of total) ¹⁶			
Male	75.4	76.3	76.7
Female	24.6	23.7	23.3
New Zealand European	61.9	62.9	64.6
Māori	19.1	20.5	18.8
Not known	4.9	5.5	5.2
European	4.2	2.8	4.0
Asian	5.4	4.2	4.6
Pacific peoples	2.1	1.6	1.2
Middle Eastern/Latin American/African	2.0	1.7	0.8
Other ethnicity	0.5	0.8	0.9
Employee diversity – gender pay gap (New Zealand benchmark) ¹⁷	9.2	9.1	9.5
Employee diversity – gender pay gap (Pāmu benchmark) ¹⁸	2.91	0.16	3.8
Staff engagement score ¹⁹	7.3/10	7.0/10	n/a
eNPS ²⁰	12	2	n/a

- Total hectares of the entire Pāmu estate owned and managed: inclusive of grazed paddocks, non-grazed infrastructure supporting the farming operation, horticulture, forestry, retired, riparian and protected areas.
- Pāmu land protected by covenants with the QEII Trust Board as at 30 June each year under biodiversity protection programmes initiated in 1991.
- All farming and corporate operations. FY2021 results have been verified against ISO 14064-1, the first year the organisation has had this completed. FY2018–2020 results are unverified. Most recent FY results are not available due to data collation and calculation methodology timeframes. In previous reports, the preceding year results have been shown as the most recent year. This has been corrected in this report.
- Based on calculations to 31 December of the period, e.g. FY2021 result based on forestry at 31 December 2021. Commercial (primarily exotic) forestry planted and managed for a harvest/ timber outcome. No consideration is given to the eligibility or registration in the ETS. Includes planted mānuka and other regenerating native forest.
- External sustainability framework.
- Nitrogen and phosphorus losses have been taken from OverseerFM's aggregated data function. Data for FY2021 and FY2020 has been modelled under version 6.4.3 (released in 2022), with FY2020 and FY2021 data (as previously reported) remodelled under this latest version and updated in this report. Accordingly, these figures are not directly comparable. FY2022 reflects a decrease in both nitrogen and phosphorus loss when compared to FY2021 and FY2020 (FY2022 N averaging 13.1 kg/ha and P 1 kg/ha). Calculations do not include nitrogen removed by wetlands, although this will be reflected in future reporting as wetland data and appropriate scientific information becomes available. All reported figures represent those occurring throughout the previous financial year. Data scope includes all Pāmu-owned and managed farms, with the exception of Sweetwater Dairies and Kapiro Orchard (Northland).
- The hectares and percentage (respectively) of intensive winter crop apportionate to the total effective hectares for farms with intensive winter grazing.

- This data represents our synthetic nitrogen fertiliser purchased from Ballance Agri-Nutrients during any given financial period. Units are in tonnes of nitrogen.
- Total area of Pāmu-owned plantation forestry as at 31 December (during the financial year).
- LTIFR is the number of employee working hours lost due to injury per 200,000 hours worked by all employees in the year.
- The average time lost per singular event, allowing us to determine how serious the injuries are.
- Safety observations are reports of safe or unsafe acts or conditions identified by employees in their workplaces. Reporting of observations helps to avoid near misses or harm and shows a positive safety culture.
- Positive incident report frequency rate is the number of first aid, near miss and safety observation reports for every 200,000 hours worked. These reports are seen as an indicator of a positive safety culture because they report incidents before individuals are seriously harmed.
- Number of employees who left during the year as a percentage of the average total of Pāmu employees.
- Based on analysis of Pāmu's database of employees as at 30 June each year.
- Based on analysis of Pāmu's database of employees as at 30 June each year.
- Pāmu uses Statistics New Zealand as our trusted data source for New Zealand's gender pay gap.
- Pāmu has updated its calculation of gender pay gap for FY2022 to align with Statistics New Zealand's calculation (using median wages). When recalculating the FY2021 figure using this method, it would be 7.42%. As can be seen, Pāmu has reduced its gender pay gap in FY2022 compared to FY2021.
- Staff engagement score is the average score given by all the participants in response to questions of how they feel about their job experience and Pāmu.
- Employer Net Promoter Score (eNPS) is a scoring system designed to help employers measure employee satisfaction and loyalty within their organisations. It is an industry-agnostic benchmark. It is based on the Net Promoter Score system from Bain & Company, Satmetrix Systems, Inc.

Note: Absence of data (n/a) may not be indicative of missing information, but it may be the year that the metric was initiated.

	Financial year 2022	Financial year 2021	Financial year 2020
Finance			
Return on capital invested (%) ²¹	4.1	4.1	3.5
Operating margin (%) ²²	24.7	26.1	23.9
Solvency ratio (times, 30 June) ²³	5.2	4.8	5.0
Balance sheet gearing (% , 30 June) ²⁴	9.3	13.2	13.4
R&D expenditure ²⁵	623,262	61,597	n/a
Group EBITDAR (\$m)	75	61	65
Net debt and lease liability to EBITDAR	5.8x	7.4x	7.1x
Farms and animals			
Animal health – dairy herd somatic cell count average (cell count per ml of milk) ²⁶	198,494	175,023	169,153
Milk solids per cow (kg)	350	375	355
Milk solids per hectare (kg)	776	864	843
Milk solids as a percentage of cow's live weight (%) ²⁷	73	81.5	77
Prime lamb carcass weight in season (kg)	17.9	17.9	17.8
Prime steer carcass weight (kg)	302	312	312
Net production per effective hectare (kg) ²⁸	156	175.7	156.7
Lambing percentage (%) ²⁹	130	134	135
Animal deaths (total) ³⁰	59,214	60,964	55,574
Animal deaths – cattle	4,459	4,689	4,119
Animal deaths – deer	3,108	2,911	2,702
Animal deaths – sheep	51,647	53,364	48,753
Dairy and livestock production ³¹	13.6m kgMS and 19.1m net kg product	15.8m kgMS and 21.4m net kg product	15.8m kgMS and 20.3m net kg product
Forestry and horticulture % of EBITDAR	11.3	11.1	4.0
Expertise			
Revenue generated per head of livestock (\$) ³²			
Sheep	151	127	140.1
Beef	1,384	1,330	1,385
Beef (including dairy beef)	1,018	916	928
Deer	393	336	484
Relationships			
Cattle, sheep and deer under contract (% of total budgeted sales) ³³	63	68	56
Spring Sheep – milking flock size (sheep) ³⁴	11,500	9,300	6,000
FarmIQ - New Zealand farms using management tools ³⁵	5,022	4,540	4,109
Sheep maternal (index NZMW) (\$) ³⁶	31.12	30.78	32.08
Beef maternal (\$)	139	138	n/a
Deer maternal (index R-EK) (\$)	18.86	16.19	17.45
Sheep terminal (index NZTW) (\$)	21.03	19.35	19.98
Beef terminal (index TERM) (\$)	53	52	50
Deer terminal (index TERM) (\$)	22.26	15.16	15.91
Community, sector engagement and investment events ³⁷	50	27	n/a
Pamu Foods: Deliver >\$10m revenue with key partner (\$m)	12	1	-
Dairy production supplied under value-add contracts % ³⁸	70	74	70

21. Profitable use of financial capital: earnings before interest, tax, depreciation, amortisation and revaluations (EBITDAR) less depreciation/average shareholders' equity, debt and redeemable preference shares less revaluation reserves.

22. Profit per dollar of revenue: EBITDAR less profit on land sales/total revenue.

23. Financial flexibility: current assets/current liabilities (excluding current portion of long-term debt on the basis that all debt will be refinanced as it matures).

24. Balance sheet leverage: net debt/net debt plus equity.

25. R&D expenditure relates to R&D project costs incurred during the previous financial year and submitted to IRD for approval under the RDTI scheme. The claim made in May 2022 of \$623,262 is currently being processed by IRD.

26. Average somatic cell count across all Pāmu-managed herds for the production season. Lower cell count indicates lower concentration of cells in milk, with a correspondingly lower level of pre-clinical mastitis in cows.

27. Metric based on 460 kg liveweight.

28. This is a measure of production per hectare including wool and velvet.

29. Based on ewes mated, hoggets mated and in-lamb ewes purchased.

30. Death rates are a reflection of many factors on farm and are a proxy for animal health, welfare and nutrition. FY2022 has seen a reduction in total deaths compared with FY2021 (with the exception of deer). However, when comparing FY2022 with FY2020, there has been an increase. This represents an opportunity to further reduce total deaths by focusing on consistent and robust animal health plans that appropriately manage disease and risk, having a clear framework that ensures our animals are always appropriately fed to perform at their best, and our welfare standards show no compromise. A concerted and strategic effort to continually improve on these factors will see death rates reduce and our farm performance improve.

31. Total milk solids produced on all dairy farms/total kg of carcass weight plus carcass weight equivalent and total wool produced.

32. Pāmu revenues for each livestock category divided by the number of production animals sold during the year.

33. Pāmu has contracts with leading primary product processors for supply of finished livestock to market specifications. These underpin income levels across large volumes of production and also ensure supply to processors within time windows that meet their customers' requirements.

34. Spring Sheep produces premium sheep milk infant formula, full cream and fortified milk powders and chewable tablets for domestic sale and export to a growing number of Asian markets. Pāmu owns 50% of this joint venture entity. Figure represents total flock size.

35. FarmIQ Systems' number of client farms using FarmIQ digital applications and cloud service as at 30 June. Pāmu is a 64% shareholder in FarmIQ.

36. (NZMW: New Zealand maternal worth, R-EK: replacement – early kill, NZTW: New Zealand terminal worth, TERM : terminal.) Industry standard measure (breeding index) of genetic worth expressed as expected return per dam joined (maternal index) or per progeny born (terminal index) compared to industry average in base year (1995). AngusPRO index is a New Zealand maternal beef index produced as part of the Tasman Cattle Evaluation (TACE) for the AngusPRO group of NZ Angus studs representing 40% of the registered Angus cattle in New Zealand, adopted from 2021.

37. Comprised of hosting and active participation in open days, catchment area meetings, rural forums, community investment events and iwi engagement initiatives.

38. Milk production attracting premiums as a percentage of the total milk production for the year.

FOR AOTEAROA NEW ZEALAND

STRATEGIC OUTLOOK FROM THE CHAIR AND CHIEF EXECUTIVE



DR WARREN PARKER
CHAIR



MARK LESLIE
CHIEF EXECUTIVE

PĀMU IS IN GOOD SHAPE TO HELP LEAD NEW ZEALAND'S FOOD AND FIBRE SECTOR INTO A FUTURE FULL OF CHALLENGE AND OPPORTUNITY.

WE HAVE GREAT PEOPLE, A DIVERSITY OF VERY PRODUCTIVE FARMS AND A WELL-HONED STRATEGY FOR GROWING VALUE ACROSS ALL SIX PĀMU CAPITALS OVER TIME.



The past year was one of progress amid change, challenge and risk. Pāmu's financial performance for 2021/22 was very pleasing given the impacts on all farmers and growers of the ongoing Covid-19 pandemic, supply chain disruptions, input price inflation and climate extremes in some regions.

Our performance – social and environmental along with economic – is a further demonstration of the skill, knowledge and resilience of Pāmu staff and managers. We thank them sincerely along with rural communities and other stakeholders throughout the country who support Pāmu and our aspirations for the future of farming in Aotearoa New Zealand.

FINANCIAL RESULTS

Pāmu benefited from high milk prices through the year, continued buoyancy in global markets for red meat and a surge in the value of forestry carbon credits. Higher revenues offset rising cost pressures and production constraints for the company to achieve an EBITDAR of \$75 million and net profit after tax of \$59 million.

On this basis, Pāmu will pay a dividend of \$5 million and retain capacity to invest in technologies and systems to reduce greenhouse gas emissions and adapt to climate change. The company has also significantly strengthened its balance sheet during 2021/22, including a 12% reduction in bank loans. This year and beyond, we will clearly need investment capacity and financial resilience for Pāmu to deliver on its strategic ambitions and help support a sustainable future for farming ambitions.

CHALLENGE AND OPPORTUNITY

Pāmu is keenly aware of the risks that lie ahead and also of the many opportunities that will emerge from change and disruption. In 2022/23, farm product prices are under pressure relative to levels seen through most of the past year, and operating costs will continue being impacted by high volatility in fuel, fertiliser and other prices.

At the same time, we must meet new demands from the global marketplace, deliver on rising expectations to care for the environment, adopt new technology and systems and ensure Pāmu looks after people and animals every day.

New Zealand food and fibre producers face new competitive threats as global consumers shift their dietary and lifestyle preferences and adopt different values on environmental and animal issues. We all face ongoing biosecurity risk and the challenge of attracting more skilled and committed people to work on farms safely and with personal wellbeing.

Then there is climate change – the greatest long-term challenge for the food and fibre sector, for New Zealand and for the world. Pāmu signalled its commitment to tackling climate change action when it took up a sustainability linked loan with Westpac Bank in 2021. We locked in to achieving verified carbon emissions targets and metrics reflecting sustainable farming practices across our portfolio. This loan was the first of its kind in New Zealand.

Our care for the environment is centred also on recognition of Te Mana o te Wai – the vital importance of protecting the health of this country's rivers, lakes and groundwater and managing freshwater resources with great care. Our close relationship with mana whenua means we are ideally placed to bring the principles expressed in Te Mana o te Wai alive across our portfolio, including deeper collaboration around achieving catchment-related environmental indicators.

Each year, Pāmu gathers views from a cross-section of stakeholders on the issues most material to our sector. The outcome of this process informs our planning and largely serves to confirm Pāmu's strategic direction and priorities.

In 2022, we confirmed our business purpose: "Enriching our land, our people and the future of farming." Our ambitions for 2030 remain. Pāmu will be a unique diversified food and fibre company, recognised for its innovation and for its strengths as a partner and leader.

We make no claim to having fully resolved any of the issues facing the industry. However, we acknowledge a critical role for Pāmu on behalf of New Zealand's entire food and fibre sector is to seek solutions of value for as many farmers and growers as possible. The wider farming community can expect us to be truly innovative where Pāmu is best placed to test and develop new ideas and technologies and share our findings.

STRATEGY

Pāmu has three broad areas of strategy. First, we are building excellence and innovation in our core business of pastoral farming. We have multiple initiatives under way for raising productivity and profitability while reducing our environmental footprint and upskilling our people. Pāmu dairy and livestock farms are using digital tools for planning, recording and analysing their production and land use with greater precision. There is a growing focus on specific initiatives to manage soils, water resources, feed, other vegetation and animal growth and production.

In dairying, we seek continuous improvement in growth and use of pasture and forage crops through the year while balancing production and environmental objectives. On sheep, beef cattle and deer farms, the focus is also on growing and utilising more pasture and realising gains from advances in animal genetics.

One innovation Pāmu is helping lead is the integration of New Zealand's dairy and beef industries through the development of bobby-free dairy systems. The Dairy Beef Progeny Test is a demonstration of Pāmu's capacity to grow value through partnerships; in this instance with Beef + Lamb New Zealand and Livestock Improvement Corporation. Closer industry integration to accelerate genetic improvement has huge potential benefits across the primary sector.

Other initiatives are aimed at reducing nutrient leaching and carbon emissions from farms across the Pāmu portfolio. In North Canterbury, for example, we are exploring ways to substantially lower the level of leaching from an irrigated dairy farm. This work is centred on Eyrewell Farm in a programme developed with milk processor and global marketer Synlait.

The second strategy area is leveraging our dairying expertise and our connection to Asian markets for New Zealand milk through initiatives that will raise Pāmu farmgate profitability over time. The focus is on speciality milks with significant value added through production and processing being geared to customers' particular needs and preferences. The milks are bovine and deer milk sourced from particular herds and supplied into niche markets by our Pāmu Foods business unit and milk processor partners. We are supplying speciality powdered milks for human nutrition and for their use in health and beauty products in China, Vietnam and South Korea.

The past year saw substantial growth in revenue from these activities. In deer milk, we are world leaders with the establishment of a purpose-designed deer dairy farm at Aratiatia, Taupō, and nutritional ingredients products now being sold in Vietnam and China. Sheep milk produced, processed and marketed by Spring Sheep, a 50% joint venture company, is another element of our farmgate added-value strategy.



Working on nutrient loss from dairying in Canterbury –
VALUE IN EXPERTISE



Dairy beef integration for economic and environmental gain –
VALUE IN RELATIONSHIPS



Market and on-farm innovation for growing the value of New Zealand milks –
VALUE IN FINANCE

Pāmu needs the best people available to work on farm and across the business. Increasing numbers of women are now in on-farm leadership roles in both our dairy and our livestock business. In particular, we congratulate four female farm managers appointed at the Wairakei Pastoral Complex, near Taupō, over the past 18 months.



**Putting on-farm leadership
in the best hands –
VALUE IN PEOPLE**

In our third strategy area, Pāmu is scaling up forestry and seeking more diversification in plant-based foods production. In every instance, we carefully integrate these land uses onto livestock farms where they can complement meat, wool and velvet activities. Usually, the latter are being scaled back from lower pasture production areas to achieve a more productive land use with a lower environmental impact by transitioning land to more productive and environmentally sound uses.

The past year saw further growth in horticulture production, most notably on Pāmu’s 40 ha avocado unit at Kapiro Farm, near Kerikeri. The company continues to expand its forestry with a commitment to new planting of around 1,000 ha annually until 2030. Most of this forestry is *Pinus radiata* although other exotic and native species are being included where this best aligns to land suitability and future market potential.

Trees are valued for their timber and carbon sequestration and their additions to the natural environment through enhanced ecosystem services. At 30 June 2022, Pāmu had a total plantation forestry area of 14,280 ha. The company held 1.1 million carbon credits (New Zealand Units) after a further 3% were added during the year. The value of these credits has increased rapidly with benefit to our financial performance.

Pāmu views all forestry in terms of its contribution to increasing ecosystem services – carbon capture, land stabilisation, freshwater protection, biodiversity and species habitat for

crop pollinators and honey bees. We expect the value of these services to be increasingly monetised in future. Many of our farm managers welcome the opportunity to integrate more trees with their traditional livestock farming operations.

More broadly, Pāmu views land-use decision making across its portfolio as critical to all strategy areas, whether the outcome is more forestry or horticulture, retirement of land for natural forest regeneration or sale to another owner. All farms have had their own land and environment plan for many years now, but we continue to refine our approach in line with new thinking across the New Zealand primary sector and internationally. Some Pāmu farms are now being transformed after rigorous appraisal of their natural features and productive potential paddock by paddock.



**Farming with nature in mind –
VALUE IN NATURAL ASSETS**



**Farm tree planting for financial
return and for nature –
VALUE IN FARMS, ANIMALS
AND PLANTS**

The past year saw Pāmu achieve Toitū carbonreduce certification on 20 of its farms, including Panekiri Station (see page 30). Each farm is now working to reduce its environmental footprint through carbon emissions measurement, management and reduction. All other farms will follow over the next 2 years.

CLIMATE CHANGE

This is our big year for climate change action. Pāmu is now planning all steps necessary for substantial emissions reduction and ensuring our business is resilient in the face of a changing climate. Along with complying with all legislative requirements, our work programme for 2022/23 will set science-based targets for emissions reduction, identify an independent emissions verifier and establish a roadmap for gross reductions within all farm operations. We will also step up Pāmu’s external reporting on emissions and their management.

Much climate change-related work is already going on, including the Dairy-Beef Progeny Test and the AgResearch/Focus Genetics research project on genetic advances for lower-emitting sheep. Toitū certification is part of the roadmap, and by June 2023, 50% of Pāmu farms will be operating to this standard. The remainder will be on board in the year after that. Reduction targets will be in place from 2023/24.

Our plan will encompass actions for Pāmu farms and farming systems to become more resilient to the physical and transitional impacts of climate change. In addition, we are very aware that food and fibre products produced with a low or nil carbon footprint will be increasingly valued on global markets. For example, Pāmu is supporting the Net Carbon Zero Angus Beef programme launched by Silver Fern Farms in recent months. We welcome such leadership for farmers from New Zealand’s innovative processing companies. Our climate

change commitment – on farm, with value chain partners and in the global marketplace – springs directly from our purpose, the value we place on the six capitals underpinning our business and from our keen awareness of needing to face into solving today’s big issues and challenges.

OUTLOOK

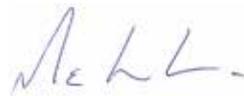
The future is increasingly dynamic, but two things are certain at Pāmu. We will continue to vigorously pursue farming excellence and innovation, earnings diversification and a reduced environmental footprint and substantial carbon emissions reduction.

Second, our unwavering commitment is to help lead New Zealand farming to a prosperous, more sustainable future. We intend being open and informative about our strategy implementation, the challenges we face and the progress we are making in boosting each capital.

We enter this year with realism about Pāmu’s financial performance in the face of the impact of geo-political tensions on markets, labour constraints and farm input inflation. Our budget anticipates revenue decline, continued pressure on operating expenses and a lower EBITDAR compared with 2021/22. But we remain confident of our 2030 outlook – and confident of the contribution Pāmu will make for Aotearoa New Zealand well into the future.



Dr Warren Parker
Chair



Mark Leslie
Chief Executive

PĀMU WILL CONTINUE TO VIGOROUSLY PURSUE ITS STRATEGY FOR FARMING EXCELLENCE AND INNOVATION, FOR EARNINGS DIVERSIFICATION AND FOR A REDUCED ENVIRONMENTAL FOOTPRINT THAT INCLUDES SUBSTANTIAL CARBON EMISSIONS REDUCTION.



OUR AMBITION FOR 2030

OUR CAPITALS



PEOPLE

One of New Zealand's top employers supporting what New Zealanders love and need



FINANCE

\$100-\$110m per annum of net operating profit (NOP)



FARMS, ANIMALS AND PLANTS

A uniquely diversified food and fibre company, produced with uncompromising care



EXPERTISE

Recognised as an innovation partner attracting leading science and technology from New Zealand and abroad



NATURAL ASSETS

A global leader in sustainable land use and systems, delivering on our Pāmu promise integrated with te ao Māori principles



RELATIONSHIPS

A sought-after partner in New Zealand and abroad

2025 MILESTONES

GROW OUR PEOPLE

To deliver an eNPS ≥20

GROW SPECIALITY DAIRY AS A CATEGORY

Speciality dairy business delivers 5% of NOP business

SUSTAINABLY IMPROVE EFFICIENCY

A sustainable >2% per annum net average profitability improvement in pastoral business

DIGITISATION

Digital ecosystem built to deliver leading farm management

GROW PLANT BUSINESS

Plant business (incl. ecosystem services) delivering \$15m NOP

GHG-REDUCING FARMING TECHNOLOGIES & PRACTICES

Reduce our carbon emissions on farm and across our operations, aligned with a scale of reduction required to keep to 1.5°C warming

ENABLERS OF GROWTH

Increase performance through leading people development

Utilise our resources, capital and intangible assets to increase Pāmu's value

Invest in digitisation and innovation to drive productivity gains and a lower footprint

Integrate te taiao concept, helping to regenerate the environment and adapt to climate change

Engage stakeholders and partners (including iwi) to support our collective purposes

AREAS OF GROWTH

Make speciality dairy a significant source of earnings

Drive excellence and innovation in all aspects of our pastoral farming business

Build a plant business (forestry, horticulture and ecosystem services) of scale through complementary land use



OUR PURPOSE

ENRICHING OUR LAND, OUR PEOPLE AND THE FUTURE OF FARMING

OUR VALUES

SHOULDER-TO-SHOULDER • GENUINE • GROUNDED • BOLD



OUR STRATEGY

MATERIAL ISSUES – WHAT STAKEHOLDERS TELL US

New Zealand farmers and growers are being encouraged and pushed to change at a rapid pace by market signals, government policies and pressures on their social licence. Underlying all are mega-issues across the world: climate change, degradation of the natural environment and the multiplicity of human perceptions and responses to these; fundamental shifts now occurring in customer demand for food and fibre in the global marketplace; and new uncertainties and higher costs that have erupted from the Covid-19 pandemic, the war in Ukraine and trade tensions.

Pāmu and its stakeholders are acutely aware of all these things and of the issues posed by them for New Zealand's food and fibre sector. Some issues come directly from signals, policies and pressures. Other issues arise as farmers and growers seek improved economic, social and environmental outcomes in the context of climate change and environmental degradation, changing customer demands, global uncertainties and cost inflation. There are many diverse perceptions and priorities on all issues and the challenges and opportunities they pose for producers.

As in prior years, Pāmu stakeholder engagement in 2022 has been based on a set of material issues consistently framed for their relevance to the planning and operation of New Zealand farmers and growers – Pāmu included. A cross-section of stakeholders – customers, suppliers, partners, regulators and environmental interest holders – were asked to weight the importance of 16 such issues and to add any comments. The issues were explored further in discussion with some stakeholders. The process gave a more-detailed snapshot of how people and organisations view the challenges, risks and opportunities facing Pāmu and others in 2022 and beyond.



MATERIAL ISSUES WEIGHTING Importance weighting scale 1-5

During July and August 2022, 25 stakeholders engaged by weighting 16 material issues on their importance for farmers and growers as seen by each stakeholder. A weighting of 1-5 indicated the level of importance, with 5 being the highest level. See a list of the stakeholder organisations and individuals who provided weightings on page 28. Of these stakeholders, 18 engaged further through one-on-one discussion of one or more issues. Stakeholder engagement also included a group discussion with Pāmu staff at the Wairakei Pastoral Complex, central North Island, in early July. The number with each issue is the median weighting among all 25 stakeholders.

EMISSIONS REDUCTION

Farmers and growers must measure, manage and reduce their carbon (or greenhouse gas) emissions under policy requirements that come into force from 2022 onwards. They are also being pulled strongly into a new world of climate change action by global market signals and social licence pressures. Many questions exist around how producers can respond in their land use, practices and technology adoption and with what costs and benefits.

5

FRESHWATER PERFORMANCE

Farmers and growers are now required to adapt land use and practices for their performance under comprehensive freshwater policy setting and in recognition of Te Mana o te Wai principles. They also face social licence pressures and market signals on freshwater pollution and overallocation in some regions. For some producers, substantial change might be needed in nitrogen application, feed systems and more.

5

LAND-USE DECISION MAKING

Farmers and growers are challenged to make the best possible land-use decisions as they respond to signals, policies and pressures. Profitability remains a critical consideration, and land-use decision making assumes increasing complexity. Exotic forestry for timber and carbon credits has become a land use of particular controversy in some locations.

4

BIODIVERSITY PROTECTION

Farmers and growers are increasingly expected to protect and enhance indigenous biodiversity. New Zealand is moving into a new era of policy and regulation for this, and biodiversity is subject also to social licence pressures and market signals. This issue links to climate change and environmental deterioration, and responses can be aligned across various issues.

4

TE AO MĀORI INTEGRATION

Farmers and growers have significant roles as te ao Māori becomes further integrated with New Zealand's economic, social and environmental development. There is a growing awareness that Pākehā and Māori might generally benefit from greater adoption of concepts and practices from a Māori understanding of nature and land and water use.



PEOPLE CAPITAL

Farmers and growers have limited access to the people capital they require – employees with the skills, knowledge, and personal motivations and resources required for productive work to maintain and grow value across all six capitals. The issue reflects societal changes, access to relevant education and training and New Zealand immigration policies.



CLIMATE CHANGE ADAPTATION

Farmers and growers are confronted with risks (and perhaps opportunities) arising from climate change, including floods of greater frequency and severity. There is broad consensus that New Zealand producers must be more resilient in the face of climate change now and in future.



ANIMAL FARMING FUTURES

Farmers are being encouraged and pushed to drop or modify traditional practices and systems in their livestock farming. The signals, policies and pressures reflect changing human attitudes and the advent of social media, all perhaps leading to fundamental questions about animal farming.



KNOWLEDGE ADVANCES

Farmers and growers need advances in knowledge and access to new technologies and products so they can better respond to challenges and pursue more opportunities. This has always been the case but the need appears greater than ever because of the scale and complexity of those challenges and opportunities.

4

CHANGE CAPACITY

Farmers and growers must make significant changes and at pace as they respond to signals, policies and pressures – changes in land use, people management, farming practice, technology adoption and use and more. Change capacity encompasses personal mindsets, knowledge and skills as well as access to all capitals in individual businesses and across the food and fibre sector.

4

BIOSECURITY PROACTIVITY

Farmers and growers are being called to higher standards in New Zealand's ongoing effort to identify and contain disease and pest risks. Recent biosecurity episodes have given the issue greater prominence, with policies and pressures prompting more proactivity by individual producers, industry bodies and government agencies.

4

HEALTH, SAFETY AND WELLBEING

Farmers and growers continue the struggle for better outcomes on workplace health and safety and for enhanced personal wellbeing. Indicators in the food and fibre sector show some progress but less than in other sectors. How producers respond to all other challenges and opportunities might bring new and/or increased health, safety and wellbeing challenges.

3

PRODUCT QUALITY AND SAFETY

Farmers and growers face increasingly complex customer expectations on product quality and safety. Quality now encompasses environmental footprint and animal welfare concerns as well as purity, taste and other attributes. Safety can refer to specific nutritional contents and demands for greater transparency to customers on production and supply processes.



HUMAN DIETARY SHIFTS

Farmers and growers face new competitive threats and new opportunities as human dietary habits and preferences shift. In particular, market signals reflect rising demand for plant-based foods and meat substitutes based on new thinking about nutrition and the environmental footprint of pastoral farming and also on the emergence of new technologies.



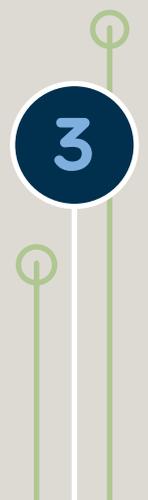
GLOBAL UNCERTAINTIES

Farmers and growers must plan and operate through a time of heightened global uncertainty, supply chain disruption and cost inflation. The effects are felt partly through market signals and government policies beyond producers' control, and they can respond also to their own views of likely future challenges and opportunities.



DIGITAL TECHNOLOGIES

Farmers and growers – along with those who trade with, supply, advise and regulate them – stand to benefit greatly from digital technologies and from data availability for better decision making, regulatory compliance, supply chain connection and more. There are decisions to be made about which technologies to adopt, when and with what uses for the best outcomes as producers address challenges and opportunities.



ISSUES DISCUSSION

Stakeholders are embracing **emissions reduction** as a market challenge, an emerging set of policy requirements and a matter of continued social licence. Perspectives vary widely on the pace of reductions that is reasonable and justified and on what measures and technologies will need mass adoption for New Zealand to meet its targets. Most expect a trade-off of greater or lesser scale between the profitability of farmers and growers and New Zealand's success in achieving substantial emissions reduction. Those stakeholders who most directly face global markets tend to a strong view – a credible carbon-zero endorsement for our milk and meat products will become imperative in future to hold and increase their value. Timeframes are uncertain.

There are strongly competing views on New Zealand's current position, including irritation at a perceived lack of national urgency on all aspects of climate change. The advocates of drastic earlier reductions would couple these with significant policy supports for producers who make transformative change. Other stakeholders fear a singular focus on emissions would have perverse consequences for all farmers and growers, rural communities and perhaps the environment. They urge a broader perspective on this country's relatively low carbon footprint per unit of food produced (on international comparisons) and on New Zealand's positive direction of travel on emissions, notably methane. In this view, no wholesale change in farm systems will be required.

All agree that gross reductions are essential, with forestry offsetting now a limited part of any national strategy. Some stakeholders are adamant that more work is needed in the short term to measure and account for carbon capture in smaller forests and native vegetation and also to adopt (and adapt) methane-inhibiting technologies that are coming in to use in agriculture elsewhere, notably Denmark.

Freshwater performance is also an issue of response to all market signals, policies and social licence. Stakeholders see this issue increasingly coupled with emissions reduction – farmers and growers can move towards desired outcomes on both with the same set of actions. For pastoral farming, this means deintensification in

“ IF YOU ARE HAVING ANY DEGRADING EFFECTS ON THE CLIMATE OR FRESHWATER RESOURCES, THEN YOU ARE PROBABLY NOT GOING TO HAVE A SUSTAINABLE POSITION LONG TERM ON THE SUPERMARKET SHELF. ”

KARL GRADON, CHIEF EXECUTIVE, MIRAKA

“ WE ARE FOCUSING ON TAKING THE 'NATURE POSITIVE' CONCEPT TO MARKET, AND WHILE THIS WILL INCLUDE VERIFICATION OF END-TO-END EMISSIONS, IT WILL BE A MUCH MORE HOLISTIC APPROACH TO RECOGNISING AND REWARDING THE WIDER SUITE OF NATURE-BASED SOLUTIONS ON FARM TO ADDRESS CLIMATE CHANGE IMPACTS ... TREE PLANTING FOR CARBON CAPTURE WILL BUY US TIME, BUT A REGENERATIVE APPROACH ALONG WITH GROSS EMISSIONS REDUCTIONS IN OUR SHEEP AND BEEF SYSTEM MUST BE THE END GAME IF WE WANT TO STAY RELEVANT TO OUR CUSTOMERS AND CONSUMERS IN A DECARBONISING WORLD. ”

KATE BEDDOE, CHIEF SUSTAINABILITY AND RISK OFFICER, SILVER FERN FARMS

“ FUNDAMENTALLY, THERE ARE STILL TOO MANY COWS ON THE LAND, AND NO MATTER HOW MUCH WE SPEND ON TECHNOFIXES, WE ARE NOT GOING TO FIND A MAGIC BULLET TO THE CLIMATE AND WATER ISSUES WHILE THERE IS STILL INTENSIVE DAIRYING AND HIGH USE OF SYNTHETIC NITROGEN. ”

ADAM CURRIE, MEMBER, GENERATION ZERO

“ BY SEVERELY REDUCING INTENSITY, REMOVING FOSSIL FUEL INPUTS AND DROPPING EXTERNAL STOCK FEED FROM FARMS, THERE WILL BE MULTIPLE WINS ON CARBON EMISSIONS REDUCTION, ON NITROGEN LOSS AND FOR MUCH MORE. GET OUT OF SILOED THINKING ON EMISSIONS AND FRESHWATER ISSUES ... AND THEN OPERATING WITHIN LIMITS WILL BE EASY. ”

DR MIKE JOY, FRESHWATER ECOLOGIST, VICTORIA UNIVERSITY OF WELLINGTON

stock numbers and pasture management, reduced inputs and greater emphasis on animal genetics. Stakeholders generally see new freshwater regulations as requiring expert guidance for farmers in some areas. A small number face bigger challenges. Synthetic nitrogen is expected to remain a necessity throughout the primary sector.

Regional councils are immersed in challenges posed to them by the new rules on fertiliser and land use and on nutrient losses and also by water allocation reviews. The latter will have major impact on farmers and growers in some catchments. Regional differences are substantial, with Canterbury and Waikato seen as most under pressure because of their concentrations of dairying and history of water overallocation in some catchments. Stakeholders want to see more detailed mapping of nitrate build-up in groundwater either to illustrate the extent of ecosystem harm and possible human health risks or to confirm that the issue is more localised than critics claim. There is concern at complexities in the new regulatory framework and pressures on farmers and growers.

Land use is at the heart of most issues. How good is the primary sector at **land-use decision making** when confronted with so many challenges and opportunities? All stakeholders recognise land-use decisions as critical to the future of New Zealand in every sense, but views differ widely thereafter. Some want no dairying across most of Canterbury without any further debate. Others argue for finer balancing of economic, social and environmental factors in each area. There is a growing voice for decision making to encompass more non-traditional options, including ecosystem services that are recognised in economic terms for their contribution of clean water, pollinators and other values to primary production. In general, stakeholders sharply question the case for any further large-scale exotic forestry plantation for carbon credit accrual, especially on land with use categorisations lower than 6 and 7. They condemn local government decisions permitting large-scale urban expansion onto fertile lands at the fringe of major cities.

“ **SUBCATCHMENT PROTECTION OF WATERWAYS IS OFTEN VERY GOOD WITH FARMERS TAKING THE RIGHT ACTIONS ALTHOUGH IMPROVEMENT IN WATER QUALITY WILL INEVITABLY BE SLOW ... WHAT I HAVE REAL CONCERNS ABOUT ARE THE NUMBER OF ANIMALS ON THE LAND IN TOTAL AND THE RELIANCE OF NATIONAL POLICY ON REGIONAL COUNCILS THAT JUST DON'T HAVE THE RESOURCES, RANGE OF COMPETENCIES AND, OFTEN, THE POLITICAL WILL TO DELIVER CHANGE TO THE EXTENT THAT IS REALLY REQUIRED.** ”

MARK SUTTON MNZM, REPRESENTATIVE OF QEII TRUST AND WAIAU FISHERIES AND WILDLIFE HABITAT, SOUTHLAND

“ **WHEN IT COMES TO NUTRIENT LOSSES INTO GROUNDWATER, ONE PARTY CAN WRECK THE POSITION OF ALL OTHERS ACROSS THE CATCHMENT SO KNOWLEDGE ON WHAT TO DO AND WHAT WORKS NEEDS TO BE SHARED WITH ALL ... SAME WITH CARBON AND METHANE EMISSIONS BECAUSE NO ONE CAN DO IT ALL BY THEMSELVES.** ”

ANDREW PARRISH, PRINCIPAL PLANNER, ENVIRONMENT CANTERBURY

“ **AS A FOOD PRODUCING AND EXPORTING NATION, WE ARE CONSTANTLY EXPORTING NUTRIENTS. THEREFORE, TO MAINTAIN THE FOOD PRODUCTION CAPACITY OF NEW ZEALAND SOILS, WE MUST REPLACE THESE NUTRIENTS USING FERTILISERS IMPORTED OR MANUFACTURED IN NEW ZEALAND. NITROGEN FERTILISER GETS A LOT OF NEGATIVE MEDIA COVERAGE. IN PASTORAL SYSTEMS, CLOVER PLANTS FIX THEIR OWN NITROGEN BUT REQUIRE OTHER KEY FERTILISER INPUTS TO DO THIS EFFICIENTLY. EVEN THEN, THERE ARE BIG GAPS IN PRODUCTION EFFICIENCY WITHOUT NITROGEN FERTILISER. IN CROPPING SYSTEMS, NITROGEN FERTILISER IS CRITICAL TO ACHIEVING HIGH QUALITY AND YIELD, THEREBY MINIMISING THE LAND AREA NEEDED TO GENERATE THAT FOOD. THAT SAID, WE CAN AND DO NEED TO GET MORE EFFICIENT WITH HOW WE USE NUTRIENTS AS WELL AS HOW WE RECYCLE OR EXTRACT THEM FROM WASTE STREAMS THAT ARE NOT CURRENTLY BEING RETURNED TO THE LAND. FOOD WASTE AND EFFLUENT ARE JUST TWO AREAS OF BIG POTENTIAL. OTHER COUNTRIES ARE ALREADY WELL AHEAD OF NEW ZEALAND IN THIS AREA.** ”

DR AARON STAFFORD, NATIONAL CORPORATE ACCOUNTS MANAGER, BALLANCE AGRI-NUTRIENTS

Biodiversity – its protection and enhancement – is an issue of increasing moment for stakeholders as they confront policy changes now under way and also work on issues arising from climate change and freshwater degradation. Linkages between indigenous **biodiversity protection** and the availability of clean water, food protection and natural pollination are clear to farmers and growers. Conservation in various forms is an established value in the primary sector. The newer concept of regenerative farming and its limited practice in this country is being linked to biodiversity. However, there are serious questions about how new policy designation of significant natural areas might constrain productive land use. Some stakeholders emphasise the merits of embracing indigenous biodiversity more explicitly to guide land-use decisions and farming systems and in this process align New Zealand far more closely with global market signals and social licence pressures.

Stakeholders across the board are increasingly at ease with Māori concepts of the natural environment and their significance for land and water use. The **integration of te ao Māori** into the food and fibre sector mainstream is broadly accepted and in some instances deemed imperative to New Zealand's wider interest. The concepts in question emphasise the interconnectedness of all elements within nature, the need for land users to put back and the advantages in intergenerational planning and practices. Te ao Māori is sometimes recognised as a knowledge base that can complement modern science and is a valuable reputation for this country on global markets. There is an insistence from some stakeholders that te ao Māori integration can only truly occur when farmers and growers consult with Māori groups at a local level.

Stakeholders are deeply concerned about how to attract and retain **people** as a valued form of capital across the primary sector. The issue extends to looming knowledge and staff shortages in farm support businesses and regulatory functions as production inputs and systems become more sophisticated and policy requirements for farming

“ HOW DO WE PROMOTE A LOVE OF THE LAND AND ANIMALS, A LOVE OF PRODUCING FOOD AS A WORTHWHILE CAREER CHOICE? FARMERS SEEM TO GET KNOCKED EVERYWHERE, BUT THERE ARE SOME EXTREMELY GOOD THINGS HAPPENING OUT THERE THAT DON'T GET TALKED ABOUT ENOUGH ... WE HAVE TO KEEP FINDING WAYS OF PUTTING A SPOTLIGHT ON THEM, PARTICULARLY IN MAINSTREAM MEDIA. ”

GILL NAYLOR, PRESIDENT, RURAL WOMEN NEW ZEALAND

“ ARABLE CAN BE PART OF THE SOLUTION TO THE PASTORAL SECTOR'S ISSUES ... GROWING NEW FORAGE SPECIES WITH DEEPER ROOTS AND GREATER COMPLEXITY WOULD MOP UP NITROGEN AND EFFLUENTS, AND THERE'S ALSO EVIDENCE TO SUGGEST THAT BALANCING THE DIET OF DAIRY COWS WITH MORE GRAIN-BASED FEEDS WILL REDUCE URINARY NITROGEN AND METHANE WITHOUT LOSS OF MILK PRODUCTION. NONE OF THIS REQUIRES WHOLESALE CHANGE IN PASTORAL SYSTEMS. ”

IVAN LAWRIE, GENERAL MANAGER BUSINESS OPERATIONS, FOUNDATION FOR ARABLE RESEARCH

“ THERE ARE HUGE OPPORTUNITIES FOR BIODIVERSITY GAIN REGION BY REGION BUT THERE ARE RISKS OF STRANGULATION THROUGH POLICY OVERANALYSIS AND OF GETTING INTO THE WORST KINDS OF CONVERSATION WITH FARMERS ... THE BEST APPROACH WILL BE WORKING WITH COMMUNITY GROUPS AND LINKING ACTIVITIES WITH CLIMATE CHANGE ADAPTATION AND FUTURE LAND-USE DECISIONS. ”

FIONA YOUNG, MANAGER CATCHMENT INTEGRATION, ENVIRONMENT SOUTHLAND

“ WE NEED TO START BY THINKING ABOUT LANDSCAPES AND THE INDIGENOUS VEGETATION THAT EXISTED BEFORE THE LAND WAS CLEARED FOR GRASS, SHEEP AND CATTLE ... THE CHANGE HAS NOT BEEN TOWARDS NATURAL STABILITY OF LAND USE, AND THE QUESTION NOW BECOMES HOW DO WE DESIGN SYSTEMS THAT BETTER FIT IN WITH THE MAURI OF NATURAL ECOSYSTEMS AND THEN SCALE THESE UP? ”

DR BRUCE CAMPBELL, FOOD AND FIBRE CONSULTANT

become more complex. Stakeholders worry about the sector's seeming inability to recruit enough younger people with the right on-farm skills and motivations and about how workforce shortages and high turnover drive a downward spiral in rural communities. Solutions are seen in New Zealand somehow adopting a far more positive narrative about farming, broader adoption of the best employment practices by the sector and design of workplace incentives that align employee and farm-owner interests far more closely.

Climate change adaptation is a broad and complex issue, but the need for some form of adaptation is recognised across the primary sector. New Zealand farmers and growers have always heeded the advantages and disadvantages of climatic variation. Now, importance is being attached to the merits of greater resilience in the face of more-extreme climate patterns. Recent heavy floods in some areas have underscored the risks of not acting on this issue, although stakeholders are uncertain on what systematic adaptation will look like in practice. Individual farmers are credited with understanding risks to their own properties, current systems and products but they lack clarity on their adaptation options. That said, there is general confidence that responses will be made over time as signals, policies and pressures take on a sharper focus and options become clearer.

Animal welfare has always been an issue in pastoral farming, expanded in recent times to include criticisms of some traditional practices once never questioned and new assertions on animal rights. There are increasing market signals (such as consumer shifts away from meat eating on humane grounds), new policies (such as tighter winter grazing rules) and social licence pressures (such as on dairy calf slaughter). Farmers are coming under greater scrutiny, particularly in New Zealand where urban populations live close to farming activities and all perceptions are amplified on social media. Farmers have principled responses to most questions, but they also recognise fundamental changes are likely in the **future of animal farming**. This issue takes more prominence as consumers globally make more demands

“ THE SUCCESS OF NEW ZEALAND AND OF NEW ZEALAND FARMING WILL DEPEND ON HOW WELL WE EMBRACE TE AO MĀORI VIEWPOINTS ... THAT MEANS RESPECT FOR NATURE AND A DEEP UNDERSTANDING THAT WE ARE PART OF NATURE AND THAT THERE ARE VALUES AND PRACTICES THAT NEED TO BE FOLLOWED WHEN YOU ARE DOING CERTAIN THINGS. ”

LINDY NELSON, CHAIR, SAFER FARMS

“ IF WE ARE TALKING ABOUT PARTNERSHIP, IT HAS TO BE PARTNERSHIP WITH IWI IN THAT TAKIWĀ, OR PARTICULAR AREA, AND WITH UNDERSTANDING OF KAITIAKITANGA AS REAL DIALOGUE WITH THOSE PEOPLE AND ABOUT THAT PLACE AND ABOUT THE SHARED CHALLENGES ON EVERYONE – IWI INCLUDED – IN CARING FOR LAND AND WATER. ”

DEAN FRASER, GENERAL MANAGER TRANSFORMATION, TE RŪNANGA O NGĀI TAHU

“ A WHOLE REFRAMING AND RESETTING OF FARMING AND LAND USE IS NEEDED ... WE'RE OVERSTRESSING NEW ZEALAND'S NATURAL ENVIRONMENT WITH TOO MANY ANIMALS AND NOT ENOUGH WOODED AREAS AND WETLANDS. OUR GOAL HAS GOT TO BE MOVING TO A HIGHER-VALUE/LOWER ENVIRONMENTAL FOOTPRINT FARMING SYSTEM THAT IS MORE SUSTAINABLE IN EVERY RESPECT. ”

DR BRUCE CAMPBELL, FOOD AND FIBRE CONSULTANT

“ WE NEED PEOPLE TO HAVE GREATER AFFINITY WITH THE FARM BUSINESS WHERE THEY WORK THROUGH MORE CONCRETE AND TRANSPARENT PATHWAYS FOR THEM TO GET CAREER DEVELOPMENT AND, OVER TIME, TO ACQUIRE THEIR OWN EQUITY IN FARMING ASSETS. ”

COLIN GLASS, CHIEF EXECUTIVE, DAIRY HOLDINGS

“ ANIMAL WELFARE WILL BE A BIG ISSUE IN THE NEXT FEW YEARS. THE CHALLENGE IS FOR FARMERS TO DEMONSTRATE TO CONSUMERS, WITH EDUCATION OCCURRING AS WELL, THAT LIVESTOCK ARE WELL LOOKED AFTER IN EVERY RESPECT. ”

GAVIN MCEWEN, CHIEF EXECUTIVE, FARMAX

on emissions reduction and freshwater and biodiversity protection.

Advances in knowledge will support farmers' and growers' responses on many issues. Stakeholders see multiple benefits from more research and development (R&D) and new farm inputs that will add value to production while reducing the environmental footprint. There's a consistent call for greater co-ordination in research programmes and more strategic focus on industry needs along with more effectiveness in the extension of new knowledge and technologies into farms, orchards, forests and processing facilities. Producers often struggle with the practical application of R&D. New Zealand is seen as relatively smart at adopting and adapting products and systems from international sources, but stakeholders want to see more of this.

They also want to see more basic science done in New Zealand on soil and plant life and on genetics for the explicit benefit of local producers. Regenerative agriculture is seen as one stand of worthwhile R&D among many. Several stakeholders make a strong call for more holistic thinking about R&D and its connection to the needs of producers and to the demands of global consumers. In this view, market signals without a centralised plan backed by government incentives and targeted supports cannot bring about much-needed transformation sector-wide. Stakeholders see a substantial role for Pāmu as a state-owned enterprise that might be more explicitly directed to trial and demonstrate new products and systems on behalf of private sector farmers and growers.

Among gaps in current science and R&D, several stakeholders lament New Zealand's long-standing rejection of genetic engineering (GE) as a possible response to climate change-related issues and productivity gain. They fear competitive disadvantage for this country as other producers apply GE technologies that are safe, valuable solutions to common problems.

How ready and able are farmers and growers to make the changes required by signals, policies and pressures? All stakeholders recognise **change capacity** as an issue of some importance but views differ depending on the scale and

“ **NEW ZEALAND PUTS TOO MUCH EMPHASIS ON SIMPLE ANSWERS TO BIG QUESTIONS ... THERE TENDS TO BE A FOCUS ON REDUCTION OF INPUTS AND OUTPUTS AND BANNING CERTAIN PRACTICES WITHOUT THINKING THROUGH ALL THE CONSEQUENCES OR EXPLORING ALL ALTERNATIVES. WE NEED A MORE HOLISTIC APPROACH TO FINDING SOLUTIONS TO CLIMATE CHANGE ISSUES, AND IN FACT, SOME OF THOSE SOLUTIONS ARE GOING TO BE EASIER THAN WE MIGHT THINK.** ”

DR FLORIAN GRAICHEN, GENERAL MANAGER, FORESTS TO BIOBASED PRODUCTS, SCION RESEARCH

“ **THERE'S A NEW WAVE OF BIOLOGICAL PRODUCTS COMING, MAINLY OUT OF EUROPE, IN 3-5 YEARS' TIME, AND THIS WILL BRING BIG SHIFTS TO FARMING WITH POTENTIALLY HUGE BENEFITS ... NEW ZEALANDERS ARE GOING TO HAVE TO UNDERSTAND AND ACCEPT THE SCIENCE AND PERHAPS OVERCOME SOME NEGATIVE PERCEPTIONS ... THERE WILL NEED TO BE TESTING AROUND POSSIBLE IMPACTS ON INDIGENOUS FLORA AND FAUNA.** ”

STEPHEN GUERIN, CHIEF EXECUTIVE, PGG WRIGHTSON

“ **NEW ZEALAND IS IN DANGER OF SERIOUSLY FALLING BEHIND, WHICH IS A SHAME BECAUSE WE USED TO HAVE R&D, ESPECIALLY IN HORTICULTURE, THAT WAS LEADING EDGE. GENETIC ENGINEERING HAS CHANGED GREATLY OVER THE PAST TWO DECADES ... FOR EXAMPLE, THERE'S NEW CRISPR TECHNOLOGY THAT NEW ZEALAND REALLY NEEDS TO ENGAGE WITH. THE WORLD IS GOING TO REACH A POINT WHERE IT IS HARD TO TELL WHETHER A VARIETY HAS BEEN GENETICALLY ENGINEERED OR NOT.** ”

IVAN LAWRIE, GENERAL MANAGER BUSINESS OPERATIONS, FOUNDATION FOR ARABLE RESEARCH

“ **POLICIES AT A NATIONAL LEVEL ARE FINE, BUT THE REAL ISSUE IS HOW DO YOU IMPLEMENT THEM IN THE REAL WORLD WHEN FARMERS ARE FACING CONSTANT DEMANDS JUST TO KEEP THEIR FARMS GOING AND WHEN REGIONS DIFFER SO MUCH IN LAND FORM, CLIMATE AND PRODUCTIVE USES?** ”

ANDREW WARK, LAND MANAGEMENT AND ADVISORY SERVICES MANAGER, ENVIRONMENT WAIKATO

urgency attached to the change process. There are broad concerns for individual farmers and growers who have limited capital resources and technical support and also for those without a change-positive mindset. From 2022 onwards, they face tighter regulation on land and water use and emissions and nutrient loss. The primary sector's vocal pockets of resistance to new policies and social pressures are seen to indicate how fundamental – and painful – the necessary changes are becoming for some.

In one view from the dairy industry, on-farm changes in response to climate change must quicken to ensure even the existence of New Zealand as a dairy exporter in the longer term. This calls for this country's milk and meat processing and marketing companies to lead the producers by setting standards and practices that convey market signals directly to their suppliers and reward them for making the changes required to future-proof their businesses and New Zealand's position. The companies have programmes in this direction.

Stakeholders welcome industry R&D collaborations towards resolving environmental and productivity issues and delivering new products and tools and also Sustainable Food and Fibre Futures projects albeit with questions on the rationale and effectiveness of some. Various stakeholders see insufficient change capacity in New Zealand's larger companies and government agencies because of contradictory incentives on them and of limited ideas about leadership.

Biosecurity is a constant issue for farmers and growers – elevated by recent experiences such as the *Mycoplasma bovis* outbreak in cattle herds since 2017. Stakeholders believe New Zealand has adequate policies and systems to manage biosecurity risks but they say the never-ending threat of virus and pest importation makes further incursions almost inevitable at some future time. The imperative is that individual farmers, growers, industry groups and state agencies maintain high vigilance and are proactive when new cases arise. Stakeholders say good intentions will never be enough, and policies and practices to stop threats at the border and

“ WE CAN'T LEAVE FARMERS AND INDIVIDUAL BUSINESSES TO SORT OUT PROBLEMS FOR THEMSELVES. WE NEED A NEW APPROACH TO KNOWLEDGE AND TO WRAPPING THIS AROUND PROBLEMS SO THAT FARMERS CAN PICK UP SOLUTIONS AND APPLY THEM. ”

DR FLORIAN GRAICHEN, GENERAL MANAGER, FORESTS TO BIOBASED PRODUCTS, SCION RESEARCH

“ THE MAJOR BARRIER STILL IS THE WIDELY HELD BELIEF THAT EXPERIENCE AND COMMON SENSE ARE ALL THAT YOU NEED TO NOT HAVE ACCIDENTS ... ACTUALLY, WE ALWAYS WILL HAVE ACCIDENTS BECAUSE THAT'S PART OF BEING HUMAN, AND THE REAL ISSUE IS 'HOW DO I FAIL SAFELY?' OR, IN OTHER WORDS, CREATE SPACE TO INSTANTLY DO THE RIGHT THING FOR YOURSELF WHEN SOMETHING STARTS TO GO WRONG ... ON WELLBEING, THINGS ARE GETTING WORSE FOR FARMERS. THE DEPTH OF DESPAIR BECAUSE OF THE CHANGING CIRCUMSTANCES IN WHICH PEOPLE FARM IS THE WORST SINCE THE MID-1980S. ”

LINDY NELSON, CHAIR, SAFER FARMS

“ WHAT WE REALLY LIKE IS CLARITY ABOUT ROSTERS THAT PROVIDE STAFF WITH 2 DAYS OFF AFTER NO MORE THAN 6 DAYS ON AND ALSO GREAT OPPORTUNITIES TO LEARN AND PROGRESS ON THE JOB ... THAT INCLUDES LEARNING ABOUT HOW TO WORK SAFELY. ”

PĀMU DAIRY FARM STAFF MEMBER, WAIRAKEI PASTORAL COMPLEX

“ THERE'S A BIG ADVANTAGE TO NEW ZEALAND IN HAVING LARGE CO-OPERATIVE EXPORTING COMPANIES SO CENTRAL TO OUR PRIMARY SECTOR BECAUSE THEY ARE ORIENTED TOWARDS REQUIRING AND HELPING INDIVIDUAL FARMERS AND GROWERS TO HEED MARKET SIGNALS AND TO MAKING THE TRANSITIONS THAT ARE ULTIMATELY REQUIRED OF EVERYONE. ”

STEPHEN GUERIN, CHIEF EXECUTIVE, PGG WRIGHTSON

contain any spread within the country need regular review.

Health, safety and wellbeing among people working on the land remains an issue of critical importance to all. Stakeholders say progress is being made, but the need for culture change around workplace safety is ongoing. Peer pressure among farmers and growers is seen to be the key driver in broader adoption of safer work practices along with an understanding that the worst outcomes can be avoided when people are trained to react quickly and effectively when problems occur. Many stakeholders share concern around how individual farmers will cope with signals, policies and pressures for them to adopt new practices and do more data reporting. In this regard, the food and fibre sector is seen to be well served by its co-operative business structures with their incentives and proven capability to guide producers on compliance matters and responding to market forces.

Stakeholders say **product quality and safety** must remain of high importance to farmers and growers regardless of whatever pressures and requirements are placed on them. Quality is now a concept that increasingly encompasses the environmental footprint of a product as well as attributes like purity, taste and durability. Safety has also expanded as a concept to include nutritional contents and assurance information for consumers on the provenance and supply chain integrity of products. Some stakeholders say producers will increasingly need support and guidance to maintain the quality and safety attributes of food they produce. This is also a critical issue for New Zealand if it is to maintain its high reputation on global markets.

There is no doubt that farmers and growers will face increasing competition from suppliers of non-bovine milks and of alternative products to meat. They say the signals are clear on a **human dietary shift** to plant-based eating and to products credited with a lower carbon footprint. The trend in affluent consumer markets and also in China is driven by changing values, new production technologies and the emergence of wealthy non-traditional competitors in the global food economy. Among

“ **DEMAND FOR MILK SUBSTITUTES IS A REALITY, THE PRODUCTS EXIST ALREADY AND DEMAND FOR THEM IS COMING FROM THE BIG SHIFT TO VALUES-BASED PURCHASING AND A REJECTION OF ANTIQUATED FARMING PRACTICES.** ”

KARL GRADON, CHIEF EXECUTIVE, MIRAKA

“ **WE DO HAVE TO GET BETTER AT LIVING WITH UNCERTAINTY ... THERE WILL BE THINGS WE NEED TO CHANGE BUT THAT'S MAINLY ABOUT RESPONDING TO SIGNALS AS THEY BECOME CLEAR, NOT JUST NOISE. WE SHOULD ONLY EVER PANIC SLOWLY ... AND AS PART OF ALWAYS LOOKING AROUND FOR THE SIGNALS AND FOR THE THINGS THAT NEED REFINING IN OUR SYSTEM.** ”

COLIN GLASS, CHIEF EXECUTIVE, DAIRY HOLDINGS

“ **SOME FARMERS ARE SWITCHING OFF BECAUSE REQUIREMENTS OF THEM SEEM SO COMPLEX AND NOW ALSO BECAUSE OF COVID DISRUPTIONS AND THE GEOPOLITICAL SITUATION, WHICH ALSO INCLUDES A GROWING SENSE THAT OUR MARKET DEPENDENCY ON CHINA IS A PROBLEM ... NO-ONE CAN REALLY UNDERSTAND HOW ALL THESE THINGS ARE GOING TO PLAY OUT.** ”

FIONA YOUNG, MANAGER CATCHMENT INTEGRATION, ENVIRONMENT SOUTHLAND

“ **FARMERS GENERALLY DO WANT TO BE COMPLIANT AND TAKE THE STEPS REQUIRED BUT THEY'RE FRUSTRATED BY THE OVERLAP OF REQUIREMENTS ON THEM AND FAILURE OF AUTHORITIES TO RECOGNISE MUCH OF THE DATA SHARING ALREADY DONE, PARTICULARLY ON NITROGEN APPLICATIONS REPORTING THAT ALREADY GOES INTO THE DAIRY COMPANIES.** ”

ANDREW WARK, LAND MANAGEMENT AND ADVISORY SERVICES MANAGER, ENVIRONMENT WAIKATO

stakeholders, there remains strong belief that diets will always have a place for 'real' meat and milk provided it is nutritious and its production is sustainable and ethical with clear provenance and traceability.

Stakeholders are clearly concerned by **global uncertainties** and their implications for producers, but they assign more importance to issues that are seen as influenceable within New Zealand. Covid-19, international conflict and the resulting costs and disruptions add weight to other concerns and create general unease about possible global recession and international demand for this country's products. These concerns are offset, for the time being at least, by buoyancy in farmgate milk and meat prices. Stakeholders say New Zealand producers are generally resilient in the face of global shocks, although there are negative impacts on the wellbeing of some. The uncertainty and disruption add pressure and urgency to how the food and fibre sector responds on all issues.

The sector is credited with making effective use of **digital technologies**, which include broadband connectivity and systems for data capture and sharing. Stakeholders see ever-growing reliance on these technologies for response to market and policy demands – and with this, they see big decisions for farmers and growers on their investment in particular digital tools and on their capability to make best use of these. Some stakeholders say current channels for reporting on carbon emissions and on-farm inputs under New Zealand's new freshwater policy regulations are inadequate given the needs of farmers and growers at this point. There are some fundamental questions about whether producers might become immersed in digital technology to an extent that other forms of understanding and judgement about land use and food and fibre production are overlooked.

Pāmu sincerely thanks the following stakeholder organisations and individuals for their contributions to the 2022 engagement process and for their perspectives and importance weightings on the 16 material issues. The engagement was undertaken for Pāmu by integrated reporting specialist Martin Freeth.

Ballance Agri-Nutrients

Dr Bruce Campbell – Food and Fibre Consultant

Dairy Holdings

Department of Conservation – Marlborough

Environment Canterbury – regional council

Environment Southland – regional council

Environment Waikato – regional council

Farmax

Forest & Bird Aotearoa New Zealand

Foundation for Arable Research

Generation Zero

Mark Sutton MNZM – Representative of QEII Trust and Waiaru Fisheries and Wildlife Trust, Southland

Dr Mike Joy – Freshwater Ecologist, Victoria University of Wellington

Mike Peterson – Farmer, Agribusiness Company Director

Miraka

No. 8 Wire HR

PGG Wrightson

Plant and Food Research

Rural Women New Zealand

Safer Farms

Scion Research

Silver Fern Farms

Synlait Milk

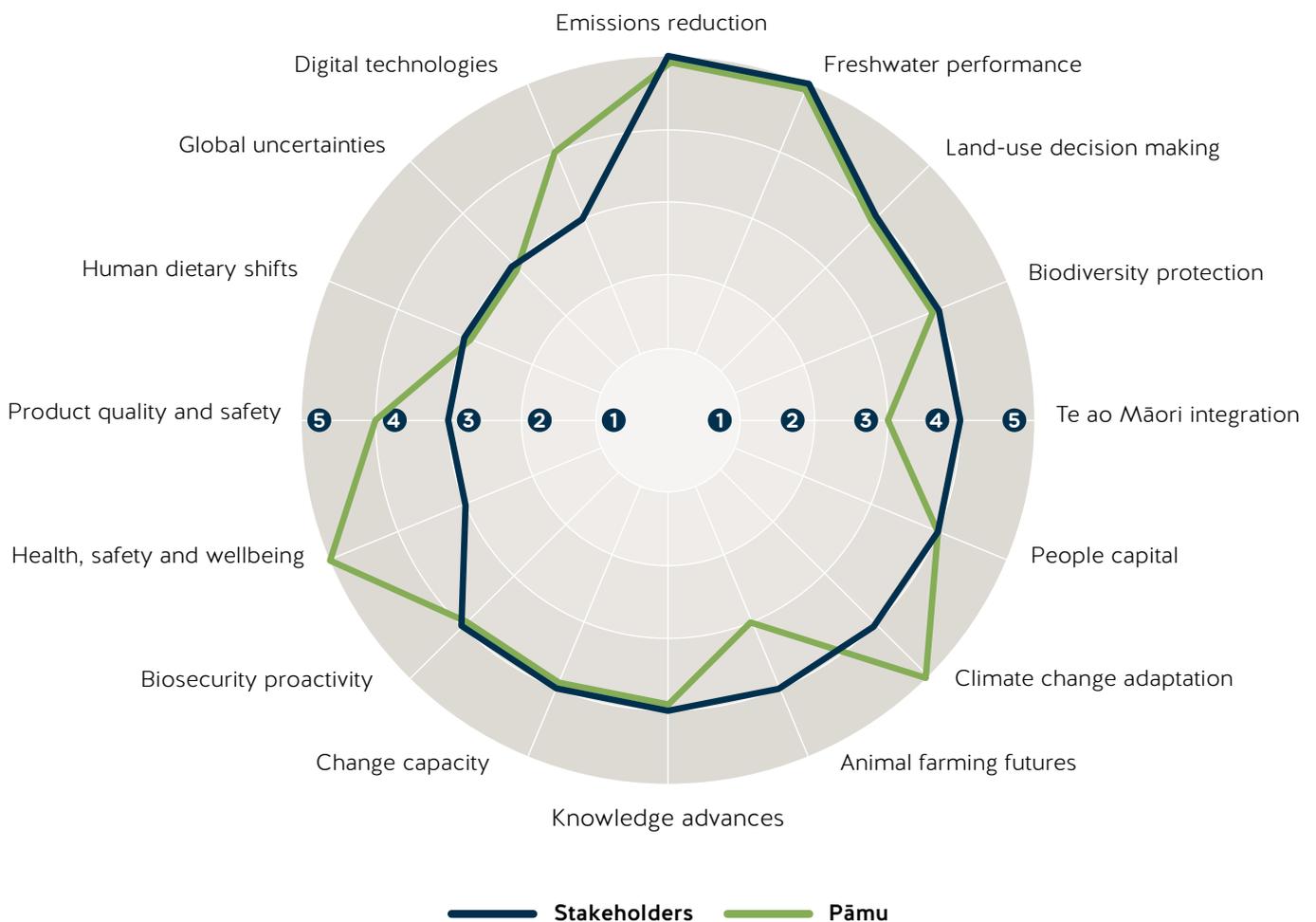
Te Rūnanga o Ngāi Tahu

Westpac New Zealand

MATERIALITY MATRIX 2022

Importance weightings were gathered from a cross-section of 25 of Pāmu’s external stakeholders (as reported on pages 17–20) and also from Pāmu’s Board and Leadership Team. Each participant was asked to weight each material issue on a 1–5 scale, with 5 indicating the highest level of importance. It should be noted that all 16 issues were important to some degree to all participants in this process.

Median importance weightings for each issue were then determined for the two groups – stakeholders and Pāmu (Board and Leadership Team). The materiality matrix below shows these two sets of median values and enables comparisons in importance between the issues and between stakeholders and Pāmu. The matrix indicates significant alignment between the two groups.

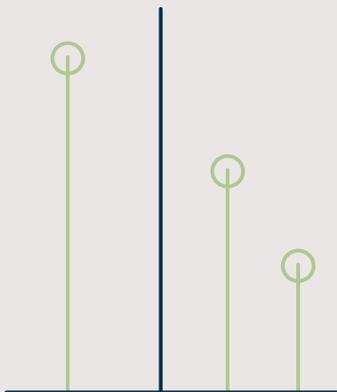


STRATEGY IN ACTION

FARMING WITH NATURE AND CLIMATE CHANGE FRONT OF MIND



VALUE IN NATURAL ASSETS



ISSUES ADDRESSED

- Emissions reduction
- Freshwater performance
- Biodiversity protection
- Land-use decision making
- Climate change adaptation
- Knowledge advances
- Change capacity



Good farming has always required careful thought about all natural features on the land – contours, soils and erosion risks, waterways and wetlands, and biodiversity of vegetation and wildlife. Now it also requires planning and action on carbon emissions and climate change. Panekiri Station in northern Hawke’s Bay is helping lead the way within Pāmu – and within New Zealand farming.

Panekiri is almost 9,000 ha of hill country, some as high as 880 metres, with a long history of sheep and beef farming but also of hillside erosion and of invasion by blackberry, rabbit and deer. Over the past 5 years, Pāmu farmers have turned the property around with a farm environment

plan that includes plantation forestry, native regeneration, waterway protection, pest eradication and reduction in livestock numbers.

Today, Panekiri has 5,206 ha effective in sheep and beef operations, with a further 926 ha in production forestry and 300 ha in recently planted mānuka. Substantial other areas have been retired and left to regenerate after an assault on invasive blackberry. Within the Pāmu livestock business, Panekiri is now an exemplar of a hill country farm with mixed land use – one highly rated for its breeding of quality Romney ewes and terminal cross lambs alongside Angus beef breeding and finishing operations.

Today, Panekiri is also Toitū carbonreduced certified – one of 20 Pāmu farms so far formally recognised to have carbon emissions reduction targets and plans and a commitment to implementing an on-farm sustainability scorecard that will encompass animal welfare and nutrient management as well as climate change mitigation and adaptation.

WATERWAYS PROTECTION

Panekiri has already made a great start. Farm Manager Ian Brown says his existing environment plan has seen fencing along 20 km of streams that run through or beside the property, with riparian planting along much of this length as well. The Waihi and Mangaone Streams flow into the Waiau River, which forms a southern boundary of Panekiri. “There’s definitely been an improvement in water quality over the past 5 years, and that extends into the Waiau River. Fishers who know the river well tell us just how much better it is now,” says Ian.

Biodiversity has noticeably increased as well. One indicator is the reappearance along stream banks of the kākā beak (ngutu kākā) shrub, which is a New Zealand plant nearing extinction in the wild.

TREE PLANTING

Tree planting – *Pinus radiata*, Douglas fir and blocks of natives – has stabilised land across Panekiri, including hillsides that were once very erosion prone. “When we had heavy rain last March – 600 mm in 3 days – there were no slips on the farm of any significance and certainly none in areas that were planted,” says Ian.

The forestry has a clear productive value as well for its timber and carbon credits (most of the pines and fir are only 4 years old). The forestry is all on hillsides in areas with land-use capability classifications of 6 and 7, which makes them generally unsuited to livestock grazing. Likewise with the areas of mānuka, and their production purpose is honey. Pāmu has commercial arrangements in place with a major New Zealand mānuka honey producer for beehive maintenance and harvesting on Panekiri.

SHEEP AND BEEF

Ian and his team of 12 remain extremely busy with sheep and beef breeding and production, although stocking rates have come down significantly as part of the farm’s diversification and environmental protection. This season, the ewe flock will still produce around 20,000 lambs and the beef breeding operation around 2,200 calves. Panekiri sends most of its production stock to other Pāmu farms on lower and flatter terrain for finishing.

The farming system is entirely pasture based with no forage crops grown on Panekiri and minimal imported feed. The system requires no synthetic nitrogen fertiliser although Ian says some DAP concentrated phosphate was applied during 2021/22 for the first time in many years to boost fertility in selected areas. His refined farming system requires stock to be moved more frequently and pasture never grazed as heavily as was the traditional practice.

Panekiri is surely an exemplar for its livestock farming and its environmental planning and action.

TOITŪ CARBONREDUCE ON PANEKIRI

Pāmu is committed to emissions management and reduction on Panekiri Station from base year numbers calculated by the company and audited by Toitū Envirocare. This is the firm obligation that comes with Toitū carbonreduced certification.

In the year ended 30 June 2021, Panekiri’s farming operations created gross emissions of 23,770 tonnes of carbon dioxide equivalent gases (CO₂e). Of this total, 77% was biogenic methane emissions from sheep and cattle, and a further 17% was nitrous oxide from animal excreta.

The calculations were based on data derived from the OverseerFM on-farm programme. Gross emissions also include indirect emissions attached to products and services purchased for Panekiri’s operation during the year (1.4% of the total).

The base year also included carbon emissions removals by Panekiri – sequestration by its forests, which effectively offsets some of the methane and nitrous oxide from its livestock. In all, the farm removed 5,952 tonnes of CO₂e from the atmosphere. Its net emissions were 17,818 tonnes.

Toitū carbonreduced will see Panekiri – and all other Pāmu farms within the next 2 years – adopt and implement plans and actions to manage, reduce and mitigate their climate impacts, all subject to independent validation.

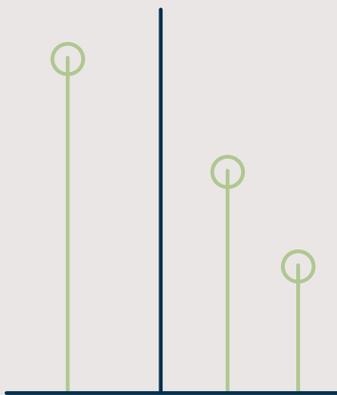
PĀMU FARMERS HAVE TURNED THE PROPERTY AROUND WITH A FARM ENVIRONMENT PLAN THAT INCLUDES PLANTATION FORESTRY, NATIVE REGENERATION, WATERWAY PROTECTION, PEST ERADICATION AND REDUCTION IN LIVESTOCK NUMBERS.

STRATEGY IN ACTION

FARM TREE PLANTING FOR ECONOMIC RETURN AND FOR NATURE



VALUE IN FARMS, ANIMALS AND PLANTS



ISSUES ADDRESSED

- Emissions reduction
- Climate change adaptation
- Land-use decision making
- Freshwater performance
- Biodiversity protection



Trees are critical to New Zealand’s future for their economic return and for their additions to the natural environment. Pāmu’s development of Te Wharua Farm in the central North Island shows just how closely exotic and native tree species can be integrated with livestock operations to benefit both the environment and financial return.

Te Wharua is 1,680 ha of rolling and steep country west of Taumarunui. It’s a challenging landscape with heavy soils, high rainfall in winter and, increasingly, summer dry. Pāmu has refined its land and environment plan for the farm to include 540 ha of new tree planting, largely *Pinus radiata* but also extensive blocks of redwood and cypress and some native species.

The new plan started with Farm Manager Alan MacDonald and Pāmu forestry and horticulture specialist Simon Van Haandel working closely to assess every part of Te Wharua.

“It’s important to look at the whole farm system when planning for afforestation,” says Simon. “On Te Wharua, we looked hard at the actual costs of running stock on the steeper hillsides and assessed the likely environmental outcomes of pastoral farming and of alternative forestry uses over time.”

PLANTING PLAN

Earnings potentials per ha were assigned to all areas on Te Wharua based on their land-use capability (LUC) classification and extensive field checking by the farmer and the forester. “We went through eight changes to our tree planting plan before coming to agreement about what should be planted where and why,” says Simon. “With the programme under way, we’re still refining the plan as different considerations come up. For one thing, it’s critical to consider future access to forests and the ease of harvesting trees from them.”

The plan puts 378 ha into pines, 70% of the total development, and a further 120 ha into redwood and cypress. The land in question has LUC classifications of 6 or 7, and most of it would be deemed marginal for sheep and beef farming.

“*Pinus radiata* is a fantastic tree in terms of carbon sequestration, timber and overall benefit to the natural environment,” says Simon. “No-one is locked in to these trees indefinitely. At the end of the current rotation, other species can go onto that land, and of course, that includes natives. *Pinus radiata* is just a great pioneering species, especially when you want to convert old areas of pasture into forestry.”

Redwood and cypress are also favoured for their higher-value timbers and for their contribution to diversity on Te Wharua. Both species reach a harvest stage in around 45 years. Pāmu plans to see just how well they grow in this region and to help develop a local market for redwood and cypress in the decades ahead.

Native species, taking up 41 ha in total, are being planted in smaller blocks, mainly in gullies. They will include tōtara trees, which become available for selective logging in 80 years. “The forest will be permanent in appearance and in the way it’s managed, although the plan recognises some value to be taken out in native timber over the long term.”

It also recognises that biodiversity is boosted whenever land goes from pasture into forestry of any form. “Tree blocks create a better environment for most wildlife including native birds, and those blocks work to create wildlife corridors across the landscape,” says Simon.

FARMING BENEFITS

Alan firmly believes all the new trees will benefit the farm, partly by addressing his concerns about summer water availability over the long term. “What would be the use of all that land [540 ha] to farm animals when, in 10 years’ time, I wouldn’t have the water required for them,” says Alan.

Te Wharua’s economic viability will certainly benefit from the end of costly fence maintenance on steep hills and in gullies and of grazing animals on pasture that yields very low earnings per ha. In the Pāmu analysis, the comparable return on tree blocks that accrue carbon credits will be several times higher, and Te Wharua’s sheep and beef earnings will also increase when Alan and his staff of three are freed to concentrate on their land areas in classes 2, 3 and 4.

“People need to see the full diversity of what is being planted and to know that we’ll still be breeding and finishing excellent sheep and cattle on this farm and employing as many people as before,” says Alan. “The place is going to look beautiful in years to come with all those redwoods, cypresses and tōtara as well as *Pinus radiata*. Stock will benefit from more shade and shelter, and our water situation will improve.”

The plan is for Te Wharua’s ewe breeding flock to be reduced 30% to around 4,500 when the planting is fully completed and the number of breeding cows to more than halve. At the same time, Alan says, the farm will continue to finish many of its lambs and calves and also take calves transferred from Pāmu’s dairy business.

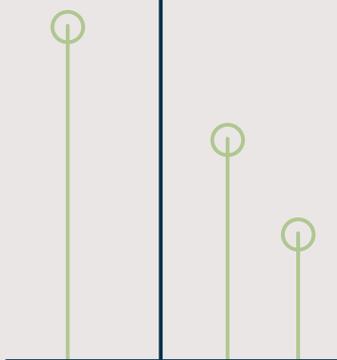
**EXOTIC AND NATIVE TREE SPECIES CAN BE
INTEGRATED WITH LIVESTOCK OPERATIONS
TO BENEFIT BOTH THE ENVIRONMENT AND
FINANCIAL RETURN.**

STRATEGY IN ACTION

ON-FARM LEADERSHIP IN THE BEST HANDS FOR THE FUTURE OF DAIRYING



VALUE IN PEOPLE



ISSUES ADDRESSED

- People capital
- Health, safety and wellbeing
- Change capacity
- Animal farming futures
- Te ao Māori integration



MONA CABLE

CAROLE CUTTANCE

LIZA ARNOLD

New Zealand farming needs the best people available at farm leadership level. Many are women with extensive knowledge of land, animals and production systems and with plenty of on-farm experience.

Within Pāmu, 15% of dairy farm managers are women, and that percentage is rising each year. Here, we profile four farm managers on the Wairakei Pastoral Complex – each appointed within the past 18 months as the best person for that role and as a farmer capable of helping lead dairy farming into the future.

LIZA ARNOLD – QUARRY FARM

For Liza Arnold, dairying has become a family affair, thanks largely to Pāmu.

Liza started as a Dairy Assistant on the Weka Complex, near Greymouth, in 2014 with no prior knowledge of the industry at all. Over the years with Pāmu since then, she has discovered a passion for dairying and worked and studied hard (achieving Primary ITO level 3 and 4 qualifications). All led to her transfer to Quarry last year where Liza was first appointed second in charge and then Farm Manager (in November).

Quarry is a winter milking operation with 370 cows on 146 ha effective, and Liza has a team of three. “It’s one heck of a job, and no two days are ever quite the same job. I just love getting stuck in and getting things done.”

Photo courtesy NZ Herald

That interest and passion is, it seems, shared across the Arnold family. Daughter Alijah, aged 19, is now a part-time staff member on Wairakei Pastoral Complex's Halls Farm while older sister Sheldon is dairy farming with her husband on their own property near Greymouth. Then there is Liza's father, John Arnold, a team member of one of the Weka farms. John is another convert to dairying, having previously served 20 years in the New Zealand Navy and run his own urban business.

For Liza, there is no let-up on the study or her interest in going further in dairying. She is now studying at level 5 (Diploma in Primary Industry Business Management). "Pāmu is a great company to work for if you want to work your way up in the industry, and I've had some wonderful mentoring from managers over the years."

MONA CABLE – RESOLUTION FARM

Mona Cable's connection to Wairakei Pastoral is far closer than most. Mona (Ngāti Tahu-Ngāti Whaoa) did much of her growing up in the area, which was home ground to her mother, and she went on to raise her own four children nearby.

Mona and her family are today members of Te Toke Marae, which is surrounded by Wairakei farmland. Son Pakira is second in charge on the complex's Broadlands Farm, while son-in-law Tyson is part of the team on Pinta. Mona joined Pāmu 11 years ago as a full-time Dairy Assistant knowing very little about the industry. That all changed over the years, and now highly experienced, she was appointed Farm Manager on Resolution on 1 July 2021 with clear goals for the operation, which was milking 1,050 cows at the peak of last season off an effective area of 525 ha.

Mona's knowledge of this area dates from before dairying arrived, but her farm skills and experience are all due to Pāmu. Back in 2011, friends working on Achilles Farm encouraged her to try calf rearing as a casual. "I was a full-time mum and doing a computer course at Taupō Polytechnic. I had a little go with the calves and found I really liked it."

Mona credits her progress since to the encouragement of farm managers and to Pāmu's culture of teamwork and its good systems. Today, she has four full-time staff including a woman second in charge.

Gender doesn't mean a thing on farm, she says, except when men can summon that extra bit of physical strength for moving objects or animals. "Everyone gets on well together and gets stuck in to whatever needs doing," she says. For her, the big challenge is "getting to grips with being a good manager in every way".

CAROLE CUTTANCE – BURGESS FARM

Born and raised on a Rangitīkei beef and sheep farm, Carole Cuttance is now fully devoted to dairying – and indeed to organic dairying. Carole was appointed Farm Manager on Burgess during its third and final year of transition to organics. In 2022/23, she leads the farm through its first season of full certification. "There's a bit more paperwork involved, and of course, we need to be fully self-sufficient with feed," Carole says.

Cow numbers on Burgess have been reduced slightly, as usual in organic dairying, but she expects to still be milking 590 at the peak of this season on a platform of 258 ha. Her responsibilities are rather more than when Carole re-entered the dairy industry in 2011 as a part-timer and mother of three young boys. She joined Pāmu 5 years ago and became Farm Manager after a competitive appointment process in mid-2021.

"Here's real satisfaction in working as a team, and the more I do, the more confident I'm becoming in the role," she says. Burgess has three full-time staff and a part-timer. Carole also enjoys having support from a Farm Business Manager and other Pāmu specialists as well as opportunities created by the company for more training and development.

All add to this farmer's early-career education at Massey University (Diploma of Agriculture) and, since then, her formal study in dairying to level 4 through Primary ITO.

Carole's future? "I'll keep on going and set new goals each year. Obviously, it's all about success with organics certification this season and I'll set more goals from

there. I'm always wanting to improve things on the farm, for example, how we use new electronic cow collars for data collection on mating and calving."

REBECCA VOYSEY – ENDURANCE FARM

For Rebecca Voysey, the bright lights of Auckland couldn't compete with love and dairy farming. She opted for both in 2016 when joining then boyfriend Alex at his home on the Hauraki Plains and becoming a Dairy Assistant on Pāmu's Pouarua Dairy Complex – the first step in a dairying career that led to Rebecca becoming Farm Manager on Endurance just in time for the 2022/23 season.

"I've always liked working with animals and seeing what can be achieved on key performance measures and always picking up more knowledge that makes you a better farmer," says Rebecca. It's the drive she discovered first on Pouarua and that led to her winning Auckland/Hauraki Dairy Trainee of the Year in the 2019 Dairy Industry Awards (along with two merit awards in farming knowledge and industry involvement). Thereafter, Rebecca and Alex moved on to managing privately owned farms near South Auckland.

More recently, the now-married couple decided it was Pāmu they really wanted to work for. They asked about opportunities in the central North Island. "Pāmu seemed like home to us – we loved the company's focus on people and teamwork and how it gives everyone opportunities to study and makes sure they're looking after themselves on farm," says Rebecca.

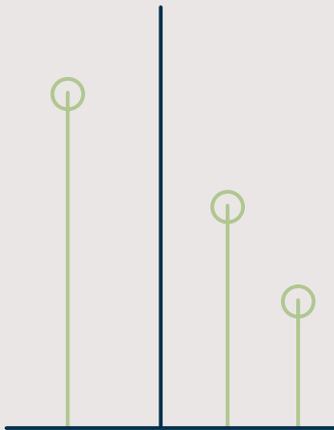
Dairy farm management – Endurance will milk 750 cows at the peak this season – couldn't be more removed from her earlier career choice. Rebecca did a 3-year chef's apprenticeship at Auckland's Sky City Hotel. Alex Voysey, who previously managed a sheep and beef farm (and was also a Pouarua-based Dairy Industry Awards winner), is working in Pāmu's stud beef genetics team in the Taupō area. As for the future, Rebecca says, they aspire to their own farm ownership long term and also to starting a family. "Right now, it's heads down and seeing what we can achieve within Pāmu."

STRATEGY IN ACTION

DAIRY-BEEF INTEGRATION FOR ECONOMIC AND ENVIRONMENTAL GAIN



VALUE IN RELATIONSHIPS



ISSUES ADDRESSED

- Knowledge advances
- Animal farming futures
- Emissions reduction
- Climate change adaptation



Greater integration of dairy calf breeding and beef production has potentially huge benefits for New Zealand farmers and their profitability – and to the environment.

It's largely about finding and using the right beef breed genetics for dairy cow insemination each year – and Pāmu is right on the case through the Dairy Beef Progeny Test.

This national programme – a Pāmu partnership with Beef + Lamb New Zealand, Livestock Improvement Corporation (LIC) and commercial bull breeders – brings the dairy and beef sectors more closely together each year with those potential benefits more clearly in sight.

On Renown dairy unit near Taupō, Pāmu farmers are breeding and raising dairy-beef heifers and steers capable of meeting the high production standards required in a beef-finishing operation.

Renown has 650 ha effective. Today, the farm milks around 1,500 cows at seasonal peak, and for the past 5 years, its calves have been sired by an array of beef bulls selected for their high percentile breeding values.

SIRE SELECTION

The bulls (Angus, Hereford and every other commercial breed in New Zealand) are selected for their progeny's high growth rates to 600 days and their meat quality (high intramuscular fat and eye muscle area). Selection is also based on short gestation and easy calving – the traits most valued by dairy farmers.

Renown was selected as the place from which to advance New Zealand dairy-beef because of its scale and once-a-day milking regime and because of the excellence of its farmers. Farm Manager Damien Watson and his team can be relied upon to consistently do the extra work measuring and managing their calves as required to support such a rigorous and long-term programme.

Focus Genetics Scientist Rebecca Hickson says results so far have been impressive, with some sires producing progeny that weigh 64 kg more than progeny of other sires at 18 months of age. "We have identified some outstanding bulls since 2018, and our analysis indicates that a beef finisher using these calves can achieve 15–20% higher gross margin as a payoff for doing so," says Rebecca.

DAIRYING FIRST

From the 2022 mating, Renown will be self-replacing, with sexed dairy semen used to generate replacements and progeny test beef semen used for the remainder of the AB period. The use of sexed semen to generate replacements allows large numbers of beef calves to be generated without extending the AB period.

Damien says selection of herd replacements on Renown now has first priority, and the dairy-beef programme has no downside for milk production. "There are some constraints on how we operate, but the whole model is going to pay dividends over time as more animals leave the farm with higher value for beef production and as bobby calf numbers fall, ultimately perhaps to zero."

He says using sexed semen also allows replacements to be generated from his very best cows, and this is accelerating the rate of genetic gain achievable in his milk production herd.

Calving starts in mid-July, and those animals selected for beef are reared until reaching around 100 kg for the purposes of the progeny test. Most are then moved to Pāmu's Orakonui dry stock unit, also part of Wairakei Pastoral, for finishing at 24–30 months.

Ultimately, dairy-beef integration could see an end to so-called suckler calf breeding within New Zealand's beef sector. Under such a scenario, all heifers and steers would originate from dairy herds where artificial breeding is done every year with highly selected beef breed genetics. Rebecca believes that is unlikely to ever be the case due to the pasture management benefits and the additional flexibility that breeding cows bring to extensive hill country farming systems.

"Nevertheless, the improvement of dairy-beef genetics will ensure beef finishers have a good supply of calves for finishing systems irrespective of breeding cow numbers," she says. "It isn't a case of all or nothing. Any increase in the proportion of finishing cattle that have a dairy origin will have environmental benefit."

EMISSIONS REDUCTION

That benefit comes in the form of reduced greenhouse gas emissions as New Zealand draws more on dairy herds as the source of calves that go into beef production. Simply, there will be more finishing cattle from a smaller breeding herd, producing the same or higher volumes of milk and meat. Today, around 50% of New Zealand's finishing cattle originate within the beef sector itself, and the balance are born on a dairy farm and reared for finishing.

Pāmu is keen to explore all the methane and nitrous oxide emissions implications of dairy-beef. Wairakei Pastoral Farms Business Manager Chris Tidey points out benefits for both dairy and beef sectors. "Where we have cows that are, in effect, producing milk and meat through their offspring, there's a reduction in the emissions intensity associated with both products," says Chris. "Our cows have a lower footprint relative to the human food outputs associated with them."

The Dairy Beef Progeny Test will continue each year into the future, with keen anticipation right across New Zealand pastoral farming.

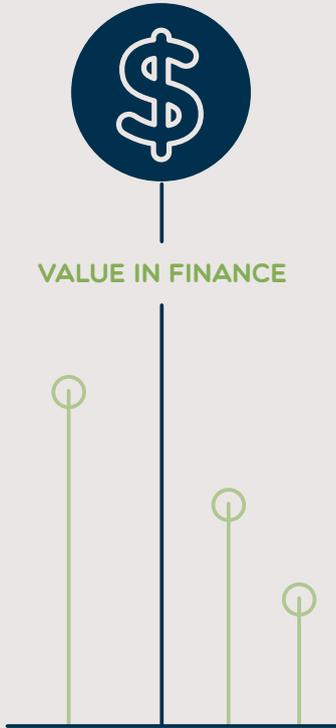
Greenhouse gas emissions in the beef industry could be cut 22% if full dairy-beef integration occurred, according to analysis by scientists at AgResearch and Wageningen University in the Netherlands. They modelled the benefit of beef producers ceasing to maintain breeding herds of their own and sourcing all calves from dairying (assuming the widespread availability of genetics most suitable for beef production through artificial insemination of dairy cows).

Emissions from the beef sector (based on 2018 statistics) represent 9% of total New Zealand emissions, and the scientists say mitigation within beef production can play an important role in this country meeting its reduction targets. "Although in practice, a 100% reduction in beef breeding cow numbers is unrealistic because some beef bulls are required to inseminate the dairy herd, results show that integrating dairy and beef production offers great opportunities to reduce GHG emissions."

Source: www.sciencedirect.com/science/article/pii/S0308521X20307976

STRATEGY IN ACTION

MARKET AND ON-FARM INNOVATION FOR GROWING THE VALUE OF NEW ZEALAND MILKS



ISSUES ADDRESSED

- Human dietary shifts
- Product quality and safety
- Animal farming futures
- Knowledge advances
- Change capacity



New Zealand milks are valued globally for their nutritional quality and good taste – and Pāmu is striving to add even more value through innovation in the marketplace and on farm.

Pāmu has a growing range of speciality milk products – each developed and supplied in partnership with New Zealand milk processors and marketers – and they are meeting strong demand in China and other Asian countries. The past year saw solid sales growth in speciality bovine whole milk and semi-skimmed milk powders, based on market and supply chain relationships that have been several years in the making.

Pāmu has also now established deer milk as a new dairy industry segment of potentially huge value to New Zealand.

Nowhere else in the world is deer milk – acclaimed by many as a natural super milk for its nutritional properties – being produced and supplied commercially.

Pāmu's win in the Best Dairy Ingredient category of the World Dairy Innovation Awards this June came as further substantial validation of the speciality milks strategy. The company has since launched Doe Nutrition-branded food supplement products in consumer markets within Vietnam and China – definitely a world first in the booming global supplements market. Other deer milk products will follow.

Pāmu has close working relationships with all New Zealand milk processors both as a milk supplier and as a co-developer of products that have higher value in niche markets.

The past year saw growing partnerships, for example, with Westland Milk Products and Miraka as Pāmu supplied each company from its dairy farms from within their regions and to their particular specifications. In each case, the parties have a shared view on the food ingredient products that the Asian market customers are seeking.

Pāmu Foods Chief Operating Officer Sarah Risell says Pāmu's direct connections into those markets are of great value as global supply chain disruption continues due to the Covid-19 pandemic and other factors. "It's a particularly strong element of Pāmu strategy to have our own China-based partner who can discover and monitor what customers are wanting and for us to be able to share accurate and timely information with our New Zealand partners."

With speciality bovine milks, Pāmu's focus is mainly on powdered food ingredients although liquid products are also under close consideration with processor partners.

DEER MILK – FARMING EXPERTISE AND SCIENCE

Deer products have long been associated with wealth and longevity in many Asian cultures. Now, traditional values are being backed with new knowledge both in farming and in nutritional science.

Deer milk is broadly recognised as a natural source of concentrated nutrition with high protein content and a unique balance of vitamins and minerals that have a range of health benefits, but there is much more to be known.

So far, Pāmu's new Doe Nutrition range includes a beauty product with collagen and vitamins for skin care and a second product intended to support energy levels and revive the body and mind. Doe Nutrition was a finalist and highly commended in the Best Functional Dairy category at the World Dairy Innovation Awards in June.

With more products under development, Pāmu is growing deer milk supply and building expertise in this very specialised form of dairying. In January 2022, the company began milk production on a pilot farm at Aratiatia near Taupō. Red deer hinds bred on Pāmu farms in the South Island were successfully milked once daily through a 3-month season, which added substantially to industry knowledge.

Pāmu's Aratiatia Pilot Farm Manager Mason Jones says the hinds habituated to milking well after most had naturally weaned their fawns after 6 weeks. Mason and team milked 135 at the peak, with herd production averaging 85 litres per day through the season. "Our purpose-designed milking parlour has screens and padding to reduce the chances of fright and harm among the animals, and it was surprising to see how quickly they settled in to the routine."

The pilot is a collaboration between Pāmu and deer dairy pioneers Peter and Sharon McIntyre of Southland. The McIntyres have been milking hinds on their Benio Farm near Gore since 2016, and their milk supply has been the foundation of Pāmu deer milk product development.

The company will look to Benio for continued supply and partnership as it builds and shares expertise in deer dairying. (Pāmu is, of course, New Zealand's biggest deer farmer for venison production and velvet.)

On the nutritional science side, the new industry keenly awaits Massey University research findings. Research led by Nutritional Physiology Professor Marlena Kruger has looked at outcomes for 120 women aged over 65 who consumed 200 ml of deer milk or another form of oral nutrition supplement daily for 10 weeks. This randomised comparison trial has been funded by the High-Value Nutrition | Ko Ngā Kai Whai Painga National Science Challenge, with Pāmu as the industry partner. Marlena says people over 65 who have reduced muscle mass and higher risks of arthritis could secure considerable benefit from the increased protein and anti-inflammatory properties of deer milk.

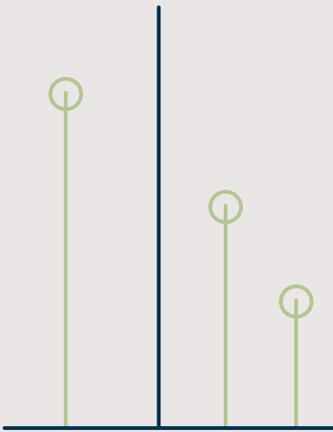
**OUR PURPOSE-DESIGNED MILKING PARLOUR HAS
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STRATEGY IN ACTION

WORKING ON NUTRIENT LOSS IN CANTERBURY



VALUE IN EXPERTISE



ISSUES ADDRESSED

- Freshwater performance
- Emissions reduction
- Climate change adaptation
- Land-use decision making
- Knowledge advances



Nutrient loss from dairying is a special concern in parts of Canterbury. Pāmu has been working on solutions for many years, with our Eyrewell farm becoming the model for a transition to lower-intensity/lower-footprint dairying. The work continues, and the inputs and outcomes at Eyrewell remain under scrutiny.

Eyrewell farm is located near the north bank of the Waimakariri River with an effective area of 424 ha and water supply from the Waimakariri Irrigation Scheme. Cow numbers reached 1,000 during 2017/18 and have been steadily reduced since then, with 620 milked at the peak of the past season. Many steps have been taken over the past 5 years to

systematically lighten this model farm’s environmental footprint while increasing productivity and maintaining good profitability.

Nitrate leaching into the area’s silt loam soils is the issue of most concern – and of course, this is also an issue in other parts of Canterbury. Using the OverseerFM analytical tool, leaching at Eyrewell was estimated to have fallen to 46 kgN/ha during 2020/21 – far below the average for all Canterbury farms and approaching a goal set 5 years ago for this model operation.

Since 2017, the Eyrewell team has reduced annual application of synthetic nitrogen by 60%, largely through growing more lucerne for pasture grazing (no synthetic nitrogen is required) and reducing cow numbers with a corresponding fall in overall feed requirements. In the same timeframe, Eyrewell has become a virtually closed system where animals are retained on the farm year round and very little feed is imported. It has also established its own beef-finishing operation that takes most calves not wanted as milking herd replacements.

SYSTEM REFINEMENTS

Canterbury Dairy Farms Business Manager Brendon Stent says Pāmu has constantly refined the dairying system on Eyrewell to tackle both nutrient loss into the ground and carbon emissions while retaining a strong focus on animal welfare, the safety and wellbeing of staff and the farm's economic performance.

"We've been the pioneers in trying everything, although so far with mixed success," says Brendon. "It is very hard to gauge what is happening with leaching and to link this to each change on the farm. We are making a huge effort to work with all the variables."

In 2017, the goals set for Eyrewell included a halving in nitrates leaching, 60% reduction in nitrogen fertiliser application, ongoing gains in productivity (at least 450 kgMS per cow annually) and success as an integrated dairy-beef operation. In this model, farm earnings expectations per hectare were reduced although not greatly, because the various changes would reduce Eyrewell's operating costs and also result in an increasing revenue stream from beef finishing.

Productivity is trending up, with milk solids per cow as high as 442 kg during recent years and expected to increase again in 2022/23. The dairy-beef side has also made progress although future success will depend on genetic advances. More than a quarter of Eyrewell's effective area is now devoted to beef finishing, mainly with bull calves sourced from dairy herds on this farm and on

Pāmu's nearby Waimakariri Dairy Unit. The focus is on using sexed male semen to rear more suitable bulls each year and industry-wide advances in the availability of beef breed sires for use with dairy cows.

ENVIRONMENTAL GAINS

Pāmu is firmly focused on further nitrate leaching reduction in the Eyrewell model, especially given groundwater sensitivities in the Waimakariri catchment and also forthcoming regulation for tighter limits under regional land and water plans.

Brendon says the farm has made strides in the efficiency of its water usage from Waimakariri Irrigation thanks to new soil moisture monitoring technology and the deintensification programme, which has included use of lucerne for grazing (no irrigation is required on this crop).

This spells significant environmental gain as well although Eyrewell's silt loam soil will always require irrigation to enable grass-fed dairying. Synthetic nitrogen applications can also be scaled back due to fertility build-up in those soils, thanks to the years of stocking on the farm and past fertiliser use.

Pāmu has measured substantial reduction in carbon emissions also, reflecting the lower cow numbers and inputs reduction. In the past 4 years, total emissions are down around 15%, and further reductions are expected as Eyrewell comes under the Toitū carbonreduce standard by 2024.

SINCE 2017, THE EYREWELL TEAM HAS REDUCED ANNUAL APPLICATION OF SYNTHETIC NITROGEN BY 60%, LARGELY THROUGH GROWING MORE LUCERNE FOR PASTURE GRAZING (NO SYNTHETIC NITROGEN IS REQUIRED) AND REDUCING COW NUMBERS WITH A CORRESPONDING FALL IN OVERALL FEED REQUIREMENTS.

PĀMU BOARD AND MANAGEMENT

BOARD OF DIRECTORS



NICK PYKE

JO DAVIDSON

BELINDA STOREY

NIGEL ATHERFOLD

DR TANIRA KINGI

PAULA KEARNS

DR WARREN PARKER

DESIREE MAHY

DR CLAIRE NICHOLSON

DR WARREN PARKER

CHAIR

MEMBER OF PERFORMANCE AND SAFETY COMMITTEE

MEMBER OF AUDIT AND RISK COMMITTEE

Warren was appointed Chair of the Pāmu Board on 1 January 2019. Warren is a former chief executive of Scion (the NZ Forest Research Institute) and Manaaki Whenua – Landcare Research and chief operating officer of AgResearch. His current board roles include Farmlands Co-operative Society, Quayside Holdings, Genomics Aotearoa and Focus Genetics. He also chairs FarmIQ and the Forestry Ministerial Advisory Group. Warren has a PhD in animal science and was previously a Professor of Agribusiness and Resource Management at Massey University, where he spent 18 years in various roles. He lives in Rotorua.

NIGEL ATHERFOLD

DEPUTY CHAIR

CHAIR OF PERFORMANCE AND SAFETY COMMITTEE

Nigel was appointed to the Pāmu Board in 2018. He has over 25 years' experience in finance covering corporate finance, treasury risk management and banking.

He is currently a director and shareholder of TDB Advisory Ltd – a corporate finance and economics advisory company. Prior to this, he was ANZ corporate banking's regional executive in the southern region for 4 years and prior to that spent 5 years in New Zealand Dairy Board's treasury.

Nigel is currently a director of two farming companies that have dairy, arable and sheep and beef assets and is on a number of dairy advisory boards. He has previously been a director of Open Country Dairy Ltd and a number of dairy product manufacturing businesses.

JO DAVIDSON

BOARD DIRECTOR

MEMBER OF PERFORMANCE AND SAFETY COMMITTEE

Jo was appointed to the Pāmu Board in 2019. She has a background in leadership across a range of primary sectors including agribusiness, wine, food and beverage manufacturing and fast-moving consumer goods. Jo has worked for privately owned businesses, small and medium-sized enterprises and global multinationals based in Aotearoa and has extensive offshore experience in Australia, South Africa, Europe and Asia.

Passionate about Aotearoa's primary food and fibre sectors, Jo has considerable strategic and commercial marketing experience supporting businesses to achieve sustainable value through her expertise in supporting company purpose and values development, consumer insight, innovation and branding.

In addition to her role on the Pāmu Board, Jo is an independent director for Kono NZ, on the Governance Group for Our Land and Water | Toitū te Whenua, Toiora te Wai National Science Challenge, is the independent chair for the Timber Design Centre and is an active mentor.

PAULA KEARNS**BOARD DIRECTOR****CHAIR OF AUDIT AND RISK COMMITTEE**

Paula was appointed to the Pāmu Board in 2022. She has extensive experience in finance, leadership and governance roles across a range of sectors.

Paula is now an independent director and currently holds governance roles with Ministry for the Environment Manatū Mō Te Taiao, Northland Events Centre (2021) Trust Te Pae Taurima o Te Tai Tokerau, Mahitahi Hauora, Mount Wellington Trust Hotels Ltd and New Zealand Rugby League. Previous roles include New Zealand Avocado, Ara Taiohi, Foundation North and New Zealand Football.

Paula brings a strong strategic focus and lateral thinking to her roles.

She has a Bachelor of Commerce from Auckland University and is a Chartered Accountant of Chartered Accountants Australia and New Zealand and a Chartered Member of the Institute of Directors New Zealand.

Paula and her husband own an avocado orchard in Northland.

DR TANIRA KINGI**BOARD DIRECTOR****MEMBER OF AUDIT AND RISK COMMITTEE**

Tanira (Ngāti Whakaue/Te Arawa) was appointed to the Pāmu Board in 2020. Tanira has an extensive background in agricultural systems, land economics and forestry across New Zealand's primary industry sectors. Tanira is currently a research consultant and science advisor following a research academic career with Massey University, AgResearch and Scion for almost 30 years.

Tanira has a PhD in Agricultural Economics and Development from the Australian National University and a MAppSci (Hons) in agricultural systems management from Massey University. He is currently on several ministerial advisory groups for freshwater and climate change and was previously a member of Pāmu's Environment Reference Group.

Tanira is an Emeritus Scientist (Scion), Climate Change Commissioner, advisor to the Ministries for the Environment and Primary Industries and holds several directorships on agribusiness entities including the chair of Te Arawa Arataua (Te Arawa Primary Sector Group).

Tanira is affiliated to Ngāti Whakaue, Ngāti Rangitihi, Ngāti Rangiteaorere (Te Arawa whānui) and Ngāti Awa (Te Arawa Arataua).

DESIREE MAHY**BOARD DIRECTOR****MEMBER OF PERFORMANCE AND SAFETY COMMITTEE**

Desiree (Tūhoe) was appointed to the Pāmu Board in 2022. Desiree brings substantial governance and management experience largely from education, for-purpose and social enterprise sectors. Desiree has previously won the Emerging Director award at the Institute of Directors Otago Branch and chaired boards that have been finalists/winners in the Women in Governance and Charity Reporting Awards.

With degrees in law and education and a legal career specialising in Māori land law, Desiree is the principal of Tika Tonu Ltd, a business consultancy service that works to support a full spectrum of enterprises and individuals to get things right. Desiree has previously been the CEO of the Malcam Charitable Trust and director of Māori Learner Success at Otago Polytechnic.

Desiree is the manukura (chair) of Te Hou Ora Whānau Services, a director on Thankyou Payroll Ltd and a trustee of the Happy You Charitable Trust. Desiree is passionate about social change and brings a long-term passionately Māori community development perspective to the Pāmu Board.

Desiree has a Bachelor of Laws (LLB) and a Bachelor of Teaching from the University of Otago.

DR CLAIRE NICHOLSON**BOARD DIRECTOR****MEMBER OF AUDIT AND RISK COMMITTEE**

Claire (Ngāti Ruanui, Ngāruahine, Ngāti Kahungunu) was appointed to the Pāmu Board in 2022. Claire's background is in veterinary science, and she is the chief executive of Sirona Animal Health Partners, a director of the Taranaki-based Māori farming group Parininihi ki Waitōtara and a director of Farmlands Co-operative. She is also on the NZAGGRC advisory groups for greenhouse gas research and an Otago University project developing new animal health products. She previously was general manager at Intervet NZ and a business developer at Agrifeeds.

Claire has a Bachelor of Veterinary Science from Massey University. She is also a graduate of the Hillary Leadership Programme, the Agri-Women's Development Trust Accelerator Programme and the Fonterra Governance Development Programme and was a Fonterra Dairy Women of the Year finalist.

NICK PYKE**BOARD DIRECTOR****MEMBER OF PERFORMANCE AND SAFETY COMMITTEE**

Nick was appointed to the Pāmu Board in 2022. Nick was chief executive of the Foundation for Arable Research for over two decades from its formation until 2018, directing the delivery of the research and extension needs to 2,700 cropping farmers throughout New Zealand.

Nick is currently the chair of AGMARDT (Agricultural and Marketing Research and Development Trust). AGMARDT is an independent not-for-profit organisation with a track record of making targeted investments that make a positive contribution to the agricultural, horticultural and forestry industries. He is also a director of Cropmark Seeds and AgInnovate New Zealand, providing research consultancy and governance services to agricultural businesses, and co-founder of Leftfield Innovation, a social enterprise business that aims to develop sustainable diversified land-use options for New Zealand farmers.

Nick has a Bachelor of Science and a Master in Plant Science, both from Massey University.

BELINDA STOREY**BOARD DIRECTOR****MEMBER OF AUDIT AND RISK COMMITTEE**

Belinda was appointed to the Pāmu Board in 2018. A climate economist, she is a principal investigator with The Deep South | Te Kōmata o Te Tonga National Science Challenge and is a professional member of the Royal Society of New Zealand.

Belinda has an MBA in Finance from Columbia University of New York and a Master in Disaster Risk from the University of Canterbury. As managing director of Climate Sigma, she provides scenario analysis and asset valuation on the physical and transition risk from climate change.

Previously, Belinda advised executive teams in the US, UK, Australia and New Zealand on organisational performance. Belinda was raised on a dairy farm in north Waikato where her Irish family settled in the 1870s with the support of Ngāti Mahuta at Taniwha.

PĀMU BOARD AND MANAGEMENT CONTINUED

LEADERSHIP TEAM



MARK LESLIE
CHIEF EXECUTIVE



ANNABEL DAVIES
CHIEF SUSTAINABILITY AND RISK
OFFICER



BERNADETTE KELLY
CHIEF PEOPLE, SAFETY AND
REPUTATION OFFICER



STEVEN MCJORROW
CHIEF FINANCIAL OFFICER



ALISTAIR MCMECHAN
CHIEF LEGAL OFFICER



SARAH RISELL
CHIEF OPERATING OFFICER
PĀMU FOODS



ANDREW SLIPER
CHIEF INVESTMENT OFFICER



STEPHEN TICKNER
GENERAL MANAGER
LIVESTOCK COMMERCIAL

To read more about our Leadership Team,
please visit our website: pamunewzealand.com

Post balance date, a new leadership structure has been implemented to bring greater alignment across the business. This has seen the creation of a Chief Operating Officer (COO) role, which incorporates the previous leadership roles of General Manager Dairy and General Manager Livestock. The position will ensure that all our farms are working closely together to make the most of the opportunities outlined in this report. As well, a Chief Information and Technology Officer (CTO) position has been created, recognising the importance of technology, data and systems to Pāmu's future. Both the COO and CTO roles are currently being recruited.

GOVERNANCE AND STATUTORY DISCLOSURES

INTRODUCTION TO OUR GOVERNANCE FRAMEWORK

The Directors and management of Pāmu are committed to effective and robust governance. This section sets out the systems and processes underlying Pāmu's governance framework.

As a state-owned enterprise, Pāmu's principal objective is to operate as a successful business that is:

- as profitable and efficient as a comparable business not owned by the Crown
- a good employer
- an organisation that exhibits a sense of social responsibility by having regard to the interests of the communities in which it operates and by endeavouring to accommodate or encourage those interests when able to do so.

Pāmu is ultimately accountable to its shareholding Ministers (the Minister of Finance and the Minister for State-Owned Enterprises), who are supported by the Commercial and Institutional Performance team at Treasury. Accountability is primarily achieved by issuing and reporting against Pāmu's annual Statement of Corporate Intent, which sets out Pāmu's objectives, nature and scope of activities and financial and non-financial performance measures. In addition, the shareholding Ministers issue an annual letter of expectations, and the company maintains regular engagement with the Treasury.

THE BOARD

The Board is appointed by the shareholding Ministers and is currently comprised of nine non-executive independent Directors (including the Chair). Pāmu had several changes during the year with shareholding Ministers appointing Paula Kearns and Nick Pyke to the Board effective 1 March 2022 and Claire Nicholson and Desiree Mahy effective 1 June. Hayley Gourley ceased being a Director effective 31 December 2021, and Doug Woolerton and Chris Day ceased being Directors effective from 31 October 2021. During the year, Pāmu established a Pāmu Future Directors Programme designed to assist diversity in governance in the agri-sector by providing one high-calibre future director (with an initial focus on Māori and women) with exposure to and mentoring from the Board.

The Board is responsible to the shareholding Ministers for guiding and overseeing Pāmu's operations. Pāmu's Board Charter sets out how the Board discharges its responsibilities and powers. The Charter requires Directors to:

- observe high standards of ethical and moral behaviour
- act in the best interests of the shareholders
- ensure that Pāmu acts as a good corporate citizen taking into account environmental, social and economic issues
- recognise the legitimate interests of all stakeholders including staff
- ensure that staff are remunerated and promoted fairly and responsibly.

Under the Charter, the Board may establish committees from time to time to assist it by focusing on specific governance responsibilities in more detail, reporting and making recommendations to the Board as appropriate.

The Board currently has two permanent committees:

- The Audit and Risk Committee deals with financial accounting and reporting issues and oversees Pāmu's risk management framework.
- The Performance and Safety Committee deals with remuneration, health and safety and staff training and development.

GOVERNANCE AND STATUTORY DISCLOSURES CONTINUED

BOARD AND COMMITTEE MEETINGS

The Board and Board committees met regularly throughout the year in person and by audio visual means and conducted some business by circular resolution in lieu of meeting. Meetings for the year ending 30 June 2022 are set out in the following table.

Director	Board meetings (10 meetings)	Audit and Risk Committee (4 meetings)	Performance and Safety Committee (5 meetings)
Dr Warren Parker	10	4	5
Nigel Atherfold	10	4	5
Jo Davidson	10	4	5
Chris Day	3	1	
Hayley Gourley	5	2	
Paula Kearns	4	1	1
Dr Tanira Kingi	10	3	3
Desiree Mahy	1		
Dr Claire Nicholson	1		
Nick Pyke	4	1	1
Belinda Storey	9	4	1
Doug Woolerton	3	1	2

Changes on the Board during FY2022 are outlined on page 45.

During the year, Pāmu had Board observers attend meetings as part of the Agri-Women's Development Trust Escalator programme (Charlotte Westwood – 5 meetings) and Pāmu's Future Directors Programme (Bridget Giesen – 5 meetings).

PĀMU'S ADVISORY GROUPS

Pāmu has had two advisory groups that have assisted the company by providing insight, challenge and different perspectives on areas critical to our operations and strategy. The Environment Reference Group (ERG) has guided and challenged Pāmu's environmental practice, and the Visionary Vets Group (VVG) has focused on ways to lift our animal welfare practice and standards. Pāmu decided during the year to end both advisory groups and establish a single advisory group in its place. Pāmu's Sustainability Panel will convene for the first time in the first half of the 2022/23 financial year. Membership of the ERG and VVG is shown below.

ERG	VVG
Marnie Prickett, Chair	Alan McDermott, Chair
Naomi Aporo	Dr Mark Bryan
Dr Bruce Campbell	Dr Ginny Dodunski
Sally Lee	Dr Arnja Dale
Helen Marr	Dr Helen Beattie
Annabeth Cohen	Dr Karl Weaver

GOVERNANCE AND STATUTORY DISCLOSURES CONTINUED

RISK MANAGEMENT

The Board has adopted a risk appetite statement that acts as a link between Pāmu's strategic objectives and its risk management framework. The Board is ultimately accountable for risk and has delegated the oversight of the risk framework (including the risk register and monitoring the internal audit programme) to the Audit and Risk Committee.

The Chief Executive is charged with the day-to-day management of Pāmu. The company operates under a detailed delegated authority structure, and the Board approves operational and financial policies.

KPMG is Pāmu's current external auditor appointed by the Office of the Auditor-General, and PricewaterhouseCoopers performs the independent internal audit function for Pāmu.

SUBSIDIARIES

Pāmu's subsidiaries and their respective purposes are shown below.

Subsidiary	Purpose
Landcorp Holdings Ltd	Ownership vehicle for properties that are subject to the Protected Land Agreement between the Crown and Landcorp Farming (land to be used in Treaty of Waitangi settlements).
Landcorp Estates Ltd	Develops and sells land of higher value for uses other than farming.
Landcorp Pastoral Ltd	Holding company for Pāmu's interests in Focus Genetics Limited Partnership (100% since September 2014), a limited partnership to enhance and market genetics in sheep, cattle and deer, and Spring Sheep Dairy NZ Limited Partnership (50% interest, established June 2015), a sheep milking joint venture.

INTERESTS REGISTER

Entries made in the interests register during the year covered particulars of Directors' interests, Directors' remuneration and directors' and officers' liability insurance. The following are particulars of general notices of disclosure of interest for each current Director.

Director	Organisation	Position
Dr Warren Parker	Quayside Holdings Ltd	Chair, People, Culture and Safety Committee
	Quayside Properties Ltd	Director
	Quayside Securities Ltd	Director
	Farmlands Co-operative Society Ltd	Chair, People and Performance Committee
	Griffith Enterprise Advisory Board	Chair (term ended 30 September 2021)
	Forestry Ministerial Advisory Group	Chair
	Genomics Aotearoa Advisory Board	Member
	Warren's Insights Ltd	Director and shareholder
	Landcorp Holdings Ltd	Director
	Landcorp Estates Ltd	Director
	Landcorp Pastoral Ltd	Director
	Focus Genetics Management Ltd	Director
	FarmIQ Systems Ltd	Director

GOVERNANCE AND STATUTORY DISCLOSURES CONTINUED

Nigel Atherfold	TDB Advisory Ltd	Director and shareholder
	Rural Equities Ltd (and subsidiaries)	Director
	Terracostosa Ltd (and subsidiaries)	Director
	GT & Company Ltd	Director and shareholder
	NZ Milk Trading Company Ltd	Director and shareholder
	Melody Dairies GP Ltd	Director
	Spring Sheep Dairy NZ Management Ltd	Director
	Shopping Centre Investments Ltd	Director
	Terraverde Ltd	Director
Jo Davidson	Kono General Partner Ltd	Director
	Governance Group for Our Land and Water Toitū te Whenua, Toiora te Wai National Science Challenge	Member
	Timber Design Centre	Independent Chair of Governance Group
Paula Kearns	Ministry for the Environment – Manatū Mō Te Taiao	External Member Audit and Risk Committee
	Northland Events Centre (2021) Trust – Te Pae Taurima o Te Tai Tokerau	Trustee
	Mahitahi Hauora Primary Health Entity	Trustee
	Mount Wellington Trust Hotels Ltd	Director
	Savey Investments Ltd	Director
Dr Tanira Kingi	Climate Change Commission	Member
	Pukeroa Oruawhata Holdings Ltd (and subsidiaries)	Director
	Ngāti Whakaue Holdings Ltd (and subsidiaries)	Director
	Te Arawa Management Ltd	Director
	Kiharoa Holdings Ltd	Director
	Maketu Foods Ltd	Director
	Te Arawa Arataua	Chair
	Ministry for Primary Industries	Consultant/Advisor
	Ministry for the Environment	Consultant/Advisor
	New Zealand Agricultural Greenhouse Gas Research Centre	Consultant/Advisor
	Desiree Mahy	Te Hou Ora Whanau Services Incorporated Society
Thankyou Payroll Ltd		Director
Consumer Advocacy Council		Member
Tika Tonu Ltd		Director and shareholder

GOVERNANCE AND STATUTORY DISCLOSURES CONTINUED

Dr Claire Nicholson	Parininihi ki Waitotara Incorporation	Director/Shareholder
	PKW Farms GP Ltd	Director
	NZ Agricultural Greenhouse Gas Research Centre	Member (advisory groups)
	Farmlands Co-operative Ltd	Director
	Precision Antimicrobials	Industry Advisory Group member
	Rockit Orchard No. 2 LP	Limited Partner
	Rawhiti Orchards LP	Limited Partner
	Sirona Animal Health Ltd	Shareholder and Managing Director
	EOS Consulting Ltd	Director
	Edison Consulting Group Ltd	Shareholder
	Mānuka Biologicals Ltd	Shareholder
	NZ Nutrient Management Tools Advisory Group	Member
Nick Pyke	Agricultural Marketing and Development Trust (AGMARDT)	Chair Trustee
	Cropmark Seeds Ltd	Director
	Ag Innovate NZ Ltd	Director
	Auld Distillery Advisory Board	Chair
	Leftfield Innovation Ltd	Shareholder
	Kiwheat Ltd	Shareholder
Belinda Storey	Climate Sigma Ltd	Director
	Endeavour Research Programme	Programme Managing Director
	XRB External Advisory Panel for Climate Related Disclosures	Member
	Aotearoa Circle's Technical Expert Group	Member of the Agricultural Adaptation Roadmap team
	Reserve Bank	Consultant (risk stress testing)

USE OF COMPANY INFORMATION

No requests were received from Directors to use company information that they obtained in their capacity as Directors and that would not otherwise have been available to them.

COMPANY DONATIONS

During the year, Pāmu undertook community and event sponsorship (including donations) of \$43,549.

GOVERNANCE AND STATUTORY DISCLOSURES CONTINUED

DIRECTORS' REMUNERATION AND OTHER BENEFITS

Directors' fees (including fees for chairs of Board committees) for the year to 30 June 2022 were as follows:

Dr Warren Parker*	\$90,700
Nigel Atherfold**	\$78,500
Jo Davidson	\$37,085
Chris Day (ceased 31/10/21)	\$13,792
Hayley Gourley (ceased 31/12/21)	\$18,543
Paula Kearns (commenced 1/3/22)	\$12,362
Dr Tanira Kingi	\$39,945
Desiree Mahy (commenced 1/6/22)	\$3,090
Dr Claire Nicholson (commenced 1/6/22)	\$3,090
Nick Pyke (commenced 1/3/22)	\$12,362
Belinda Storey	\$37,085
Doug Woolerton (ceased 31/10/21)	\$12,362
Total fees	\$358,916

* Includes fees for additional responsibilities on the board of Focus Genetics Management Ltd.

** Includes fees for additional responsibilities on the boards of joint venture companies Melody Dairies GP Ltd and Spring Sheep Dairy NZ Management Ltd.

No remuneration or other benefits were paid to the Directors of Landcorp Estates Ltd, Landcorp Pastoral Ltd or Landcorp Holdings Ltd.

In addition to fees, the company provided a budget of \$24,000 (total) towards Director continuing professional development.

INDEMNITY AND INSURANCE

Pāmu has arranged directors' and officers' insurance, which covers risks normally covered by such policies and includes separate cover to meet defence costs. In addition, as permitted by Pāmu's constitution, Directors and officers are indemnified by the company to the extent permitted by law for potential liabilities that they might incur for actions or omissions in their capacity as Directors or officers.

GOVERNANCE AND STATUTORY DISCLOSURES CONTINUED

EMPLOYEES' REMUNERATION AND OTHER BENEFITS

Set out below are the numbers of employees and former employees whose total remuneration was within the specified bands. Remuneration is inclusive of benefits including performance incentives, employer superannuation contributions, health and life insurance and accommodation benefits (where applicable). Performance incentives paid in 2021/22 relate to performance in the prior year.

\$000	Number of employees
100–109*	32
110–119*	34
120–129	24
130–139*	18
140–149	17
150–159*	6
160–169*	11
170–179	6
180–189	3
190–199	2
200–209	1
210–219	3
220–229	1
230–239	2
240–249	4
250–259	2
270–279	1
290–299*	1
350–359	1
360–369	1
380–389	1
390–399	1
400–409	1
410–419	2
590–599	1

* The asterisk indicates remuneration bands that included at least one former employee who received a severance payment, without which they would not have been in that band.

GOVERNANCE AND STATUTORY DISCLOSURES CONTINUED

EXECUTIVE REMUNERATION

Pāmu's remuneration policy is to provide a sustainable remuneration system that recognises individual contribution, incentivises performance, provides a mix of rewards and is compelling relative to the market(s) in which we compete for talent.

Total remuneration at Pāmu constitutes two components: fixed remuneration and short-term performance incentives.

The Performance and Safety Committee reviews the annual performance appraisal outcomes for all members of the Leadership Team and approves the outcomes for all members other than the Chief Executive. The Chief Executive's remuneration is approved by the Board on the recommendations of the Chair and Deputy Chair. The review takes into account external benchmarking to ensure competitiveness with comparable market peers, along with consideration of an individual's performance, skills, expertise and experience.

External benchmarking is commissioned from an expert party, KornFerryHay Group (KFHG). KFHG is required to declare independence of any management influence in the collation of the information provided. Additionally, PricewaterhouseCoopers provides comparator market information. External benchmarking for non-executive remuneration is requested by Pāmu's management and provided by KFHG.

FIXED REMUNERATION

Pāmu offers an employee remuneration package that comprises a competitive base salary supplemented by a range of benefits appropriate to employee needs and job requirements. Pāmu's policy is to pay fixed remuneration to the fixed pay market median.

SHORT-TERM PERFORMANCE INCENTIVES

Short-term incentives (STIs) are designed to recognise performance where Pāmu's Board approves the activation of the scheme. There is no assurance of incentives being paid.

Incentive target values are currently set at the commencement of employment as a percentage. The Chief Executive's STI is 30% of total fixed remuneration. The STI for other executives is 20% of base salary.

Pāmu key performance indicators (KPIs) are aligned to individual and company achievement, and a proportion of the STI percentage is focused on either company or individual objectives. The ratio can change year to year on Board direction. For FY2022, KPIs were 50% company and 50% individual for the Chief Executive and all other executives.

Pāmu utilises KPIs to measure success at the end of the financial year. KPIs for FY2022 were aligned to the achievement of the strategy and business plan across the six capitals. They were either shared across functions or individually focused. Shared KPI objectives created focus on the company priorities.

KPIs are percentage rated at the end of the financial year, aligned to performance levels of threshold, target and stretch. Stretch performance levels allow employees to be rewarded for exceptional performance. Stretch targets allow recognition up to 120%.

LONG-TERM PERFORMANCE INCENTIVES

Pāmu no longer has a long-term incentive scheme.

TOTAL REMUNERATION FOR FY2022

CHIEF EXECUTIVE'S REMUNERATION (FY2022 AND FY2021)

		Salary \$ ¹	Benefits \$	Subtotal \$	STI \$	Pay for performance \$	Total remuneration \$
						Subtotal	
Mark Leslie ²	FY2022	158,580	8,091	166,671			166,671
Steven Carden ³	FY2022	402,126	1,445	403,570	189,267 ⁴	189,267	592,837
Steven Carden	FY2021	614,901	3,120	618,021	185,943	185,943	803,963

¹ Actual salary paid includes holiday pay paid as per New Zealand legislation.

² Pāmu's current Chief Executive Mark Leslie's start date was 21/3/2022. This package has two benefits: KiwiSaver and medical insurance.

³ Steven Carden as Chief Executive resigned effective 17/12/2021. This package had one benefit – a car park.

⁴ To recognise Steven Carden's service, a pro rated individual bonus for FY2022 was paid as agreed by Board.

5-YEAR SUMMARY - CHIEF EXECUTIVE'S REMUNERATION

	Financial year	Total remuneration paid	Percentage STI individual %	Percentage STI company performance
Mark Leslie	FY2022	\$166,671	N/A	N/A
Steven Carden	FY2022	\$592,837	80%	N/A
	FY2021	\$803,963	81%	83%
	FY2020	\$698,987	93%	108%
	FY2019	\$795,950	75%	25%
	FY2018	\$769,652	104%	105%

BREAKDOWN OF CHIEF EXECUTIVE'S PAY FOR PERFORMANCE (FY2022)

	Description	Performance measures	Percentage achieved %
Mark Leslie	STI	Set at 30% of total fixed remuneration. Based on financial and non-financial measures.	50% company performance 85% 50% individual performance 100%
Steven Carden	STI	Set at 30% of total fixed remuneration. Based on financial and non-financial measures.	50% company performance 85% 50% individual performance 80%

FY2023 CHIEF EXECUTIVE'S REMUNERATION STRUCTURE

	Salary \$	Benefits \$	Subtotal \$	STI at target ⁵	Total potential remuneration at target \$
FY2023	656,246	32,650	688,896	206,669	895,565

⁵ STI performance incentive constitutes achievement of key KPIs including financial performance.

CHIEF FINANCIAL OFFICER'S REMUNERATION

In FY2022, the Chief Financial Officer received remuneration totalling \$417,687. This amount included a \$56,049 STI payment for FY2021. The remaining \$361,638 includes base salary and benefits.

GENERAL MANAGER DAIRY OPERATIONS

In FY2022, the next highest-paid executive (General Manager Dairy Operations) received remuneration totalling \$412,720. The STI payment for FY2021 of \$49,762 was paid with the remaining \$362,958 constituting base salary and benefits.

TARGETS

FOR FY2022/23

As a state-owned enterprise, Landcorp Farming Limited prepares an annual Statement of Corporate Intent (SCI) including targets and budget forecasts for financial performance during the year ahead.

The FY2022 financial targets and forecasts for FY2023, including those in the SCI, are shown in the table below.

Shareholder returns	Actual FY2022	Target FY2022	Target FY2023
Total shareholder return (%) ¹	31.2	2.5	1.0
Return on equity (%) ²	3.7	2.5	0.9
Dividend yield (%) ³	0.3	0.4	0.5
Profitability and efficiency			
EBITDAR (\$m) ⁴	75	73	63
Net (loss)/profit after tax (\$m)	59	34	17
Operating cash flow after capex (\$m) ⁵	(11)	(12)	(13)
Operating margin (%) ⁶	24.7	23.8	22.1
Return on invested capital (%) ⁷	4.1	3.5	3.6
Dividends declared – Group (\$m)	5	5	10
Leverage and solvency			
Gearing (%) ⁸	9.3	11.9	8.4
Net debt and lease liability to EBITDAR times ⁹	5.8	5.8	6.5
Interest cover times ¹⁰	6.8	7.4	4.7
Solvency times ¹¹	5.2	4.1	3.3
Solvency (including current debt) times	1.8	0.6	1.3
Debt to EBITDAR times ¹²	2.7	3.1	2.7
Revenue			
Revenue growth times ¹³	1.1	1.0	1.0
Capital replacement times ¹⁴	1.0	1.0	1.3
EBITDAR growth times ¹⁵	1.0	1.0	0.8

1 The total of equity movement during the year and dividend paid/equity opening balance.

2 Net profit after tax/average equity.

3 Dividends declared/average shareholders' equity.

4 Earnings before interest, tax, depreciation, amortisation and revaluations.

5 Operating cash flow less cash lease expense less capital expenditure.

6 EBITDAR less non-operating items/operating revenue. Non-operating items includes imputation credits, share of profit/loss and dividends received from joint ventures and gains/losses on asset sales; FY2022 actual \$7.4m, FY2022 target \$13m, FY2023 target \$1.5m.

7 Earnings before interest, tax and revaluations less non-operating items/average shareholders' equity, debt and redeemable preference shares less revaluation reserves. Refer note 6 for details of non-operating items. Total revaluation reserves including revaluations in retained earnings; FY2022 actual \$1,108m, FY2022 target \$736m, FY2023 target \$1,199m.

8 Net debt/net debt plus equity.

9 Net debt and lease liability/EBITDAR.

10 Covenant interest cover calculation as agreed with banks.

11 Current assets/current liabilities (excluding current portion of long-term debt on the basis that all debt will be refinanced as it matures and excluding current portion of lease asset and lease liability).

12 Bank loans less cash/EBITDAR less non-operating items. Refer note 6 for details of non-operating items.

13 Operating revenue current year/operating revenue prior year.

14 Payments for the purchase of property, plant and equipment items, and intangible assets, taken from the cash flow statement/depreciation and amortisation less lease amortisation.

15 Current year EBITDAR less non-operating items/prior year EBITDAR less non-operating items. Non-operating items includes imputation credits, share of profit/loss and dividends received from joint ventures and gains/losses on asset sales; FY2022 actual \$7.4m, FY2022 target \$13m, FY2023 target \$1.5m.

KEY FINANCIAL DATA

OVER 5 YEARS

Shareholder returns	FY2022	FY2021	FY2020	FY2019	FY2018
Total revenue	287	252	251	241	247
EBITDAR ¹	75	61	65	34	49
Net profit/(loss) after tax	59	29	(24)	(11)	34
Total comprehensive income	430	37	(79)	(65)	29
Total shareholder return (%) ²	31.2	2.8	(5.3)	(4.7)	2.2
Return on equity, adjusted for IFRS fair value (%) ³	3.9	1.3	3.6	1.5	1.6
Dividend declared	5	5	5	5	5
Total assets	2,392	1,975	1,938	1,782	1,858
Total equity	1,806	1,380	1,347	1,427	1,497
Bank debt	191	217	214	223	209
Shareholders' funds ⁴ /total assets (%)	79.1	74.3	74.0	85.0	86.0

¹ EBITDAR is earnings before interest, tax, depreciation, amortisation and revaluations.

² The total of equity movement during the year and dividend paid/equity opening balance.

³ Net profit after tax less fair value revaluations/average shareholders' equity less revaluation reserves.

⁴ Shareholders' funds includes redeemable preference shares.

FINANCIAL REVIEW

Pāmu achieved EBITDAR (earnings before interest, tax, depreciation, amortisation and revaluations) of \$75 million for the year ended 30 June 2022 as farm product prices remained buoyant and revenue growth more than offset the impact of significant inflation in farm operating expenses.

The result was an increase of 23% from EBITDAR of \$61 million for 2020/21, with Pāmu also benefiting in the latest year from property sales and the rising value of carbon credits.

Like all New Zealand farmers, Pāmu saw the cost of key inputs such as fertiliser and fuel jump in consequence of the continuing Covid-19 pandemic, war in Ukraine and other global tensions. Farm production was constrained in some regions due to extreme weather events, and these also had negative effects on revenue and operating expenses.

NET PROFIT AFTER TAX

Pāmu recorded net profit after tax of \$59 million for the year ended 30 June 2022, which was double the comparable result for 2020/21 (\$29 million). This jump largely reflected an \$18 million book value gain from reversal of historical revaluation losses on Pāmu land and buildings. The reversal arose following a 3-yearly revaluation of assets undertaken during 2021/22 by an independent valuer. Depreciation was \$2 million higher than last year while net finance expenses remained flat.

The \$59 million net profit after tax also included a \$20 million fair value gain on biological assets (livestock and forestry), which was lower than the previous year's gain of \$25 million.

REVENUE

Total revenue in the year ended 30 June 2022 was \$287 million, up 13.9% from 2020/21 (\$252 million). The increase came principally from Pāmu's livestock business where product prices were higher than during the previous year. This result was achieved despite a decline in production volumes.

Pāmu saw a reduction in its livestock farming area of around 1,000 hectares due to withdrawal from four farms sold during the year, land retirement for environmental purposes and conversion of less-productive land to forestry. In addition, sheep, beef and deer farms faced spring snowfalls and heavy rain in southern New Zealand and extreme dry conditions in summer and autumn in various regions. These impacted livestock reproduction and growth rates.

Livestock revenue rose 13.4% to \$127 million (\$112 million in the previous year), with the biggest gain in sheep where the sale price per head rose by 19%. Industry-wide, sheep meat and beef prices were at or near record prices during 2021/22. Pāmu continued to sell more than half of its finished livestock to processors under fixed-price contracts. Revenue would have been even higher had it not been necessary to sell a greater proportion of livestock store than planned due to restricted processing capacity due to Covid-19.

Overall, Pāmu flocks and herds reduced in size during the year due to farm sales. However, revenue generated during 2021/22 per head of sheep and beef cattle sold climbed substantially to be \$151 and \$1,384 respectively.

Milk revenue rose 4.3% to \$120 million in 2021/22 (\$115 million in the previous year). This gain reflected the ongoing strength of global milk prices and farmgate pay-out levels through most of the latest year with Pāmu receiving a weighted average of \$9.48 per kilogram of milk solids (kgMS).

The company has reduced cow numbers across its dairy business for environmental purposes and to support productivity gains. Fewer cows and the impact of weather extremes on spring and summer pasture growth saw total milk production fall to 13.6 million kgMS in 2021/22 (from 15.1 million kgMS in the previous year). The dairy business recorded production of 776 kgMS per hectare, which was down from the previous year due to that reduced grass growth.

Pāmu manages milk price volatility by hedging the level of annual pay-out received from processors through the use of NZX futures contracts, some of which are transacted in advance of a production season. Milk producers generally did not foresee the continuing strength of global prices that eventuated during 2021/22, and for Pāmu, futures contracts resulted in losses of \$10 million when contracts were closed out. This figure was the cost of prudent hedging against a fall in farmgate prices for milk in line with Pāmu's policy, and when it was deducted from the pay-out received, milk revenue was recorded at \$120 million (\$5 million ahead of 2020/21).

Wool revenue was unchanged at \$3 million as was revenue from forestry harvesting at \$2 million.

Pāmu continued to earn carbon credits allocations based on long-term growth in its plantation forests. The company had 14,280 hectares in plantation at 30 June 2022 (12,190 hectares at June 2021). New credits worth \$11 million were allocated during 2021/22, and Pāmu also gained \$2 million from the sale of carbon credits as their market value surged. Revenue from all carbon credit activities was \$13 million, up from \$8 million in the previous year.

Other operating revenue included \$14 million from speciality powdered milk sales by Pāmu Foods (up from \$1 million). This business unit trades ingredient products sourced within Pāmu's dairy business into niche Asian markets under higher-value supply contracts. During 2021/22, it had \$13 million cost of sales.

EXPENSES

Total operating expenses rose 17.6% to \$220 million (\$187 million in the previous year) as higher input costs pushed up Pāmu's farm working and maintenance expenses by 16.6%. The latter reflected sharply higher prices for fertiliser, fuel and other inputs during 2021/22.

The company's spending on pasture maintenance and on cropping and feed costs was up 20.3% to \$71 million (from \$59 million in the previous year) despite tight control of budgets and reductions in Pāmu's farmed land area and in flock and herd sizes. Maintaining animal condition remained a high priority on all farms.

Personnel and other operating expenses were up to \$101 million (from \$85 million) due mainly to the inclusion of Pāmu Foods cost of sales (see above). Staff remuneration costs remained flat, in part due to the reversal of a \$2 million holiday pay provision that was created in June 2020. At 30 June 2022, Pāmu had 620 employees (down from 649 in June 2021).

PROPERTY SALES AND EQUITY ACCOUNTING

Pāmu sold four farms and two other blocks of land during 2021/22, with a resulting \$12 million gain on these sales. The farms sold were Wairio and Rangedale Stations in the Wairarapa region – both sales to Ngāti Kahungunu Incorporation, consistent with a Treaty of Waitangi settlement between this entity and the Crown – and Raft Creek Farm near Hokitika and Mawheraiti Farm near Greymouth. There were no gains on property sales during the previous year.

Pāmu had \$4 million in equity accounted losses for 2021/22 due largely to trading results in the Spring Sheep Dairy Limited Partnership (50% owned by Pāmu). Spring Sheep was impacted by Covid-19-related supply chain disruptions to its speciality milk product sales in China. Contributions from three other entities were included in Pāmu's EBITDAR results, including \$4 million in earnings from Wharewaka East Limited, a Taupō-based property development joint venture. The previous year's EBITDAR also included \$4 million in equity accounted losses.

TOTAL COMPREHENSIVE INCOME

Pāmu recorded total comprehensive income of \$430 million for 2021/22, based on the outcome of a scheduled 3-yearly revaluation process on the company's land and improvements. This revaluation by an independent valuer resulted in a \$355 million fair value gain. In addition, there was a fair value gain of \$33 million on carbon credits held by Pāmu. In the previous year, there were no revaluation gains on land and improvements and the value gain on carbon credits during that 12 months was \$11 million.

BALANCE SHEET

Total assets increased to \$2,392 million at 30 June 2022 (\$1,975 million at June 2021) due mainly to an addition of \$373 million in the fair value of land and improvements, this sum arising from the 3-yearly revaluation process completed in 2021/22 (see above).

The balance sheet also included a 45.7% valuation gain on forestry, carbon credits and orchard assets in consequence of Pāmu's increased business activity in these areas during 2021/22. In particular, Pāmu's stock of carbon credits went from a value of \$46 million to \$85 million between balance dates in 2021 and 2022.

Assets at 30 June 2022 included one property held for sale by Pāmu with a carrying value of \$3 million, down from a comparable value of \$27 million on three properties in this category at June 2021.

Total liabilities declined to \$586 million (\$595 million at June 2021), reflecting Pāmu's lower level of bank borrowing during the year. At 30 June 2022, loans were \$191 million compared with \$217 million at June 2021. Liabilities included a higher level of deferred tax liability of \$22 million (compared with \$11 million at June 2021). At 30 June 2021, Pāmu had on hand \$7 million of cash and cash equivalents (compared with \$8 million at June 2021).

At the latest balance date, the ratio of shareholders' funds (including redeemable preference shares) to total assets was 79%, which was an increase from 74% at June 2021.

FINANCIAL STATEMENTS

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Group 2022 \$m	Group 2021 \$m
Revenue			
Farm operating	2	252	232
Other business activities	3	35	20
		287	252
Operating expenses			
Farm working and maintenance	4	119	102
Personnel and other	5	101	85
		220	187
(Loss) from equity accounted investments	15	(4)	(4)
Gain on sale of property, plant and equipment		12	-
Earnings before interest, tax, depreciation and revaluations¹		75	61
Depreciation and amortisation	6	(29)	(27)
Net finance expenses	7	(21)	(21)
Fair value gain/(loss) on financial instruments	8	(5)	(4)
Fair value gain on biological assets	9	20	25
Reversal of historical revaluation losses	17	18	-
Net profit before tax		58	34
Tax benefit/(expense)	10	1	(5)
Net profit after tax		59	29
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Fair value gain on land and improvements	17	355	-
Fair value (loss) on share investments		(5)	-
Fair value gain on carbon credits	14	33	11
Tax (expense) recognised in equity	10	(12)	(3)
Total comprehensive income		430	37

¹ EBITDAR is a non-GAAP measure of net earnings before interest, tax, depreciation and revaluations. EBITDAR does not have a standardised meaning and should not be viewed in isolation nor considered a substitute for measures reported in accordance with NZ IFRS, as it may not be comparable to similar financial information presented by other entities.

The accompanying notes form part of these financial statements.

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Share capital \$m	Retained earnings \$m	Share revaluation reserve \$m	Asset revaluation reserve \$m	Total equity 2022 \$m
Balance at 1 July 2021		125	642	2	611	1,380
Net profit after tax		-	59	-	-	59
Dividend paid		-	(5)	-	-	(5)
Fair value movement		-	-	(5)	388	383
Tax (expense) recognised in equity	10	-	-	1	(13)	(12)
Realised loss on share sales		-	(2)	2	-	-
Transfer of revaluation reserves on property sales		-	18	-	(18)	-
Realised gain on carbon credits sales		-	2	-	(2)	-
Net transfers under Protected Land Agreement		-	1	-	-	1
Balance at 30 June 2022	21	125	715	-	966	1,806

	Note	Share capital \$m	Retained earnings \$m	Share revaluation reserve \$m	Asset revaluation reserve \$m	Total equity 2021 \$m
Balance at 1 July 2020		125	613	1	608	1,347
Net profit after tax		-	29	-	-	29
Dividend paid		-	(5)	-	-	(5)
Fair value movement		-	-	-	11	11
Tax (expense) recognised in equity	10	-	-	-	(3)	(3)
Realised loss on share sales		-	(1)	1	-	-
Transfer of revaluation reserves on property sales		-	-	-	-	-
Realised gain on carbon credits sales		-	5	-	(5)	-
Net transfers under Protected Land Agreement		-	1	-	-	1
Balance at 30 June 2021	21	125	642	2	611	1,380

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Group 2022 \$m	Group 2021 \$m
Cash flows from operating activities		
Receipts from customers:		
Livestock	157	136
Milk	107	102
Other receipts from customers	31	17
Payments to suppliers	(179)	(136)
Payments to employees	(65)	(63)
Interest paid	(9)	(10)
Net cash inflows from operating activities	42	46
Cash flows from investing activities		
Proceeds from sale of land and improvements and other property, plant and equipment	47	4
Proceeds from sale of carbon credits	6	6
Proceeds from sale of share investments	4	1
Purchase and development of land and forestry	(24)	(21)
Purchase of other property, plant and equipment and intangibles	(16)	(13)
Purchase of shares and net interests in joint venture investments	(13)	(3)
Net cash (outflows) from investing activities	4	(26)
Cash flows from financing activities		
Net borrowing receipts/(repayments)	(26)	3
Payment of lease liabilities	(16)	(15)
Dividends paid	(5)	(5)
Net cash (outflows) from financing activities	(47)	(17)
Net change in cash and cash equivalents	(1)	3
Cash and cash equivalents at beginning of year	8	5
Cash and cash equivalents at end of year	7	8

The accompanying notes form part of these financial statements.

RECONCILIATION OF PROFIT AND OPERATING CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Group 2022 \$m	Group 2021 \$m
Net profit after tax		59	29
Adjustments for:			
Non-cash livestock growth and aging	2	12	11
Non-cash forestry growth	14	(2)	(1)
Milk futures prior year realised loss	2,8	10	2
Carbon credits allocation	3,14	(11)	(8)
Depreciation and amortisation	6	29	27
Fair value movements	8,9,17	(33)	(21)
Milk futures unrealised loss	8	(22)	(13)
Interest expense on lease liability	7	12	11
Gain on sale of property, plant and equipment		(12)	-
Tax expense/(benefit)	10	(1)	5
Movements in working capital		(3)	1
Items classified as investing activities		4	3
Net cash flows from operating activities		42	46

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

	Note	Group 2022 \$m	Group 2021 \$m
Assets			
Cash and cash equivalents		7	8
Accounts receivable	11	47	42
Inventories		13	12
Property held for sale	12	3	27
Livestock	13	298	286
Forestry, carbon and orchard assets	14	137	94
Equity accounted investments	15	30	22
Share investments	16	28	37
Other assets		3	3
Property, plant and equipment	17	1,596	1,216
Leased assets	18	230	228
Total assets		2,392	1,975
Liabilities			
Bank loans	19	191	217
Accounts payable and accruals		20	19
Employee entitlements		12	13
Other liabilities		-	5
Deferred tax liability	10	22	11
Lease liabilities	18	254	243
Redeemable preference shares	20	87	87
Total liabilities		586	595
Shareholders' funds			
Share capital		125	125
Retained earnings		715	642
Share revaluation reserve		-	2
Asset revaluation reserve		966	611
Total shareholders' funds	21	1,806	1,380
Total equity		1,806	1,380
Total equity and liabilities		2,392	1,975

Landcorp's Board of Directors authorised the financial statements for issue on 24 August 2022.

Signed on behalf of the Board



Dr Warren Parker
Chair
24 August 2022



Dr Tanira Kingi
Chair of Audit and Risk Committee
24 August 2022

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: BASIS OF ACCOUNTING

REPORTING ENTITY

The financial statements presented are those of Landcorp Farming Limited (“Landcorp”) and its subsidiaries, joint ventures and associates (the “Group”). Established under the State-Owned Enterprises Act 1986 and registered under the Companies Act 1993, Landcorp is a profit-oriented company incorporated and domiciled in New Zealand. The ultimate shareholder of the Group is the Crown.

Landcorp is primarily a pastoral farming company with a growing focus on exploring alternative uses for land in its portfolio, including additional forestry and horticulture. Landcorp also has a developing foods business marketing premium dairy products. Subsidiaries and associates are involved in land development, land management, farm technology and developing genetically superior sheep, cattle and deer breeds.

BASIS OF PREPARATION

These financial statements are prepared in accordance with generally accepted accounting practice in New Zealand (“NZ GAAP”) under the Companies Act 1993 and the Financial Reporting Act 2013. NZ GAAP consists of New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

The financial statements are prepared on the basis of historical cost, modified by the revaluation of certain assets, investments and financial instruments as identified in the accompanying notes. The functional and reporting currency used to prepare the financial statements is New Zealand dollars, rounded to the nearest million dollars (\$m). The financial statements have been prepared on a GST-exclusive basis except billed receivables and payables, which include GST.

BASIS OF CONSOLIDATION

The consolidated financial statements use the acquisition method of consolidation for Landcorp and its subsidiaries. Associates and joint ventures are accounted for using the equity method. All material intercompany balances and transactions are eliminated on consolidation. Transactions with jointly controlled entities are eliminated to the extent of Landcorp’s interest in the entity. A list of subsidiaries and equity accounted investees is shown in note 27.

SIGNIFICANT ACCOUNTING POLICIES

There have been no changes in accounting policies during the financial year. The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all the periods presented. Where necessary, comparative information has been reclassified to achieve consistency with the current period’s presentation.

ADOPTION STATUS OF RELEVANT NEW FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

There are currently no accounting standards or interpretations issued (but not yet effective) that are relevant to Landcorp.

USE OF ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires management to make judgements, estimates and assumptions concerning the future that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in:

- Note 13: Livestock
- Note 14: Forestry, carbon and orchard assets
- Note 17: Property, plant and equipment.

FAIR VALUE HIERARCHY

A number of Landcorp’s accounting policies and disclosures require the measurement of fair values. The fair value hierarchy provides an indication about the reliability of inputs used to determine fair value. When measuring the fair value of an asset or liability, Landcorp uses observable market data as far as possible. An explanation of each level is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: unobservable inputs for the asset or liability that are not based on observable market data.

GLOBAL ECONOMIC ENVIRONMENT

Landcorp has experienced both positive and negative effects due to its exposure to the global economic market. There have been supply chain disruptions, labour shortages and inflationary pressure that have impacted and will continue to impact the performance of the company. On a positive note, commodity prices have been strong, with one reason being the depreciation of the NZ dollar against the US dollar. The war in Ukraine and its effects on the supply of fertiliser and the price of fossil fuels are a key concern in the near future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 2: FARM OPERATING REVENUE

Farm operating revenue is derived from the sale of livestock, milk and other agricultural produce such as wool and forestry logs. Revenue is measured at the transaction price specified in the customer contract.

Livestock revenue is recognised following delivery. Sales contracts either fix prices in advance or allow livestock to be sold at the prevailing spot rate. Each year, the Board approves a standard value for each livestock class. Changes in the value and volume of livestock arising from purchases, sales, births, deaths and aging are determined using standard values.

Milk revenue is recognised following collection by the milk processor using the processor's most recent forecast price and dividend information.

Landcorp holds New Zealand Stock Exchange ("NZX") milk price futures in order to manage commodity price risk. Fair value gains or losses are reported as a component of fair value movements on financial instruments within the Statement of Profit or Loss and Other Comprehensive Income. Any realised gains or losses are accounted for within milk revenue in the year that settlement occurs.

Wool revenue is recognised following delivery to the wool broker. Contracts are held that either fix prices in advance or allow wool to be sold at the prevailing spot rate.

Forestry revenue is recognised from the sale of logs (at the market rate net of harvesting costs) together with revenue attributable to the growth of forest stands.

	Group 2022 \$m	Group 2021 \$m
Livestock	127	112
Milk	120	115
Wool	3	3
Forestry	2	2
Total farm operating revenue	252	232

Livestock revenue	Note	Sheep	Beef	Dairy	Deer	Group
		\$m	\$m	\$m	\$m	2022 \$m
<i>Cash items</i>						
Livestock sales		60	50	31	16	157
Livestock purchases		(7)	(3)	(8)	-	(18)
<i>Non-cash items</i>						
Birth of animals	13	15	7	8	4	34
Growth of animals	13	23	28	23	5	79
Livestock losses*	13	(7)	(2)	(3)	(1)	(13)
Book value of livestock purchased	13	3	3	6	-	12
Book value of livestock sold	13	(38)	(40)	(36)	(10)	(124)
Total livestock revenue		49	43	21	14	127

* The increase in livestock losses is due to unfavourable weather conditions during lambing. An extended period of drought followed by severe storms generated above-average losses.

Livestock revenue	Note	Sheep	Beef	Dairy	Deer	Group
		\$m	\$m	\$m	\$m	2021 \$m
<i>Cash items</i>						
Livestock sales		53	47	24	14	138
Livestock purchases		(6)	(3)	(6)	-	(15)
<i>Non-cash items</i>						
Birth of animals	13	12	7	9	5	33
Growth of animals	13	21	28	20	6	75
Livestock losses	13	(5)	(2)	(3)	(1)	(11)
Book value of livestock purchased	13	3	2	4	-	9
Book value of livestock sold	13	(35)	(39)	(31)	(12)	(117)
Total livestock revenue		43	40	17	12	112

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 2: FARM OPERATING REVENUE continued

Milk revenue

	Note	Group 2022 \$m	Group 2021 \$m
Milk revenue		130	117
Realised milk futures loss transferred from fair value (loss) on financial instruments	8	(10)	(2)
Total milk revenue		120	115

During the year ended 30 June 2022, fair value movements on financial instruments within the Statement of Profit or Loss and Other Comprehensive Income included \$22m (2021: \$13m) of unrealised fair value losses from milk price futures relating to current and future seasons. Further details are disclosed in note 8.

NOTE 3: OTHER BUSINESS ACTIVITIES

	Note	Group 2022 \$m	Group 2021 \$m
Grazing and feed income		4	6
Carbon credits allocation	14	11	8
Carbon credits gain on sale		2	-
Pāmu Foods revenue		14	1
Other business activities		4	5
Total other business activities		35	20

NOTE 4: FARM WORKING AND MAINTENANCE

	Group 2022 \$m	Group 2021 \$m
Cropping and feed costs	41	36
Pasture maintenance	30	23
Animal breeding and health	24	22
Other farm working expenses	7	6
Repairs and maintenance	17	15
Total farm working and maintenance	119	102

NOTE 5: PERSONNEL AND OTHER

	Group 2022 \$m	Group 2021 \$m
Staff remuneration	59	58
Superannuation and other personnel costs	5	5
Property-related expenses	8	8
Professional services	6	4
Pāmu Foods cost of goods sold	13	2
Other operating expenses	10	8
Total personnel and other	101	85

Included in professional services are statutory audit fees of \$0.3m (2021: \$0.3m) and other assurance services on the sustainability linked loan of \$0.01m (2021: nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 6: DEPRECIATION

	Note	Group 2022 \$m	Group 2021 \$m
Property, plant and equipment and other assets	17	(17)	(16)
Leased assets	18	(12)	(11)
Total depreciation		(29)	(27)

NOTE 7: FINANCE EXPENSES

	Note	Group 2022 \$m	Group 2021 \$m
Interest expense on borrowings		(7)	(6)
Interest expense on interest rate derivatives		(2)	(4)
Interest expense on lease liability		(12)	(11)
Total finance expenses		(21)	(21)

NOTE 8: FAIR VALUE GAIN/(LOSS) ON FINANCIAL INSTRUMENTS

	Note	Group 2022 \$m	Group 2021 \$m
Gain on interest rate derivatives		7	7
Realised milk futures loss transferred to milk revenue	2	10	2
Unrealised milk futures loss		(22)	(13)
Total fair value gain/(loss) on financial instruments		(5)	(4)

Gains and losses on milk futures are settled in cash each business day. These gains and losses are classified as unrealised until the underlying futures contracts are closed out.

NOTE 9: FAIR VALUE GAIN/(LOSS) ON BIOLOGICAL ASSETS

	Note	Group 2022 \$m	Group 2021 \$m
Effect of price changes on livestock	13	24	24
Effect of price changes on forestry	14	(4)	1
Total fair value gain/(loss) on biological assets		20	25

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 10: TAX

	Group 2022 \$m	Group 2021 \$m
Net profit before tax	58	34
Tax (expense)/benefit at the New Zealand tax rate 28% (2021: 28%)	(16)	(9)
Taxation adjustments:		
Non-assessable income	19	7
Non-deductible expenses	(2)	(3)
Total tax (expense)/benefit	1	(5)

The total tax expense comprises deferred tax payable in future years. Current tax payable is nil (2021: nil).

The Group has tax losses of \$175m (2021: \$160m) with a tax effect of \$49m (2021: \$45m) available to be carried forward and offset against taxable income in future periods.

Imputation credits available for use in subsequent reporting periods are \$2m (2021: \$1m).

Deferred tax liability

Deferred tax assets and liabilities are presented as a net asset/(liability) in the Statement of Financial Position. The movement in deferred tax assets and liabilities is provided below:

	Tax losses utilised \$m	Biological assets \$m	Property, plant and equipment \$m	Other \$m	Group 2022 \$m
Balance at 1 July 2021	46	(39)	(14)	(4)	(11)
Amount recognised in profit or loss	3	-	1	(3)	1
Amount recognised in other comprehensive income	-	-	(4)	(8)	(12)
Balance at 30 June 2022	49	(39)	(17)	(15)	(22)

	Tax losses utilised \$m	Biological assets \$m	Property, plant and equipment \$m	Other \$m	Group 2021 \$m
Balance at 1 July 2020	43	(32)	(15)	1	(3)
Amount recognised in profit or loss	3	(7)	1	(2)	(5)
Amount recognised in other comprehensive income	-	-	-	(3)	(3)
Balance at 30 June 2021	46	(39)	(14)	(4)	(11)

NOTE 11: ACCOUNTS RECEIVABLE

Trade and other receivables are recognised at cost, less any provision for lifetime expected credit losses.

	Group 2022 \$m	Group 2021 \$m
Trade debtors	17	7
Milk income receivable	22	23
Other receivables and prepayments	8	12
Total accounts receivable	47	42
Current*	46	38
Non-current	1	4
Total accounts receivable	47	42

* Settled within 12 months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 12: PROPERTY HELD FOR SALE

Properties are identified for sale when a sales plan has been implemented and an unconditional sales contract is expected to be signed within a year or a property is subject to a Treaty settlement sale. Properties held for sale comprise farm land and associated buildings. Properties subject to Treaty settlements may be classified as held for sale for periods greater than 1 year while settlement terms are negotiated. These properties are still likely to be purchased by claimants, and it is probable that their value will be recovered by way of sale rather than ongoing operations. Property held for sale is measured at the lower of the carrying value of the property when it was classified as property held for sale and fair value less sales costs. The Group currently holds one property for sale (2021: three properties) with a carrying value of \$3m (2021: \$27m).

NOTE 13: LIVESTOCK

Livestock are recorded at fair value less estimated point-of-sale costs. Changes in the value and volume of livestock arising from purchases, sales, births, deaths and aging are recognised within revenue in the Statement of Profit or Loss and Other Comprehensive Income. Changes in value due to general livestock price movements are recognised in the Statement of Profit or Loss and Other Comprehensive Income within fair value movement in biological assets. Livestock valuations at 30 June 2022 were provided by independent valuers. These market values reflect livestock of similar weight and age throughout New Zealand.

	Note	Sheep \$m	Beef \$m	Dairy \$m	Deer \$m	Group 2022 \$m
Balance at 1 July 2021		85	81	98	22	286
Birth and growth of animals	2	38	35	31	9	113
Livestock losses	2	(7)	(2)	(3)	(1)	(13)
Book value of livestock purchased and sold	2	(35)	(37)	(30)	(10)	(112)
Fair value gain/(loss)	9	2	10	7	5	24
Balance at 30 June 2022		83	87	103	25	298

	Note	Sheep \$m	Beef \$m	Dairy \$m	Deer \$m	Group 2021 \$m
Balance at 1 July 2020		76	82	89	26	273
Birth and growth of animals	2	33	35	29	11	108
Livestock losses	2	(5)	(2)	(3)	(1)	(11)
Book value of livestock purchased and sold	2	(32)	(37)	(27)	(12)	(108)
Fair value (loss)/gain	9	13	3	10	(2)	24
Balance at 30 June 2021		85	81	98	22	286

	Group 2022 \$m	Group 2021 \$m
Current*	101	90
Non-current	197	196
Total value of livestock	298	286

* Intended to be sold within 1 year.

Animal numbers have reduced in the year to June 2022 for several reasons. These include exits from four farms and deintensification to address environmental considerations.

Livestock numbers comprise:

	Group 2022	Group 2021
Sheep	394,494	419,659
Beef	71,520	77,394
Dairy	70,794	72,976
Deer	63,654	78,349

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 14: FORESTRY, CARBON AND ORCHARD ASSETS

	Group 2022 \$m	Group 2021 \$m
Carbon credits	85	46
Forests	50	47
Orchards	2	1
Total forestry, carbon and orchard assets	137	94

Forests

Forest establishment and direct management expenses are recorded as planting costs. Forestry stands below 10 years of age are valued at cost. After 10 years, any forestry stands are recorded at fair value. During the period, there was a change to the valuation policy. In the current period, all stands of less than 2 ha have been valued. This change was made as, historically, the stands less than 2 ha in size were not considered economically viable to harvest, whereas this is no longer the case due to the proven ability to commercially harvest these smaller stands as part of harvest operations on the same farm. Had this policy been applied last year, fair value gains would have been \$3m rather than \$1m. Changes to value due to forestry growth are recognised within revenue in the Statement of Profit or Loss and Other Comprehensive Income. Changes due to movements in forestry prices are recognised in the Statement of Profit or Loss and Other Comprehensive Income within fair value movement in biological assets.

Forestry valuations at 30 June 2022 were provided by an independent valuer. These market values reflect the specific characteristics of the forests and recent sales in both the domestic and export log market. The valuation is for productive tree crops only and excludes the value of land and improvements and any value arising from participation in the Emissions Trading Scheme ("ETS").

	Note	Group 2022 \$m	Group 2021 \$m
Forests value at start of year		47	38
Planting		6	8
Growth		2	1
Book value of forests harvested/sold		(1)	(1)
Fair value gain/(loss)	9	(4)	1
Forests value at end of year		50	47
Current*		2	3
Non-current		48	44
Forests value at end of year		50	47

* Intended to be harvested within 1 year.

The age of Landcorp's forests are shown below:

	Group 2022 Hectares	Group 2021 Hectares
Between 0-10 years	7,880	9,237
Between 11-25 years	4,192	2,645
Greater than 25 years	296	308
Total hectares planted	12,368	12,190

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 14: FORESTRY, CARBON AND ORCHARD ASSETS continued

Carbon credits

As a forester, Landcorp is allocated carbon emission credits ("NZUs") and will incur liabilities through the ETS. Landcorp holds credits for forestry plantations. Should these plantations be harvested and/or deforested, a liability would be incurred up to a maximum of the credits received.

At 30 June 2022, Landcorp held no pre-1990 NZUs (2021: nil) and 1,118,631 post-1989 NZUs (2021: 1,087,483). NZUs are revalued at each reporting date and any fair value movement is reflected within other comprehensive income. Had the Group's carbon credits been measured on a historical cost basis, their carrying amount would have been \$32m (2021: \$24m).

	Note	Group 2022 \$m	Group 2021 \$m
Carbon credits value at start of year		46	33
Disposals		(5)	(6)
Additions	3	11	8
Fair value gain		33	11
Carbon credits value at end of year		85	46

NOTE 15: EQUITY ACCOUNTED INVESTMENTS

Equity accounted investments are initially recognised at cost and the carrying value is increased or decreased to recognise Landcorp's share of surplus or deficit of the investee after the date of acquisition. Cash contributions made to the investee increase the carrying amount of the investment. Distributions received from the investee reduce the carrying amount of the investment. If Landcorp's share of losses exceeds its investment, a liability is recognised to the extent that Landcorp has incurred a constructive or legal obligation. The carrying values of investments are reviewed annually for indicators of impairment, and carrying values are adjusted accordingly if required. A list of equity accounted investees is shown in note 27.

	FarmIQ Systems Ltd \$m	Melody Dairies Limited Partnership \$m	Spring Sheep Dairy Limited Partnership \$m	Wharewaka East Ltd \$m	Group 2022 \$m
Balance at 1 July 2021	1	11	8	2	22
Cash contributions	5	-	8	-	13
Distribution	-	-	-	(2)	(2)
(Loss)/profit from operations	(1)	(1)	(7)	6	(3)
Total equity accounted investments	5	10	9	6	30

	FarmIQ Systems Ltd \$m	Melody Dairies Limited Partnership \$m	Spring Sheep Dairy Limited Partnership \$m	Wharewaka East Ltd \$m	Group 2021 \$m
Balance at 1 July 2020	1	12	7	4	24
Cash contributions	1	-	4	-	5
Distribution	-	-	-	(3)	(3)
(Loss)/profit from operations	(1)	(1)	(3)	1	(4)
Total equity accounted investments	1	11	8	2	22

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 16: SHARE INVESTMENTS

	Group 2022 \$m	Group 2021 \$m
Share investments at fair value through profit or loss:		
Other	2	1
Share investments at fair value through other comprehensive income:		
Fonterra Co-operative Group Ltd	14	23
Waimakariri Irrigation Ltd	10	10
Other	2	3
Total share investments	28	37

The Group is required to hold certain shares and investments in co-operative companies to facilitate farming operations. Shares are held as a consequence of business operations and are not held for trading.

Share investments are initially recognised at cost and subsequently revalued to fair market value. Landcorp has elected to account for fair value changes through other comprehensive income except in cases where the shares can be redeemed at par value from the issuer. In such cases, any value change will be accounted for through the Statement of Profit or Loss and Other Comprehensive Income.

Any dividends from share investments are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

NOTE 17: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of land and improvements, protected land and plant and equipment.

Land is measured at fair value and buildings are measured at fair value less accumulated depreciation and any impairment after the date of valuation. The revaluation of land and buildings is undertaken by an independent valuer every 3 years. During a revaluation, the valuer will conduct a physical inspection of a representative group of properties within each portfolio. The fair value of each remaining property is determined by considering a range of operational data for the property concerned together with information relating to sales of comparable properties. Additions to land and buildings after the most recent valuation are recorded at cost less accumulated depreciation.

A full valuation was performed in 30 June 2022. In years where there is not a full valuation, a material change assessment of the property portfolio is performed by an independent valuer. Upon identification of a material change, an indexation to market price is carried out and carrying amounts are adjusted. The Directors have determined that the carrying value of the property portfolio is appropriately recorded at fair value at 30 June 2022.

Revaluations are undertaken using a level 2 fair value methodology. They employ a market approach and take into account general factors that influence farm land prices as well as market evidence such as recent farm sales in the relevant regions. The valuation also considers the price effects of various legal obligations placed on Landcorp's land ownership. The impact of the Conservation Act 1987 relating to the establishment of marginal strips and conservation management plans is considered where applicable. In the North Island, deductions of 0–6% have been made for the effects of the Treaty of Waitangi (State Enterprises) Act 1988 and the memorials pertaining to section 27B of the State-Owned Enterprises Act 1986, which provides for the resumption of land on recommendation of the Waitangi Tribunal. The South Island properties include a deduction of up to 5% to reflect the effect of the Right of First Refusal memorial granted to Ngāi Tahu under the Ngāi Tahu Claims Settlement Act 1998.

Improvements on leased land are held at cost.

Protected land is defined in the Agreement Concerning Landcorp Land Protected from Sale, signed with the Crown in 2007 and amended in June 2013 (the Protected Land Agreement) and relates to land that the Crown wishes to protect from sale for public policy reasons. Protected land (including buildings on protected land) was valued at fair value at the time it was classified as protected land as this is the ongoing fair value of the land to Landcorp. Buildings are measured at this value less accumulated depreciation.

Plant and equipment is measured at cost less accumulated depreciation and impairment losses.

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land and land improvements over their useful lives. The useful lives of property, plant and equipment are as follows:

- Buildings 30–60 years
- Leasehold improvements lease term
- Plant and equipment 3–10 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 17: PROPERTY, PLANT AND EQUIPMENT continued

	Land and improvements				Group 2022 \$m
	Freehold land and buildings \$m	Leasehold improvements \$m	Protected land \$m	Plant and equipment \$m	
Opening balance	1,026	75	97	135	1,333
Additions	17	1	1	13	32
Disposals	(8)	-	-	(9)	(17)
Reversal of impairment recognised in profit or loss	18	-	-	-	18
Fair value movement of land and improvements	355	-	-	-	355
Reversal of depreciation on revaluation	(5)	-	-	-	(5)
Balance at end of year	1,403	76	98	139	1,716
Accumulated depreciation					
Opening balance	(3)	(13)	(1)	(100)	(117)
Depreciation	(3)	(4)	-	(10)	(17)
Disposals	1	-	-	8	9
Reversal of depreciation on revaluation	5	-	-	-	5
Balance at end of year	-	(17)	(1)	(102)	(120)
Total property, plant and equipment	1,403	59	97	37	1,596

	Land and improvements				Group 2021 \$m
	Freehold land and buildings \$m	Leasehold improvements \$m	Protected land \$m	Plant and equipment \$m	
Opening balance	1,012	75	96	134	1,317
Additions	14	-	1	10	25
Disposals	-	-	-	(9)	(9)
Balance at end of year	1,026	75	97	135	1,333
Accumulated depreciation					
Opening balance	-	(11)	(1)	(98)	(110)
Depreciation	(3)	(2)	-	(11)	(16)
Disposals	-	-	-	9	9
Balance at end of year	(3)	(13)	(1)	(100)	(117)
Total property, plant and equipment	1,023	62	96	35	1,216

Had the Group's freehold land and buildings (other than land and buildings classified as held for sale) and protected land been measured on a historical cost basis, their carrying amount would have been freehold land \$583m (2021: \$577m) and buildings on freehold land \$64m (2021: \$57m).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 17: PROPERTY, PLANT AND EQUIPMENT continued

Freehold land and buildings comprise the following property portfolios:

	North Island dairy \$m	South Island dairy \$m	North Island livestock \$m	South Island livestock \$m	Group 2022 \$m
Opening balance	64	163	443	356	1,026
Additions	1	2	11	3	17
Disposals	-	-	-	(8)	(8)
Reversal of impairment recognised in profit or loss	-	10	6	2	18
Fair value movement of land and improvements	16	34	231	74	355
Reversal of depreciation on revaluation	-	(2)	(2)	(1)	(5)
Balance at end of year	81	207	689	426	1,403
Accumulated depreciation					
Opening balance	-	(1)	(1)	(1)	(3)
Depreciation	-	(1)	(1)	(1)	(3)
Disposals	-	-	-	1	1
Reversal of depreciation on revaluation	-	2	2	1	5
Balance at end of year	-	-	-	-	-
Total freehold land and buildings	81	207	689	426	1,403

	North Island dairy \$m	South Island dairy \$m	North Island livestock \$m	South Island livestock \$m	Group 2021 \$m
Opening balance	63	162	434	353	1,012
Additions	1	1	9	3	14
Balance at end of year	64	163	443	356	1,026
Accumulated depreciation					
Opening balance	-	-	-	-	-
Depreciation	-	(1)	(1)	(1)	(3)
Balance at end of year	-	(1)	(1)	(1)	(3)
Total freehold land and buildings	64	162	442	355	1,023

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 18: LEASES

Leased assets and liabilities are initially recognised in the Statement of Financial Position at the present value of remaining unpaid lease payments discounted by Landcorp's incremental borrowing rate. Thereafter, leased assets are depreciated over the life of the lease and lease liabilities reduce as lease payments are made. After commencement of a lease, any subsequent changes to the lease payments are reflected as a lease remeasurement adjustment.

Leased assets are largely made up of farm land in Wairakei, north east of Taupō. The lease was entered into in 2004 and expires in 2049. The lease requires Landcorp to convert what was previously forestry land into pastoral farming land. At 30 June 2022, approximately 12,657 hectares had been leased. A total of 12,740 hectares of land is expected to be leased by the conclusion of the lease term. Other leases are also held for office buildings and telecommunications equipment.

	Wairakei Estate \$m	Other leases \$m	Group 2022 \$m
Opening balance	236	14	250
Lease remeasurement adjustment	7	-	7
Additions	-	7	7
Balance at end of year	243	21	264
Accumulated depreciation			
Opening balance	(16)	(6)	(22)
Depreciation	(8)	(4)	(12)
Balance at end of year	(24)	(10)	(34)
Total leased assets	219	11	230

	Wairakei Estate \$m	Other leases \$m	Group 2021 \$m
Opening balance	238	13	251
Lease remeasurement adjustment	(2)	-	(2)
Additions	-	1	1
Balance at end of year	236	14	250
Accumulated depreciation			
Opening balance	(8)	(3)	(11)
Depreciation	(8)	(3)	(11)
Balance at end of year	(16)	(6)	(22)
Total leased assets	220	8	228

The undiscounted maturity analysis of lease liabilities is as follows:

	Less than 1 year \$m	2-5 years \$m	More than 5 years \$m	Group 2022 \$m
Lease payments	17	64	369	450
Interest expense on lease liability	(12)	(45)	(139)	(196)
Total lease liabilities	5	19	230	254

	Less than 1 year \$m	2-5 years \$m	More than 5 years \$m	Group 2021 \$m
Lease payments	15	60	367	442
Interest expense on lease liability	(11)	(44)	(144)	(199)
Total lease liabilities	4	16	223	243

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 18: LEASES continued

The Group acts as a lessor of farm land provided under operating leases. Income from operating lease agreements is recognised as lease income on a straight-line basis over the term of the lease. Lease terms are of various lengths, and some leases include rights of renewal. The undiscounted lease payments to be received are as follows:

	Group 2022 \$m	Group 2021 \$m
Less than 1 year	1	1
2-5 years	2	3
More than 5 years	8	10
Total undiscounted lease income	11	14

NOTE 19: BANK LOANS

Cash advance facilities available to Landcorp at 30 June 2022 were \$315m (2021: \$315m). Bank loans are the drawn components of these bank cash advance facilities. Facilities may be borrowed against or repaid at any time by Landcorp and are subject to a negative pledge agreement, which means that Landcorp may not grant a security interest over its assets without the consent of its lenders. Facilities are either on a daily floating interest rate or a short-term fixed rate and therefore carrying value approximates fair value.

	Group 2022 \$m	Group 2021 \$m
Within 1 year	60	85
2-5 years	131	132
Total bank loans	191	217

The Group had access to the following undrawn borrowing facilities at the end of the reporting periods:

	Group 2022 \$m	Group 2021 \$m
Facilities expiring within 1 year	60	-
Facilities expiring between 2-5 years	64	98
Total withdrawn facilities	124	98

Financial guarantees

Landcorp has provided limited guarantees to the Ministry for Primary Industries in relation to primary growth partnerships with Spring Sheep Dairy Limited Partnership.

NOTE 20: REDEEMABLE PREFERENCE SHARES

Redeemable preference shares were issued as a capital injection under the terms of the Protected Land Agreement. They carry no voting rights and are not eligible for dividends or any share of net assets on wind-up. When requested, Landcorp will transfer properties referred to in the Protected Land Agreement to the Crown. On transfer, the redeemable preference shares are redeemed at the initial value of the property.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 21: CAPITAL MANAGEMENT

The Group considers its capital as comprising all components of shareholders' funds.

Share capital

Under the State-Owned Enterprises Act 1986, Landcorp's ordinary shares are held equally by the Minister of Finance and the Minister for State-Owned Enterprises. This prevents Landcorp from raising capital from other sources. Ordinary shares carry one vote per share and carry the right to participate in dividends. There are 125,000,000 authorised shares on issue (2021: 125,000,000). All shares are fully paid up.

Retained earnings

Retained earnings comprise Landcorp's accumulated net profits including transfers from revaluation reserves when the underlying asset has been sold, less any dividends paid. Retained earnings also include any payment from the Crown for additional capital expenditure incurred on the properties defined in the Protected Land Agreement.

Share revaluation reserve

The share revaluation reserve comprises the cumulative net change in the fair value of share investments until the investment is sold.

Asset revaluation reserve

The asset revaluation reserve is used to record changes in the fair value of land and buildings and intangible assets. Revaluations are reflected in the asset revaluation reserve and included in other comprehensive income, with any revaluations below cost or recoveries to cost being recognised in the Statement of Profit or Loss and Other Comprehensive Income.

NOTE 22: VALUATION OF FINANCIAL INSTRUMENTS

Landcorp is a party to financial instruments as part of its normal operations. Financial assets and liabilities carried at fair value are categorised into a fair value hierarchy (refer to note 1) based on the observability of inputs used to measure fair value. The following table sets out the classification of financial asset and liability categories according to the measurement bases together with the carrying amount as reported in the Statement of Financial Position. There have been no transfers between levels during this year (2021: nil).

	Amortised cost	Fair value hierarchy			Group 2022 \$m
		Level 1	Level 2	Level 3	
Accounts receivable	47	-	-	-	47
Share investments at fair value through profit or loss	-	-	2	-	2
Share investments at fair value through other comprehensive income	-	24	2	-	26
Interest rate derivatives (other assets)	-	1	-	-	1
Total financial assets	47	25	4	-	76
Accounts payable and accruals	20	-	-	-	20
Bank loans	191	-	-	-	191
Total financial liabilities	211	-	-	-	211

	Amortised cost	Fair value hierarchy			Group 2021 \$m
		Level 1	Level 2	Level 3	
Accounts receivable	42	-	-	-	42
Share investments at fair value through profit or loss	-	-	1	-	1
Share investments at fair value through other comprehensive income	-	33	3	-	36
Total financial assets	42	33	4	-	79
Accounts payable and accruals	19	-	-	-	19
Interest rate derivatives	-	5	-	-	5
Bank loans	217	-	-	-	217
Total financial liabilities	236	5	-	-	241

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 23: RISK MANAGEMENT

The Board has adopted a risk appetite statement that acts as a link between the strategic objectives of Landcorp and its risk management framework. The Board, as the governing body, is ultimately accountable for risk and has delegated oversight of the risk framework (including risk register and monitoring the internal audit programme) to the Audit and Risk Committee. In addition, Landcorp has a Treasury Management Committee ("TMC"). The TMC is chaired by the Chief Financial Officer and comprises the Financial Controller and an external treasury advisor. A quorum is three members, one of which must be the Chief Financial Officer or, in their absence, the Chief Executive. The TMC meets on a bimonthly basis to co-ordinate and oversee the operation of the company's treasury function and to monitor financial risks. Details of financial risks and risk management policies are explained below.

Risks due to agricultural activities

Agricultural risks

Landcorp's geographic spread of farms usually allows a high degree of mitigation against adverse climatic (e.g. drought, flooding) and environmental (e.g. disease outbreaks, biosecurity) effects at a regional level. When adverse climatic events occur, the company will often seek to accommodate livestock on other Landcorp properties.

The geographic spread of Landcorp's forestry assets provides a high degree of risk mitigation against risks associated with forestry such as fire and disease.

Landcorp has environmental policies and procedures aimed at supporting the business while ensuring compliance with environmental and other laws. Environmental policies are designed to be compliant with laws in target export markets in addition to New Zealand.

Climate change

Landcorp both has an impact on climate change and will be impacted by it. We are actively working to reduce our impact and strengthen our climate resilience. The speed, nature and extent of climate change impact on Landcorp's long-term performance is identified as a strategic risk and has been integrated into the overall risk management system. Our operations are highly exposed to physical climate risks due to the direct reliance on agricultural production in climate systems. While our transitional risks are not as high, they are still material. Opportunities to adapt to and mitigate these risks are reflected in our strategic goals, with scenario modelling, diversification and geographic spread being essential considerations. Landcorp's forestry assets generate carbon credits that can be used to offset the company's emissions should agricultural biological emissions become included in the Emissions Trading Scheme. Landcorp's investment in Focus Genetics is enabling the company to pursue low-emissions genetic traits to reduce its emissions profile over the long term.

Landcorp reports its gross and net greenhouse gas emissions and is continuing to work on adopting the Task Force on Climate-related Financial Disclosures ("TCFD") framework and disclosure of climate-related matters in future years.

Financing risk

The nature of pastoral farming means that most of Landcorp's revenue is received in the second half of the financial year, whereas expenses are incurred throughout the year. Landcorp manages this financing risk through budgeting and actively managing working capital requirements as well as maintaining credit facilities at levels sufficient to meet financial commitments as they fall due.

Market risk

Commodity price and volume risk

Landcorp has multiple revenue streams from livestock (sheep meat, beef and venison) as well as generating milk revenue. This diversification assists in lowering the commodity risk related to the price of any single commodity. Landcorp is exposed to risks arising from fluctuations in the price and sales volume of milk and livestock.

To mitigate commodity price risk for livestock, Landcorp's policy is to fix up to 50% of sales revenue within 1 year and up to 25% between 1 and 2 years by entering into fixed price contracts and/or guaranteed minimum price/schedule plus contracts directly with processors.

Commodity price risk for milk is managed through the sale of NZX milk price futures. Landcorp maintains milk price hedging between specified minimum and maximum risk control limits based on a 2-year milk production volume forecast covering the current season and next season. The minimum and maximum limits are linked to prevailing milk futures prices, requiring management to hedge more at higher prices and less at lower prices.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 23: RISK MANAGEMENT continued

Interest rate risk

Interest rate risk is the risk of loss arising from changes in interest rates. Landcorp is exposed to interest rate risk on borrowings used to fund investment and ongoing operations. Landcorp has an interest rate risk management policy designed to identify and manage interest rate risk in order to provide greater certainty of funding costs. Management monitors the level of interest rates on an ongoing basis and will fix the rates of interest payable using derivative financial instruments. Forward rate agreements and interest rate swaps may be used for risk management purposes and to maintain policy compliance. Liabilities that are interest rate sensitive will mature or reprice within the periods shown in the table.

	Note	Within 1 year \$m	2-3 years \$m	4-5 years \$m	Greater than 5 years \$m	Group 2022 \$m
Bank loans	19	191	-	-	-	191
Interest rate derivatives		(90)	65	25	-	-
Net interest rate exposure		101	65	25	-	191

	Note	Within 1 year \$m	2-3 years \$m	4-5 years \$m	Greater than 5 years \$m	Group 2021 \$m
Bank loans	19	217	-	-	-	217
Interest rate derivatives		(110)	60	50	-	-
Net interest rate exposure		107	60	50	-	217

Sensitivity analysis

The effect of a 1% increase/decrease in interest rates on Landcorp's net profit before tax is a decrease/increase of \$0.9m (2021: \$1m) on finance expenses (including any hedging instruments used in the year).

Foreign currency risk

Foreign currency risk is the risk of adverse impacts on cash flow caused by fluctuations in foreign exchange rates. Landcorp is exposed to both direct and indirect foreign currency risk. Direct risk arises where Landcorp has receipts or makes payments denominated in foreign currency. Indirect risk exposure arises where the value of NZ\$ denominated earnings fluctuates due to currency movements, for example, when livestock processors sell meat into overseas markets.

To mitigate direct foreign currency risk, sales revenue and expenditure denominated in foreign currency derived from a contract where the value exceeds \$50k is fully hedged when the contract is signed using foreign currency derivatives such as forward foreign exchange contracts and foreign currency options. Direct foreign currency hedging in place at 30 June 2022 was \$0.3m (2021: \$0.3m). Indirect foreign currency risk is not hedged.

Credit risk

Credit risk is the risk of loss due to customer default. Landcorp has a credit policy to manage credit risk exposure, which requires credit evaluations to be performed on all customers requiring credit over \$500k. New credit limits greater than \$3m require approval by the Board. Landcorp's maximum exposure to credit risk is represented by the carrying value of accounts receivable. There are no significant concentrations of credit risk except for milk customers. At 30 June 2022, Landcorp did not expect the non-performance of any obligations (2021: nil). All material trade and other receivables are current, with no debts falling due past 30 days at 30 June 2022 (2021: nil).

Liquidity risk

Liquidity risk is the risk that Landcorp will encounter difficulty in raising funds at short notice to meet financial commitments. Landcorp actively manages its funding facilities to ensure that no more than 40% of its total debt facilities mature in one financial year, and no more than 40% of its total debt facilities are with a single bank. Landcorp regularly forecasts funding requirements. The 3-year Business Plan is used to forecast the longer-term funding requirements. The policy requires that committed funding facilities are \$10m greater than current quarter peak requirements.

The table below analyses Landcorp's financial liabilities by period of contractual maturity. Total amounts do not match to the Statement of Financial Position and related notes as contractual flows are the absolute undiscounted amount of future cash flows, including forecast interest expense on interest-bearing liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 23: RISK MANAGEMENT continued

	Note	Within 1 year \$m	2-5 years \$m	No fixed maturity \$m	Group 2022 \$m
Accounts payable and accruals		20	-	-	20
Bank loans		67	136	-	203
Interest rate derivatives*	22	-	-	-	-
Redeemable preference shares	20	-	-	87	87
Total contractual maturity		87	136	87	310

* Interest derivatives are in an asset position for 2022.

	Note	Within 1 year \$m	2-5 years \$m	No fixed maturity \$m	Group 2021 \$m
Accounts payable and accruals		19	-	-	19
Bank loans		91	133	-	224
Interest rate derivatives	22	2	5	-	7
Redeemable preference shares	20	-	-	87	87
Total contractual maturity		112	138	87	337

NOTE 24: CAPITAL COMMITMENTS

At 30 June 2022, Landcorp had \$0.9m contracted capital commitments (2021: \$0.4m).

NOTE 25: CONTINGENT ASSETS AND LIABILITIES

At 30 June 2022, Landcorp had no contingent assets or liabilities (2021: nil).

NOTE 26: RELATED PARTIES

Ultimate controlling party

The ultimate shareholder of the Group is the Crown. The Group undertakes many transactions with other Crown entities, state-owned enterprises and government departments.

Transactions with subsidiaries and jointly controlled entities

During the year, Landcorp entered into the following transactions with related parties received/(paid):

	Group 2022 \$m	Group 2021 \$m
Spring Sheep Dairy Limited Partnership – cash contributions	(8)	(4)
FarmIQ Systems Ltd – cash contributions	(5)	(1)
Wharewaka East Ltd – dividend received	2	3

At 30 June 2022, \$1m was included in accounts receivable as owing from Wharewaka East Ltd (2021: \$4m).

At 30 June 2022, \$0.1m was included in accounts receivable as owing from the Crown in accordance with the Protected Land Agreement (2021: \$1m).

No other transactions or balances with related-party entities are considered material. No expense has been recognised in the current year for bad or doubtful debts in respect of amounts owed by related parties (2021: nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 26: RELATED PARTIES continued

Key management personnel compensation

Key management personnel have been defined as the Directors, the Chief Executive and the executive team for the Group, who have responsibility for planning, directing and controlling the activities of Landcorp.

Short-term employment benefits paid to the executive team for the Group during the year were \$3.8m (2021: \$3.5m). These amounts include at-risk incentive payments for the prior year.

Directors' fees paid during the year were \$0.4m (2021: \$0.5m).

NOTE 27: SUBSIDIARY COMPANIES AND JOINTLY CONTROLLED ENTITIES

Subsidiaries	Principal activity	Balance date	Percentage held	
			2022	2021
Landcorp Estates Ltd	Property development	30 June	100%	100%
Landcorp Pastoral Ltd	Invests in Focus Genetics and Spring Sheep Dairy	30 June	100%	100%
Landcorp Holdings Ltd	Holding protected land	30 June	100%	100%

Landcorp Pastoral Ltd has the following subsidiaries:

Focus Genetics Limited Partnership	Development and sale of genetically superior sires	30 June	100%	100%
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On 16 September 2014, Landcorp acquired 100% of the Focus Genetics Limited Partnership. Genetic royalties goodwill of \$2m (2021: \$2m) has been included within other assets.

Focus Genetics Limited Partnership has the following subsidiaries:

Focus Genetics UK Ltd	Livestock genetics	30 June	100%	100%
Focus Genetics S.A. Ltd	Livestock genetics	30 June	100%	100%
Focus Genetics Australia Pty Ltd	Livestock genetics	30 June	100%	100%
Rissington Uruguay SA	Livestock genetics	30 June	100%	100%

Joint ventures	Principal activity	Balance date	Percentage held	
			2022	2021
Wharewaka East Ltd	Property development	31 March	50%	50%
Spring Sheep Dairy Limited Partnership	Production and marketing of sheep milk products	30 June	50%	50%

Associates		Balance date	Percentage held	
			2022	2021
FarmIQ Systems Ltd	Development and licensing of farm management software	30 June	64%	26%
FarmIQ PGP Ltd	Integrated red meat value chain PGP (completed)	30 June	18%	18%
Melody Dairies Limited Partnership	Specialist milk drying services	30 June	35%	35%

NOTE 28: SUBSEQUENT EVENTS

On 24 August 2022, the Directors approved a dividend of \$5m, which is equal to 4 cents per share to be paid on 31 August 2022 (2021: \$5m, 4 cents per share).

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF LANDCORP FARMING LIMITED'S GROUP
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022



The Auditor-General is the auditor of Landcorp Farming Limited Group (the Group). The Auditor-General has appointed me, Sonia Isaac, using the staff and resources of KPMG Wellington, to carry out the audit of the financial statements of the Group on his behalf.

OPINION

We have audited the financial statements of the Group on pages 59 to 81, that comprise the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of movements in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the Group:

- present fairly, in all material respects:
 - its financial position as at 30 June 2022; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Our audit was completed on 24 August 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements, and we explain our independence.

BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Director's responsibilities arise from the State Owned Enterprises Act 1986.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. Our responsibilities arise from the Public Audit Act 2001.

INDEPENDENCE

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standards 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out a limited assurance engagement over the Group's sustainability-linked lending, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Group.



Sonia Isaac
KPMG Wellington

On behalf of the Auditor-General
Wellington, New Zealand

COMMUNITY

Pāmu is proud to be an integral part of many communities. Wherever we farm, we want to ensure that we continue to make a positive impact by giving something back to the places we work in, live in and love!

We are also passionate about helping shape the future of farming, and for that reason, we are particularly keen to support community groups, schools, iwi and hapū, charities or individuals doing good in the hood in these areas:

- Sustainability • Environment protection and biodiversity • Training our young people • Healthy and safe communities

In the year under review, we supported a range of great community and farming sector initiatives including:

- sponsorship for Sir Ian Taylor to speak at the East Coast Farming Expo
- Otago Shearing Championships
- Otago Sheep Dog Trials
- sponsorship of the New Zealand Guild of Agricultural Journalists and Communicators (NZGAJC) Journalism Encouragement Award
- support for the IHC Rural Calf scheme
- supporting the Meat the Need charity with a \$25,000 grant

- partnering with Manawa Energy to support the rebuild of the Lake Mahinerangi boat ramp
- Te Anau Pony Club riding event.

We welcome applications for community support, which are considered by a community investment committee made up of representatives from across the business.

Applications can be made through our dedicated Community page on our website www.pamu.co.nz/community.

We also held open days on a range of farms over the year. We invited our neighbours, community members, schools, partners and other stakeholders to see how we farm, share some learnings and hear their perspectives.



The Pāmu team at the East Coast Farming Expo.



Open day on Panekiri Station.



Wayne Langford of Meat the Need receives Pāmu's donation from Steve Tickner, GM Livestock Commercial.



Pāmu Chief People, Safety and Reputation Officer Bernadette Kelly, NZGAJC Pāmu Journalism Encouragement Award Winner Rebecca Howard from Business Desk and Pāmu Head of Communications Simon King.

DIRECTORY

CORPORATE AND REGISTERED OFFICE

Level 2
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PO Box 5349
Wellington 6140

AUDITOR

Sonia Isaac, KPMG
(under appointment of
the Auditor-General)

BANKERS

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ANZ Bank New Zealand Limited
ASB Bank Limited

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FURTHER INFORMATION

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on anything contained in this report,
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Dr Tanira Kingi
Desiree Mahy
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LEADERSHIP TEAM

Mark Leslie
Chief Executive
Annabel Davies
Chief Sustainability and Risk Officer
Bernadette Kelly
Chief People, Safety and Reputation Officer
Steven McJorow
Chief Financial Officer
Alistair McMechan
Chief Legal Officer
Sarah Risell
Chief Operating Officer Pāmu Foods
Andrew Sliper
Chief Investment Officer
Steven Tickner
General Manager Livestock Commercial
Chief Operating Officer
(vacant)
Chief Technology and Digital Officer
(vacant)



Landcorp Farming Limited
Integrated Report for the
year ended 30 June 2022