



# UNION NEWS

## MEAT INDUSTRY - Requires structural change

The industry we work in, requires change. Last month former Fonterra chairman Henry van der Heyden said "with this dysfunctional structure in red meat...my interest in it is around NZ Inc and what's best for NZ and that...pastoral agriculture is the backbone of the NZ economy and having a really strong NZ red meat sector complements the NZ dairy industry...the model to follow was to achieve size and critical mass in the overseas market place." The 2012/13 year was a bad year for producers but it should have been a good year for the processors. However, even when the stars aligned, the processors struggled said Keith Woodford. With slaughter numbers likely to be down. Ironically, this 2013/14 year looks like a strong year for producers. This puts pressure on company balance sheets and a possible failure. Federated Farmers of NZ (Farmers Union) has published a discussion paper - "Meat Industry Options". The current situation in the meat industry is fragmented, with many participants including: suppliers, procurers, processors, exporters, marketers, distributors, customers and consumers. The structure and behaviour of participants in the industry has allowed for competition at multiple levels of the supply chain and a lack of investment along the whole value chain. Processing overcapacity which continues to plague the

industry. A large proportion of meat being sold using business to business branding rather than consumer branding, this limits the ability to attract a premium for the product. Federated Farmers [FF] ask Farmers the question; "Do you still want to be competing with one another trying to get 10 cents per Kg more than your neighbour? Are you ready for a mind-set shift and prepared to work together to compete with the other 94% of sheep meat production in the world? Instead of getting 10 cents more than your neighbour you could get a \$1 more per Kg than the farmer in Argentina? Do you want to be a commodity producer receiving commodity prices or do you want to be delivering value added products and receiving a premium for them?". FF want informed debate with regards to the NZ Red Meat Industry. **One significant failing of the FF paper - FF did not acknowledge the fact that the NZ Meat Workers Union is a key stakeholder, representing those many workers and their families that make themselves available to process all the farmers animals at the seasonal peaks.**

### "INFLATION IS A THIEF IN YOUR WALLET"

*A basket of goods & services that cost a \$1 in the year 2000 would have cost \$1.41 in 2013. The purchasing value of that \$1 in 2000 has fallen 41 cents, today. From January 2013 to 2014, inflation was 1.6%. That \$1 you had in 2013 now buys 1.6% less.*

*That is why your union negotiates a pay increase for you !"*

### MEAT WORKER PRODUCTIVITY

- ☑ 1980 the meat exported per person was 23 tonnes
- ☑ 1990 the meat exported per person was 29.3 tonnes
- ☑ 2000 the meat exported per person was 33.4 tonnes
- ☑ 2010 the meat exported per person was 37.8 tonnes
- ☑ **2013** The volume of meat exported per person employed has risen from 23 tonnes in 1980 to 43.2 tonnes today - a productivity gain of 88%

## BLOOD, SWEAT, AND FEAR

**Workers' Rights in U.S. Meat and Poultry Plants - prepared by Human Rights Watch.** Workers in American beef, pork, and poultry slaughtering and processing plants perform dangerous jobs in difficult conditions. Dispatching the nonstop tide of animals and birds arriving on plant kill floors and live hang areas is itself hazardous and exhausting labor. After slaughter, the carcasses hurl along evisceration and disassembly lines as workers hurriedly saw and cut them at unprecedented volume and pace. Meatpacking work has extraordinarily high rates of injury. Workers injured on the job may then face dismissal. Workers risk losing their jobs when they exercise their rights to organize and bargain collectively in an attempt to improve working conditions. Employers put workers at predictable risk of serious physical injury even though the means to avoid such injury are known and feasible. They frustrate workers' efforts to obtain compensation for workplace injuries when they occur. They crush workers self-organizing efforts and rights of association. These are systematic human rights violations embedded in meat and poultry industry employment.

Any single meatpacking or poultry processing company which by itself sought to respect the rights of its workers - and hence incurred additional costs - would face undercutting price competition from other businesses that did not. Only governmental power can set a uniform floor of strengthened industry-wide rules for workplace H&S and for workers' compensation benefits. Full copy <http://nzmwu.org.nz>

## AFFCO - negotiations?

AFFCO Core CEA expired 31 December 2013. Your Meat Workers Union initiated bargaining in writing 4th November 2013. Affco agrees to allow all sub-branch officials to attend a claims meeting in Auckland on 4 December, after many requests. On going negotiations for a Bargaining Process Agreement. Union has been waiting for negotiations to commence and are pleased to report dates have been set for 4th and 5th February 2014

**J**ohn Ryall, National Secretary SFWU said “the attacks on collective organisation and our members’ real wages and working conditions have not stopped. These attacks have been led by the National Government with their proposed legislation to allow new workers to start on lower rates than an applicable collective employment agreement, to allow employers to walk away from collective bargaining and to allow small contractors to sack cleaners. While the inflation rate is under 2% and our members are struggling to get wage increases, chief executive salaries have rocketed up by an average of 10% and even those poor performers, such as the head of ACC, manage to pocket over \$170,000 on the way out the door. There is something rotten when



you look at the official statistics the top 50 companies in NZ and see that their CEO salaries are now more than 26 times the average wage of their employees. Despite the mantra preached to us by business leaders and their political mates, that if you work harder you get ahead, we know that it is a fraud.

## INTERNATIONAL MEAT NEWS

For many beef and lamb producers 2014 will be a year of reduced output as they bounce back from last year’s drought but the flipside of that lower production is that higher returns per kilogram are anticipated,” Handley said. “Don’t expect record-high farm gate prices but it should be one of the better years.” The European and United States economies would play a key part in determining how good returns were, especially for lamb, he said. “Growth in Asia has been extremely valuable for our meat exporters in recent years but, in general, they’re not buying high-end products. WORLD beef supplies are expected to remain tight for the first half of this year, maintaining good to record prices for prime cattle in the major beef-producing countries of North and South America, Europe, and Oceania. Rabobank analysts said in a quarterly research update in late December that the bank’s global cattle price index rose 6% through the second half of last year. It was driven by lower-than expected supply in the main beef-exporting countries and strong Asian import demand. China was becoming important in world beef trading, with its frozen beef imports increasing seven-fold last year, Rabobank’s agricultural economists said. Australia was the main supplier, with 50% of the trade, followed by Uruguay (25%) and Brazil. In addition, the Trans-Pacific Partnership, which includes major beef-producing countries the US, Canada, Mexico, Australia, and NZ, proposes to eliminate quotas and tariffs. The five countries combined account for a third of global beef production and half of all Internationally traded beef.

## FARM PROFIT BEFORE TAX

From 2009 to 2013 - 5 years - NZ Farm Profit before tax has been an average \$95, 791.80. For farmers the best year 2011/12 season \$160,448 profit before tax, it is significant to note that is the year meat companies made huge losses. From 2009 farm profit before tax has risen 574.4%, whereas meat workers wage increases in that same period have been 13.1%.

Due to overcapacity, many meat workers in that period have endured short days, short weeks, intermittent layoffs during the season, longer off seasons, seasonal closures, making meat workers family incomes unreliable. Additionally many meat workers are being told to work harder with further losses [claw backs] to their terms and conditions of employment at departmental level and plant level.

*“2014 - NZ economy is picking up, business confidence upbeat, ANZ Agri Barometer farmer and grower optimism is up, confidence strong and expectations are high - meat workers can expect positive CEA settlements”*

### 2013/2014 Season kill to Week 16 - Saturday 18/1/14

- NZ Lamb kill was down – 1.5% (91,872) 5,959,825 slaughtered. North Island down -1.4% & South Island down-1.7%
- NZ Mutton kill was down – 2.4% (41,457) 1,694,901 slaughtered. NI -11.9% & SI up +10.6%
- NZ Beef kill was down –3% (17,998). 585,242 slaughtered. NI -3.4% & SI -1.6%
- New season calf kill was up

### LAMB CROP 2013 - DECEMBER (B&L NZ)

**Lamb Crop down -4.7%** The number of lambs tailed in the spring of 2013 was down 4.7 % (-1.3 million) on the previous spring to 25.53 million head. This follows record high ewe lambing percentages for the spring of 2012 and will be the second smallest lamb crop in nearly 60 years. Only 2010/11 was lower.

**Export slaughter -6.8%** Export lamb slaughter is estimated to decrease 6.8% to 19.5 million head compared with 2012/13, a decrease of 1.4 million. The 2012/13 export lamb off-take of 20.9 million head resulted from the combination of a superior ‘grass’ season and ideal ewe condition at mating which led to record lambing percentages in the spring of 2012.

**North Island -12.3%** **South Island -1.8%**

**Carcase weights up +2.3%** The average export lamb slaughter weight is expected to increase 2.3% to 18.4 kg. Heavier weights are expected for 2013/14 due to lower stocking rates for most regions following the drought-induced decline in the number of lambs tailed for the spring of 2013.

**Mutton slaughter -20%** The mutton slaughter is estimated to decrease 20% to 3.3 million from the drought-driven high off-take for 2012/13, a decrease of 837,000 head. This compares with 3.4 million head in 2011/12 – the lowest mutton off-take since 1965/66 – which was partly driven by a younger ewe flock following a heavy cull of older and poorer performing ewes in response to favourable mutton prices in 2010/11.

### LABOUR LEADER DAVID CUNLIFFE - State of Nation 27/1/14

There is an increasing gap between the haves and the have-nots. Ours is an economy where a wealthiest few are doing well, people in the middle are struggling to stay there, and those at the bottom are going backwards. That is the state of our nation today. This is now a country where one in four children is growing up in poverty. That’s not acceptable. Today we begin the conversation with New Zealanders about what kind of country we want our children to grow up in. We’ll be talking about how we create better jobs with higher wages. We’ll be talking about creating better opportunities for everyone, including our kids and our young families. And we will do this by building an economy that works for all New Zealanders. An economy that delivers for every Kiwi family. In the coming months you will no doubt hear praise for the New Zealand economy from a few vested interests with rock star lifestyles. But New Zealanders know that there is a vast gap between the rhetoric and the reality. They are told things are getting better, but in their own lives they see prices going up while their wages stay still. Too many people feel nervous about the monthly rates, power and insurance bills. The envelopes sit unopened on the kitchen table because people are too anxious to open them. Too many families are struggling even to cover the basics. When this school did a drama production, right here in this hall, and charged a \$10 entry fee for a seat – the seats you’re sitting in – I know parents who couldn’t afford to watch their own kids perform. That’s the price of living in a low wage economy. The rich are getting much richer, the middle is struggling and the poor are going backwards. It’s the human face of “trickle-down economics”, the idea that if we give more to those at the top, eventually things will get better for the rest of us. **But it’s now a fact that the top 10% own 50% of our wealth. The bottom 50% owns just 5% of it. In fact, between 1984 and 2011 the income of the top 1% rose nearly 10 times as fast as the bottom 10%.**