

Mr Chairman, Conference delegates, observer's, I present my 6th Annual Report

Finances 2016/17:

- The Consolidated Accounts of the Union was in deficit of -\$252,685 (-\$308,690 in 2016). Salaries & Allowances are the largest cost followed by Legal fees. Consolidated accounts were initiated by the Government department MBIE in 2005.
- The National Office was in deficit \$18,568 (-\$48,815 in 2016) as at 30th Sept. 2017 with term investments of \$419,264 (\$433,838 in 2016).

The 2016/17 slaughtering's nationally:

- Lamb down -3.2%, to 19,241,839 (2015/16 - 19,869,020)
- Mutton down -6.4%, to 3,551,842 (2015/16 - 3,793,597)
- Beef down -6.1%, to 2,362,632 (2015/16 - 2,516,253)
- Calves down -10.5%, to 1,727,832 (2015/16 - 1,930,686)
- Goats down -3.9%, to 115,504 (2015/16 - 120,229)
- Venison down -8.5% to 291,000 (2015/16 - 318,000)

Meat and wool exports are now forecast to increase to \$9.6 billion in 2018, from \$8.2 billion. Prices across the sector remain strong, with 2018 red meat prices forecast to increase 14.7% for lamb, 20.5% for mutton, 2% for beef, and 11.7% for venison.

- Provisional Agricultural Production Survey data for June 2017 shows total beef cattle numbers have risen for the first time since 2006 following several years of strong beef prices. This has supported the overall trend towards cattle away from sheep.
- NZ beef export prices remain at or above \$7.00 per kg, even though production is expanding in the US and elsewhere. This is because beef consumption is trending upward in key markets including the USA, China, Japan, and South Korea.
- Plenty of opportunities exist for NZ beef exporters to increase trade with China, even with Brazil's rapid expansion into that market. China's beef production is expected to continue expanding, but consumption is increasing at a faster rate. As a result, China's beef imports are projected to increase by 60% over the next decade. NZ is China's fourth largest source for imported beef, behind Brazil, Australia, and Uruguay.
- This year, 10 NZ meat plants will begin exporting chilled beef and sheep meat to China on a trial basis. As shown in Table 6, chilled meat sells at a premium to frozen meat, so a successful trial will add value to NZ's future meat exports
- **Table 6:** Export share and price premiums to all NZ markets for chilled meat, year ended March 2017
- Lamb export revenue is forecast to fall 6.7 percent in the year ending June 2017, to \$2.4 billion. Falling breeding ewe numbers and an increase in retained stock to rebuild flock numbers are behind this forecast fall. Export revenue is forecast to rise to \$2.6 billion by the year ending June 2021 on the back of rising prices.
- The number of lambs for export, processed in 2017-18 is forecast to increase 1.3 per cent from the previous season to 19.5 million head. This partly due to more lambs being carried over from the previous season due to good grass availability.
- Average export prices for venison are strong and are forecast to remain elevated over the forecast period.

Value of NZ Exports Year ended June (\$million FOB Free On Board	2010	2017	% change
Raw wool	552.1	522	-5.5
Lamb	2,454.5	2,441	-6
Mutton	348.4	417	19.7
Beef & Veal	1,822.4	2,706	48.5
Venison	208.7	162	-22.4
Edible Offal	188.1	260	38.2
Other Meats	174.9	252	44.1
Hides & Skins	163.5	178	8.9
Deer Velvet	27.7	50	80.5
Tallow	127.7	141	10.4
Animal Oils & Fats	20.2	15	-25.7
Crude Animal Materials	271.3	379	39.7
	\$6,359.50	\$7,523.00	18.3%

	Beef	Lamb	Venison
Percent of exports sent as chilled	7%	22%	19%
Chilled price premium	90%	59%	112%

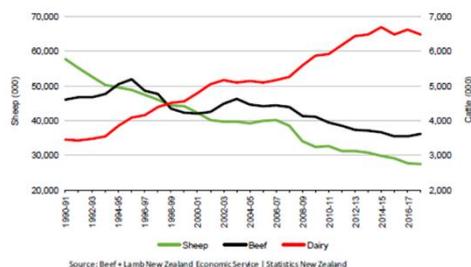
Primary industries export revenue, 2013-19 (\$NZ million)

Year to 30 June	Actual					Forecast	
	2013	2014	2015	2016	2017	2018	2019
Meat and wool	7,793	8,163	9,001	9,201	8,356	9,160	8,910
Venison	171	187	174	182	162	180	160

Productivity: The volume of meat exported per person employed has risen from 23 tonnes in 1980 to 46.9 tonnes today (2017) – a productivity gain of 103.9%, alternatively the volume of meat exported per person employed has risen from 38.1 tonnes in 2012

to 46.9 tonnes today (2017) – a productivity gain of 23.1% in 5 years.

Figure 5



Immigration: statistics showed 10,210 permanent and long-term arrivals to NZ in February 2018 and 5,240 departures in seasonally adjusted terms, a net gain of 4,970. In February, 7.4% of the arrivals had residence visas, 34.2% student visas, 28.6% work visas, and 4.8% visitors. A further 24.5% were NZ/AUS citizens.

	Lamb weights	Mutton weights	Lambing %
1985	12.52	19.37	98.5%
1990	13.71	19.84	99.8%
1995	14.83	21.26	107.4%
2000	16.61	23.53	116.1%
2005	17.54	24.75	127.9%
2010	17.64	24.75	114.6%
2015	18.08	25.04	128.8%
2017	18.61	25.69	133.2%

National Office has attended meetings with:

- ✓ Health & Safety Forum–MIA, ACC, AQ (Vets/MI), Worksafe NZ, Primary ITO, Meat Co's
- ✓ ACC Futures Coalition (Network of ACC lawyers, community health providers, unions)
- ✓ Meat Industry Association (AIP Halal slaughterman)
- ✓ Government Departments – Overseas Investment Office, Official Information requests etc.
- ✓ Continues to work with the International Union of Food Workers (IUF)
- ✓ Labour History Project – arranging interviews with retired MWU officials, recording our MWU history as part of Trade Union History
- ✓ Parliamentary meetings, NZ Labour Party and the Labour Affiliates Council
- ✓ Investigative reporters & media
- ✓ National Affiliates of the Council of Trade Unions (NZCTU), developing and updating Health & Safety handbooks/flyers for Delegate Training.

Negotiations 2016 - 2017:

Companies Linked to Talley's Group Ltd:

- **AFFCO New Zealand Ltd:** Core CEA was agreed and ratified for 2 years on the 6th March 2017 by Michael Talley and MWU members.
 - ★ 18th November 2015 the Employment Court (3 Judges) found AFFCO breached its obligations of "Good Faith – failure to notify MWU - misleading the MWU - failure to recognise the role and authority of the MWU - illegally bargaining directly with members of MWU and AFFCO had unlawfully locked out". AFFCO lost in the Court of Appeal 6th October 2016.
 - ★ AFFCO then appealed to the highest Court in NZ, the Supreme Court, and announced its unanimous decision 7 September 2017 by dismissing the appeal.
 - ★ Currently AFFCO has before the Court of Appeal the Wairoa lockout, disputing every \$1 that they owe workers in lost wages over the 5 months lockout.
- **South Pacific Meats Ltd:** The NZMWU initiated bargaining for the CEA, 9 October 2014, access is still an ongoing issue. SPM failing to put negotiators for a CEA/BPA.
 - ★ The MWU has had 6 cases (representing the many visits that have been denied) since 2011, winning \$244,000 in penalties plus legal costs. The last visit Wayne Ruscoe was assaulted by the site managers "heavy". \$28,000 was paid to the MWU and an additional Police trespass order was found invalid.
 - ★ Within one working day after winning this Employment Authority decision another denial of entry occurred at AFFCO Rangiora where a MWU organizer was told to undergo a drug test.
- **Land Meat NZ Ltd:** CEA expired 1 July 2014. MWU initiated bargaining on the 5th May 2014. Talley's are demanding that these workers have only two breaks of half an hour and a paltry offer of a wage increase.

Silver Fern Farms:

- ★ Strategic bargaining for multi plant CEA's (Venison, Sheepmeat, Beef), has delivered SFF workers a reasonable pay increase through to 31 December 2018, while SFF Management & MWU visit all the plants and review the on-plant arrangements.

Alliance:

- ★ The previous Core CEA was settled 23 February 2016 which included a reasonable pay increase, random saliva drug testing etc. This Core CEA expired 8 January 2018, we are currently in new negotiations.

OWNERSHIP CHANGES IN NZ MEAT INDUSTRY:

1. Silver Fern Farms now 50% China owned by Shanghai Maling Aquarius Co., Ltd.
2. ANZCO Foods is now 100% Japan owned by Itoham Foods Inc, which is owned by Itoham Yonekyu Holdings Inc, the largest shareholder in YH Inc. is Mitsubishi Corp (38.94%).
3. Craig Hickson (5th Largest Meat Company) has majority shares in Ovation NZ, Te Kuiti Meat Processors, Progressive Meats, now has a 51% (HBM Co. Ltd) control of Taylor Preston Ltd.

OUR FUTURE:

- ★ Under this Labour led Government we have an opportunity to become more relevant to the meat industry employers.
- ★ Dave Eastlake retired 1st June 2012. In his farewell speech to this Conference Dave discussed the need to build a centrally funded organization, which I agree with.
- ★ The NZ Meat Industry is evolving at a rapid rate, principally due to new CEO's from outside the traditional model, changing land use, migrant workers and overseas ownership changes.
- ★ Talley's, prepared to challenge the status quo by opening plants up in the South Island, taking on MPI, WorkSafe, ACC and the MWU, if the measure of success is, increasing Export Quota then they have succeeded. ANZCO Foods now 100% Japanese. Alliance Group opening plants in the North Island. China increasing its shareholdings in many NZ companies. Craig Hickson acquisition of Taylor Preston.
- ★ Change is being contemplated in the Wanganui Branch. Ashley Cooper at AFFCO Imlay (unable to attend as he was declined leave by AFFCO/Talley's) is retiring, and he believes his sub-branch will need the support of a larger structure, like the Aotearoa Branch. This sub-branch once had large shed funds. There are other ongoing developments.
- ★ This larger structure debate should not be confined to the Wanganui Branch alone. I am rightly reminded we have two branches in the South Island.
- ★ The NZMWU needs to progress towards a centrally funded organization, this won't happen overnight, however, we must continue the dialogue.

Darien Fenton, now has a full-time role as Director of Organising. Darien oversees the union's organizing and campaign strategy and delivery, with a primary focus on building the union's strength and power through campaigns such as -

JOBS THAT COUNT
WORKMATES. WHANAU. COMMUNITY.

Sherryl Haughie and Yvonne Matthews-Johnson, our Office Administration Team continue to be supportive and effective in the National office. I would like to thank both Darien, Sherryl and Yvonne for the great job they are doing.

Regards in Solidarity,

Graham Cooke, **National Secretary**