

48th ANNUAL REPORT

NZ MEAT WORKERS AND RELATED TRADES UNION

NZ Conference held 9th – 11th April 2019

Mr Chairman, Conference delegates, observer's, I present my 7th Annual Report



Finances 2017/18:

- The Consolidated Accounts of the Union was in surplus of \$22,164 (-\$252,685 in 2017). Legal fees down to \$311,186 a saving \$168,948 (\$480,134 in 2017) and Meetings/Conferences down to \$207,433 (\$268,144 in 2017), saving \$60,711. Consolidated accounts were initiated by the Government department MBIE in 2005.
- The National Office surplus for the year was \$18,887 compared to a deficit of \$18,567 for the previous year with term investments of \$462,620 (\$419,264 in 2017).

2017/18 slaughtering's nationally:

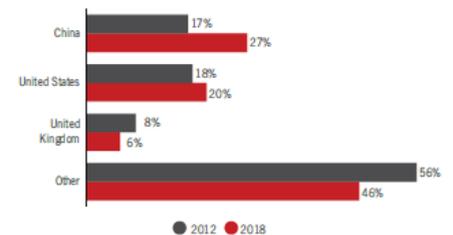
- Lamb up 3.2%, to 19,869,426 (2016/17 - 19,247,291)
- Mutton up 10.5%, to 3,923,287 (2016/17 - 3,552,014)
- Beef up 8.3%, to 2,558,398 (2016/17 - 2,362,690)
- Calves up 2.8%, to 1,776,898 (2016/17 - 1,727,939)
- Goats up 25.0%, to 144,462 (2016/17 - 115,530)
- Venison up .05% to 291,146 (2016/17 - 291,000)

Meat and Wool export revenues are forecast to increase to \$10.1 billion for the year ending June 2019, up 6.0% from last year. The main driver is high prices, which are being driven by strong international demand (especially from China) and supply constraints in Australia due to drought and a recent flood.

- Strong Chinese demand and constrained global supply for beef and veal should support current high prices export prices, with export revenues forecast to increase by 4.1% for the year ending June 2019.
- The outlook for New Zealand's higher value beef cuts is looking bright with the recent ratification of the CPTPP, coming into force on 30 December 2018. Tariff rates for NZ beef (both frozen and chilled) into Japan will fall from 38.5% to 27.5% in 2019, providing an advantage over the US.
- Chinese demand for lamb and mutton over the past 12 months has helped grow export returns with this demand is expected to continue. As a result, lamb and mutton export revenues are forecast to increase by 7.1% and 2.5%, respectively, for the year ending June 2019.
- Lamb production is forecast to decrease as a result of the downward trend in breeding ewe numbers, although this is being offset in the current season by higher lambing rates and higher slaughter weights.
- Deer numbers increased for a second consecutive year, up 7% from June 2017 to June 2018, with further population growth forecast. Deer population growth is being driven by strong venison and velvet prices.
- Export forecast for the year to June 2019. The main drivers for this revision are good weather conditions boosting production more than expected and rising optimism for meat and wool. Strong global red meat prices are driving an upwards revision of \$490 million in the meat and wool.

Value of NZ Exports Year ended June (\$million FOB) Free On Board	2013	2018	% change
Raw wool	678	542	-20.0
Lamb	2,263	3,018	33.4
Mutton	395	575	45.6
Beef & Veal	2,143	2,943	37.3
Venison	171	196	14.6
Edible Offal	209	251	20.0
Other Meats	226	292	29.2
Hides & Skins	341	163	-52.2
Deer Velvet	19	55	189.5
Tallow	149	110	-26.2
Animal Oils & Fats	14	38	171.4
Crude Animal Materials	415	474	14.2
	\$7,023m	\$8,657m	23.3%

Figure 12: More reliance on China leading to less diversification in meat and wool export markets



Meat and wool export revenue by destination, 2012 and 2018. Source: Stats NZ and MPI.

Primary industries export revenue, 2014–20 (NZ\$ million)

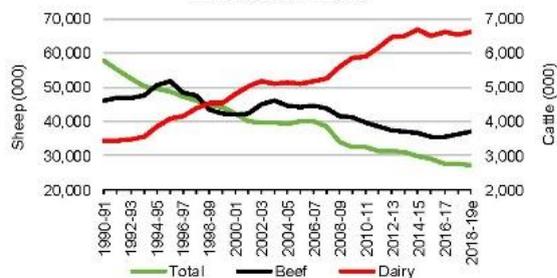
Year to 30 June	Actual					Forecast	
	2014	2015	2016	2017	2018	2019	2020
Meat & wool	8,162	9,000	9,200	8,355	9,542	10,110	9,990
Venison	187	174	182	162	196	190	190

Productivity: The volume of meat exported per person employed has risen from 23 tonnes in 1980 to 49 tonnes today (2018) – a productivity gain of 113%, alternatively the volume of meat exported per person employed has risen from 38.1 tonnes in 2012

to 49 tonnes today (2018) – a productivity gain of 28.6% in 6 years.

Figure 5

Livestock Numbers



Source: Beef + Lamb New Zealand Economic Service | Statistics New Zealand

Immigration: There was an estimated actual net gain of 48,278 migrants in the year to December, down from 52,651 in the year to December 2017. In December, 8.6% of the arrivals had residence visas, 6.8% student visas, 14.3% work visas, and 26.4% visitors. A further 43.4% were NZ or Australian citizens.

Kg	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%
2018	18.56	25.78	135.4%

National Office: has attended meetings with:

✓ Government:

- Future of Work Tripartite Forum Strategic Sessions – Grant Robertson the Minister of Finance is providing necessary momentum for Government (NZ Treasury), Employers and Unions. Two sessions to date.
- MBIE – Meat Company Payroll, Holiday Act non-compliance. SFF the only meat company to comply to date.
Full report in pack – MBIE - Addressing Holidays Act non-compliance
- Amendments to Employment Relations Act 2000, took effect 12th December 2018 and final amendments become law 6 May 2019.
- Fair Pay Agreements & Holidays Act Review & Injury Advocacy Service (ACC tenders out).
- Triangular Bill (Darien's Bill) - Employment Agencies, temps etc.
- Immigration NZ – A new approach to employer-assisted work visas and regional workforce planning. Submissions closed 18 March 2019, MWU submitted.
- Tax Working Group
- Official Information Act 1982, requests (OIA) - Talley's Group Ltd, Blenheim.
- Overseas Investment Office (OIO) requests (overseas companies are expressing an interest in buying into the NZ meat industry).
- Lobbying hard for amendments to the Health & Safety Act and Accident Compensation Corporation.

✓ NZ Labour Party and the Labour Affiliates Council

✓ ACC Futures Coalition a network of ACC lawyers, community health providers and unions.

✓ Meat Industry Association

- Application In Principal (AIP) Immigration NZ - Halal slaughterman.
- Health & Safety Forum currently not meeting, suspect Mycoplasma Bovis taking precedence – letter sent to MIA requesting status of this group [ACC, MBIE Worksafe, AQ (Meat Inspection), Primary ITO, Meat companies].

✓ International Union of Food Workers (IUF), MWU is affiliated and continues to participate.

✓ NZ Food Unions meet regularly.

✓ Investigative reporters & media

✓ National Affiliates Council of Trade Unions (NZCTU) meets 4x per year plus Zoom Conference calls discussing campaigns.

Negotiations 2017 - 2018:

Companies Linked to Talley's Group Ltd:

- **AFFCO New Zealand Ltd:** Core CEA expired 5th March 2019. MWU initiated bargaining 5th January 2019. Affco supplies a BPA 8th March. This company has set no dates for bargaining and appears to be in no hurry to start bargaining.
 - ★ 6th December 2018, MWU wins in the Court of Appeal with the Court confirming AFFCO unlawfully locked out Wairoa workers, further these workers were entitled for lost wages to which the Wages Protection Act applied (not damages as AFFCO argued). \$2million (wages and interest)
 - ★ A non-taxable settlement payment was put to AFFCO, however, AFFCO responded "would have resulted in AFFCO breaching New Zealand tax laws, and hence which AFFCO was unable to accept". The MWU has reached non-taxable settlements with AFFCO/Talley's since I was at AFFCO Horotiu in 1975. Suddenly, these breach NZ tax laws. Judge Corkill has convened a meeting in his Employment Court Chambers 13th May.
- **South Pacific Meats Ltd:** The NZMWU initiated bargaining for the CEA, 9 October 2014. SPM is failing to put negotiators forward to enable bargaining a CEA/BPA.
 - ★ Still access issues at Malvern.
- **Land Meat NZ Ltd:** Slaughter CEA was settled 16th December 2018.

- ★ Subsequently, the manager has since unilaterally stopped paying 2x 5 minute knife sharpening breaks. These are in the CEA and have been paid for many years.
- ★ The boning operation workers have since joined MWU and wish to be part of the CEA, progress is extremely slow with Talley's HR dragging the chain.

Silver Fern Farms:

Strategic bargaining for 14 plants, a multi plant CEA including all species has delivered SFF workers a reasonable pay increase to 31 December 2018, with another interim pay increase for 6 months. The parties are working on a Core CEA.

Alliance:

The Core CEA was settled 31 December 2018 which included a reasonable pay increase, in particular a new minimum production rate of \$21.00 per hour plus other clauses were agreed. This current Core CEA expires 8 April 2020.

OUR FUTURE:

- ★ Under Darien's guidance we are growing our ability to organize campaigns. The Talley's/AFFCO campaign being our first. This is far from over and very much ongoing. AFFCO give MWU some wins on the fringes but they have not altered their overall policy, "*industrial democracy is not in their DNA*". Even when MWU extends an "olive branch" AFFCO respond indicating that they see no reason to change, the status quo is fine.
- ★ Leadership Development Course at the last conference.
 - 20 MWU workplace leaders attended a 3 day conference, introduced by Graham Cooke, facilitated by Darien Fenton, an overview provided by Union Lawyer Peter Cranney, workshops from CTU's Sam Huggard, Ross Teppett and PSA's Simon Oosterman, along with a local Labour activist to talk about politics in the evening. We also were visited by young leaders from Myanmar (facilitated by UnionAid) and several of our organisers were also present during the conference.
 - Since then, many of these leaders have gone on to become more active in their workplaces; for example, Heather and Michael at Takapau have run several short education courses for their Boards of Control members, others have sought more local workplace education and some have signed up for other campaigns in the broader labour movement.
 - Four of these leaders attended last week's CTU's organising conference. The National Executive made a decision to support a small number of those we had already invested in. Jason Soal from ANZCO Ashburton, Jason Simpson from SFF Te Aroha, Sara Werata from Progressive in Hastings and Kara Iraia from AFFCO Manawatu were at the 3 day conference, where they participated in a very active way, networked and debriefed. We are proud that the MWU was the only union to have a majority of workplace leaders as part of their delegation.
- ★ We are strategically bargaining with AGL, SFF, AFFCO, & Greenlea. We have had some success with smaller operators such as Hellers, Van Den Brink and Ravensdown. We need to make more progress at ANZCO Foods. Craig Hickson owned plants are meeting Thursday afternoon to develop and progress their collective bargaining.
- ★ MWU structural change is happening. AFFCO Imlay joined the Aotearoa Branch 1st October 2018. Ratification/Settlement of the AGL CEA enabled Daryl Carran to organize a vote of the AGL Dannevirke membership to join the Aotearoa Branch, these votes were overwhelmingly in favor. Land Meats (Slaughter/Boning) voted to join Aotearoa Branch in late 2018. This MWU structural 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 rationalizing our audits and a centrally funded organization, this won't happen overnight, however, we must continue the dialogue.

Director of Organising, Darien Fenton, oversees the union's organizing and campaign strategy and delivery, with a primary focus on building the union's strength and power through campaigns.

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 am very appreciative of the work Darien, Sherryl and Yvonne put in, a big thank you!

Regards in Solidarity,

Graham Cooke, **National Secretary**