



34TH ANNUAL GENERAL MEETING

Minutes of the Annual General Meeting held in the MIA Board Room, level 5, 154
Featherston Street, Wellington on 18 September 2018
commencing at 4.42pm

Present

John Loughlin	Chairman
Craig Hickson	Progressive Meats Ltd
Simon Gatenby	Taylor Preston Ltd
Tony Egan	Greenlea Premier Meats Ltd
Tim Harrison	Advance Marketing Ltd
Simon Limmer	Silver Fern Farms Ltd
Peter Conley	ANZCO Foods Ltd
Rowan Ogg	AFFCO New Zealand Ltd
Bruce Rountree	Hawkes Bay Proteins Ltd
	Value Proteins Ltd
	Standard Commodities Ltd
Marcus Adam	Wilmar Gavillon Ltd
Andrew Lowe	Lowe Corporation
Colin Francis	Davmet
David Surveyor	Alliance Group Limited
John Corcoran	ANZCO Foods Ltd
Tim Ritchie	Auckland Meat Processors
	Harrier Exports Ltd
	Wallace Group
Ian McGarvie	Davmet Ltd
Colin Francis	Davmet Ltd

In Attendance:

Tim Ritchie	Chief Executive
Beverley Dixon	Association Secretary
Christopher Guy	MIA In-house Legal Counsel

1.0 APOLOGIES

Apologies were received from:

Fred Hellaby	Auckland Meat Processors Ltd
Jim Goodall	Progressive Meats Limited
Lyndon Everton	Kintyre Meats Ltd
Craig Wylie	Standard Commodities Ltd
Brent Crawford	Prime Range Meats Ltd

The Chairman welcomed members to the 34th Annual General Meeting of the Meat Industry Association. With proxies, there were 17 companies represented at the meeting (quorum is 11 companies).

2.0 CONFIRMATION OF MINUTES

Motion: That the Minutes of the 33rd Annual General Meeting of the Meat Industry Association of New Zealand (Inc) held on 19 September 2017 in the MIA Boardroom level 5, 154 Featherston Street, Wellington be adopted and confirmed without amendment.

Peter Conley / Craig Hickson
Carried

3.0 MATTERS ARISING FROM THE MINUTES

There were no matters arising from the minutes of the 33rd Annual General Meeting held on 19 September 2017.

4.0 CHAIRMAN'S AND CEO'S ANNUAL REPORT

The Chair briefly outlined the contents of the Chairman and CEO's annual report and thanked Councillors for supporting the work of the Association.

Motion: That the Chairman's and CEO's Annual Report for the year ending 30 June 2018, as contained in the 2018 Annual Report, be received.

David Surveyor / Simon Limmer
Carried

5.0 ANNUAL ACCOUNTS (YEAR ENDED 30 JUNE 2018)

Motion: That the Financial Report for the year ending 30 June 2018 be received.

Simon Gatenby / Simon Limmer
Carried

6.0 ELECTION/APPOINTMENT OF COUNCIL

The Chairman advised that nine valid nominations had been received for the nine Council positions.

The Chairman then noted, of the nine nominations, four individuals are appointed as of right pursuant to Rule 13.1(a)¹, these were:

David Surveyor	Alliance Group Ltd
Rowan Ogg	AFFCO New Zealand Ltd
Peter Conley	ANZCO Foods Ltd
Simon Limmer	Silver Fern Farms Ltd

The remaining five nominees were eligible for the five remaining vacancies, one under Rule 13.1(b)² and four under Rule 13.1(c), these were:

Tim Harrison	Advance Marketing Ltd (Rule 13.1(b))
Fred Hellaby	Auckland Meat Processors Ltd
Tony Egan	Greenlea Premier Meats Ltd

¹ Each processor whose annual subscription in the preceding Financial Year represents 10% or more of the MIA's annual budget paid by Processors in aggregate may appoint a person as a Council member

² At least one (1) Council Member shall be elected from persons nominated by Members who are Registered Exporters

Craig Hickson
Simon Gatenby

Progressive Meats Ltd
Taylor Preston Ltd

There being nine nominations for nine vacancies, the nominees were considered duly elected.

7.0 APPOINTMENT OF AUDITORS

Motion: That KPMG be re-appointed Auditors of the Association for the year ending 30 June 2019.

Peter Conley / Tony Egan
Carried

8.0 GENERAL BUSINESS

There were no items of general business.

There being no further business the meeting closed at 4.47pm

Chairman's and CEO's Annual Report 2018

The meat processing and export industry on the whole had a reasonably good year. Prices have been firm to stable for the past few years. For many companies, the year was one of continuing to quietly strengthen their positions, improving efficiencies at home in production while pushing hard to deepen relationships and realise higher returns from overseas markets. This is a continuation of industry's long-term strategy of realising greater efficiencies in production (including adoption of new technologies) and moving up the value chain towards high value branded product. The signing of the Comprehensive and Progressive Trans Pacific Partnership was a major step forwards for the industry, we worked to establish good relationships with a post-Brexit United Kingdom, and we welcomed New Zealand beginning Free Trade Agreement negotiations with the European Union. We continue to work to deepen our ties with China, with two MIA visits to China in the past year.

But we face major uncertainties, and a lot of MIA's work in the past year has been either to manage those uncertainties or else put ourselves in a better position to deal with them. Increasingly, that work is not being done by MIA in isolation, but rather by the wider sector as a well-aligned whole.

As a small trading nation, New Zealand relies on robust internationally adhered to trade rules and the system is under real pressure. Protectionist attitudes in the United States have become more belligerent, and where this goes is uncertain but the risks are real and potentially significant, particularly as other countries retaliate and escalate matters. Brexit also creates huge uncertainty for our industry. The shape and nature of the UK/EU trade relationship is still unclear but will have implications for our sector's interests. The EU recently published a proposal on New Zealand's valuable sheep and beef quotas into the EU. The EU proposal is totally unacceptable to the sector as it erodes our legally binding WTO access rights. It is also not a good answer for British and European farmers and consumers. We will continue to fight hard to preserve those rights and the rules-based international trading system. In China there has also been some change with a major restructure of government agencies. There are implications for New Zealand's market access ambitions and we are ready to engage with the new system at the earliest possible time.

At home, a new coalition Government with three different political parties has changed the landscape. The coalition has made ambitious promises regarding New Zealand becoming carbon neutral by 2050. This sector supports the principle of that ambition while recognising that new tools will be required to deliver that reality. The risk is that the Government will adopt the blunt instrument of including agriculture in the Emissions Trading Scheme with the point of obligation at the processor. Such an approach will do absolutely nothing to reduce carbon emissions, and will act as a tax on meat production – a tax which none of our heavily subsidised international competitors have to bear. However, our sector is deeply engaged in work to achieve carbon neutrality by 2050. We welcome the Beef+Lamb NZ Environment Strategy and their investment in environmental programmes. If we are to market our products to the world's most demanding customers, then we have to be able to prove our environmental credentials. More can be done for the environment through patient hard work focussed on practical on-farm solutions, than carbon taxes on processors which signal virtuous intent but average away the successes of innovators and leaders of change.

A cause of considerable uncertainty for MIA is the Government's industrial relations agenda. The Employment Relations Amendment Bill, currently before Parliament, if passed without amendment, would be a significant step backwards for the meat processing industry. We regard with concern the vague promises to introduce so-called Fair Pay Agreements. A problem is the tendency to treat employment issues within the context of a '9 to 5' 5-day week. This simply does not reflect the reality of meat processing work, which needs a high level of flexibility to meet seasonal changes, innovate and respond to customer demands. The Government's proposed industrial relations reforms would significantly worsen the tight labour constraints the industry is already under.

The industry struggles with a shortage of labour. Currently we estimate there is a shortfall of 2,000 workers in the meat processing industry. Because of this, some product is not being processed to its highest possible value. A risk is that tightening labour markets combined with inflexible industrial relations may force the industry back into a “commodity trap”. A priority for the MIA in 2018/19 will be a strategy to resolve the labour shortage issue, including by advocating for a flexible, highly skilled future workforce. However, it is likely that there is no one solution – it will require attracting more workers into the industry (including countering a lot of false popular stereotypes about meat industry work), enhanced training and skills development, continuing adoption of automation, and immigration.

It is disappointing that the Government’s industrial relations agenda, which aims to give the unions greater powers and remove flexibility from labour relations, does the opposite and looks backwards rather than forwards to enabling a suitable future workforce. Our industry is evolving with processors and exporters, both large and small, putting more emphasis on innovation, branding, agility, product differentiation, and doing so in ways that are unique to participants. We do not need a rigid “one size fits all” approach to employment relations that limits flexibility and innovation and destroys value.

To achieve our objectives, MIA will need to work more closely with other industries, Government, Primary Industry Training Organisation, and across our membership. A step towards this by MIA is the formation of the processors’ HR Leaders’ Group, to improve industry strategic direction and coordination in this area.

One major area of focus for the primary sector in the past year has been the cattle disease, Mycoplasma Bovis. Meat processors are playing a vital role in culling of infected herds in a way which is done efficiently, humanely and reduces costs to the taxpayer and farmers. We commend the Government, Beef+Lamb NZ Ltd and Dairy NZ for taking the brave decision to seek to eradicate the disease. This is the right call. The disease not only will result in costs to on-farm productivity, but a strong biosecurity response proves New Zealand’s determination to uphold its excellent reputation. Nevertheless, the disease response shows the urgent need to address shortcomings in the biosecurity system. The National Animal Identification and Tracing system (NAIT) needs to be strengthened – farmer compliance, especially, must be improved. The capability of Ministry for Primary industries (MPI) needs to be looked at. MIA and processors will now play an active role in future biosecurity reforms, having joined the Government Industry Agreement (GIA) in September 2017, which makes MIA a partner with MPI in the biosecurity system.

Underpinning our meat exports are the assurances provided by MPI. As this is a service which directly benefit meat processors, it is right that meat processors should pay for that service – and meat processors pay almost \$40 million a year to MPI for that, on top of the \$47 million to AsureQuality for undertaking MPI regulatory tasks. However, if industry is to pay money for a monopoly service, it is right that MPI be transparent about how it spends processor’s money. It is a source of considerable frustration to us that financial and performance reporting by MPI of their cost recovered services has gone backwards over recent years.

So this year has seen major challenges for our industry and a very busy year for MIA. But let’s not overlook the fact that change brings opportunity to those who grasp it. Thus, the challenge is how we respond and maintain the sector’s ability to innovate to enhance collective profitability. Our sense is that we are in good shape to face this disruption and turn it into a real opportunity for the sector to capitalise on the opportunities that emerge.