



## 30<sup>TH</sup> ANNUAL GENERAL MEETING

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Minutes of the Annual General Meeting held in the Morrison Room, Level 6, The Wellington Club, 88 The Terrace, Wellington on 23 September 2014, commencing at 16:15

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### 1.0 Present

W J Falconer	Chairman ANZPAC Ltd
T Harrison	Advance Marketing Ltd
H Simson	AFFCO New Zealand Ltd
G Cuff	Alliance Group Ltd
M Clarkson	ANZCO Foods Ltd
F Hellaby	Auckland Meat Processors Ltd
T Egan	Greenlea Premier Meats Ltd Universal Beef Packers Ltd
S Dreyer	Taylor Preston Ltd
S Gatenby	Taylor Preston Ltd
K Cooper	Silver Fern Farms Ltd
G Shortland	Wallace Corporation Ltd
J Upton	Mathias International Ltd
C Francis	Davmet New Zealand Ltd

### In Attendance:

M Devine	Association Secretary
T Ritchie	Chief Executive
P Houlding	Trade & Economic Manager

### 2.0 APOLOGIES

Apologies were received from:

R Frater	ANZPAC Foods Ltd
M Roberts	ANZPAC Foods Ltd
J Blanc	Columbia Exports Ltd
R Black	Fern Ridge
P Guscott	Lean Meats
G Lane	Lanexco Ltd
A Lowe	Lowe Corporation
W Sandberg	Ovation New Zealand Ltd
G Plunkett	Port Otago
M Cairns	Port of Tauranga
C Hickson	Progressive Meats Ltd
R Hewett	Silver Fern Farms Ltd
N Hendy	Tara Exports
R Stewart	Universal Beef Packers Ltd

The Chairman welcomed members to the 30<sup>th</sup> Annual General Meeting of the Meat Industry Association. The Chairman noted that, with proxies, there were 12 companies represented at the meeting (quorum is 11 companies).

### 3.0 CONFIRMATION OF MINUTES

**Motion:** That the Minutes of the 29<sup>th</sup> Annual General Meeting of the Meat Industry Association of New Zealand (Inc) held on 24 September 2013 in the MIA Boardroom, Level 5, Wellington Chambers, 154 Featherston Street, Wellington be adopted and confirmed without amendment.

W J Falconer/T Egan  
**Carried**

### 4.0 MATTERS ARISING FROM THE MINUTES

There were no matters arising from the minutes of the 29<sup>th</sup> Annual General Meeting held on 24 September 2013

### 5.0 CHAIRMAN'S AND CEO'S ANNUAL REPORT

**Motion:** That the Chairman's and CEO's Annual Report for the year ending 30 June 2014, as contained in the 2014 Annual Report, be received.

T Harrison/M Clarkson  
**Carried**

### 6.0 ANNUAL ACCOUNTS (YEAR ENDED 30 JUNE 2014)

A member questioned the adequacy of MIA reserves and arrangements for the funding of the MIA in the event of a major biosecurity incident occurring. The Chairman noted that it had been previously agreed by Members to reduce the reserves of the MIA on the basis that should there be a major biosecurity incident, the Members would provide MIA with that funding as might be considered necessary to allow any necessary operations to continue.

It was agreed that the position taken previously by Members, as outlined above, still stood and the understanding reached at that time was still in place.

**Motion:** That the Financial Report for the year ending 30 June 2014 be received.

W J Falconer/H Simson  
**Carried**

### 7.0 SPECIAL RESOLUTIONS

There were no special resolutions.

### 8.0 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)<sup>1</sup>, these were:

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<sup>1</sup> 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

Keith Cooper	Silver Fern Farms Ltd
Grant Cuff	Alliance Group Ltd
Hamish Simson	AFFCO New Zealand Ltd
Mark Clarkson	ANZCO Foods Ltd

The Chairman **moved** that the four individuals named above be appointed to Council until the 2015 Annual General Meeting

T Egan/F Hellaby  
**Carried**

The remaining five nominees were eligible for the five remaining vacancies, one under Rule 13.1(b)<sup>2</sup> and four under Rule 13.2(c), these were:

Tony Egan	Greenlea Premier Meats Ltd
Simon Gatenby	Taylor Preston Ltd
Tim Harrison	Advance Marketing Ltd (Nominated by Exporter Representative)
Fred Hellaby	Auckland Meat Processors Ltd
Craig Hickson	Progressive Meats Ltd

The Chairman **moved** that all nominees named above be appointed to Council until the 2015 Annual General Meeting

M Clarkson/H Simson  
**Carried**

#### 9.0 APPOINTMENT OF AUDITORS

**Motion:** That KPMG be re-appointed Auditors of the Association for the year ending 30 June 2015

W J Falconer/S Gatenby  
**Carried**

#### 10.0 GENERAL BUSINESS

##### Dennis McClenaghan

The CEO noted the recent passing of Dennis McClenaghan, noting he had been a significant contributor to the work of the MIA and a Council member for a number of years, as well as representing industry on the B+LNZ Inc Board. Members acknowledged Dennis' service to the MIA and the meat industry.

There being no further business the meeting closed at 4.19pm.

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

## Appendix One

### ANNUAL REPORT – Bill Falconer, Chairman & Tim Ritchie, CEO

The environment for the red meat sector was much more positive in 2013/14 compared to the previous year. While export volumes were little changed from last year, the recovery in prices in traditional markets and the steady growth in the value of exports to emerging markets meant the industry's overall export revenue increased by \$200 million to reach \$6.5 billion for the year.

In many ways, this is the ongoing cyclical nature of our industry, and is unavoidable when our supply is dependent on things out of our control such as the weather. But the factor that makes this rise in our fortunes different – and potentially an ongoing factor – has been the astounding rise of China.

In the last 10 years, annual sheepmeat exports to China have grown from 27,000 tonnes to more than 160,000 tonnes and beef exports from 1,000 tonnes to 37,000 tonnes. It is now New Zealand's largest market for sheepmeat by both volume and value and second largest for beef. It is also our largest overall market for co-products.

The value of these exports has also been steadily growing. Last year the average FOB export value to China was \$4.50/kg for sheepmeat and \$5.15/kg for beef. In 2013/14 this had grown to \$5.04/kg and \$5.60/kg respectively.

This rapid growth has not come without its hiccups of course, as demonstrated by last year's border delays. However, we have all learned from that. There has been recognition by both government and industry there was a need to strengthen our relationships with our Chinese counterparts.

MIA is pleased the government has increased the resources allocated to China. There are now four MPI staff based in China, plus additional resources in Wellington dedicated to China. We are pleased MPI is shifting from a stance of reacting to crises to dealing with Chinese regulators on a "business as usual" normal and close relationship. We note, however, much of this resource is ultimately cost-recovered from industry, which reinforces the need for MPI to be transparent about its cost recovery.

China was a significant focus for MIA during the year, and much of our small Wellington-based team was dedicated to China related issues. This focus is expected to continue into 2014/15.

While many companies have built strong relationships with their customers over a long period, it was decided it would be beneficial to develop relationships at an industry-wide level. Therefore, MIA organised a high level delegation to China in June 2014, consisting of chairmen or CEOs of the major meat processing companies.

The New Zealand meat industry delegation was well received, and MIA believes it was a very important first step in strengthening industry to industry relationships.

While very important, China was not the only story during the year.

The industry exports to 119 other countries, and as in previous years there were some positive and some not so positive developments in trade. Positive developments included the recovery in trade to Indonesia, where import quota restrictions had previously significantly restricted trade, and the entry into force of the economic co-operation agreement with Taiwan.

On the other hand, the lack of any conclusion in the FTA negotiations with the Republic of Korea is disappointing, particularly as Australia signed its deal with Korea during the year. Trans Pacific Partnership negotiations drag on – MIA continues to maintain that if the TPP is to have any benefit at all to New Zealand, then trade barriers to meat imports, particularly in Japan, have to come down.

Given the importance of progress in trade negotiations for our industry, it is disappointing much of the political environment seems to be oblivious to the need for free trade for our primary sector export-based economy. It was to inform political decision-makers in an election year that MIA produced a briefing outlining very basically the major issues for our industry.

We note the two major political parties share the same goal – to promote value-added exports. However, beyond that, the policy prescriptions are often vague, or even counter-productive to the goal. It is therefore important then, that MIA stakes out its position on a number of policy issues, and how these contribute to growing value-added exports and the economy in general.

Health and safety has been a significant focus for MIA and the industry during the year. The government has embarked upon a complete overhaul of the workplace health and safety system. Employing about 25,000 workers in a highly industrialised process, our industry is directly affected by these changes. MIA has led industry submissions on the proposed reforms and the proposed regulations. In an example of how seriously the industry takes health and safety at processing plants, MIA led the production of a set of workplace health and safety guidelines.

Biosecurity has also been a major area of policy work for MIA this year, as the government commits resource to preparing for a possible response to Foot and Mouth Disease (FMD). FMD is the number one threat to our industry – ensuring there is a rapid and effective response if there was outbreak of FMD in New Zealand is critical. An important feature of the MPI FMD preparedness programme is how it is being done in partnership with the livestock industries.

Immigration has also absorbed significant MIA resources during the year, specifically in relation to satisfying immigration policy requirements for the recruitment of halal slaughtermen from overseas. MIA continues to advocate for the introduction of better immigration processes in order to facilitate the important and growing trade with Muslim customers.

While we have highlighted a number of the different areas of MIA activity during the year, it is important to remember what the role of the MIA is, particularly in relation to the ongoing debate about industry structure.

While MIA advocates on behalf of its members to ensure the meat industry's views are incorporated in decision-making on a wide range of issues, MIA does not have the mandate to involve itself in commercial matters. MIA members are competitors who do not share commercial information, and there are constraints under the Commerce Act on their ability to discuss issues affecting competition in the sector.

Having said that, in our view much of the debate about the future of our industry tends to focus on structure as a "silver bullet" for the uncertain profitability of our sector. However, this overlooks that there are a large number of meat processing companies, of which two are co-operatives and the remainder are privately owned. They all pursue different marketing strategies and business models and that diversity and flexibility is a strength.

Finally, we shouldn't overlook some of the very promising things happening in our sector, particularly with regard to innovation and new technologies. The Ovine Automation Consortium has now been operating for five years, and has made significant progress in developing a range of robotic technologies to automate sheep processing chains.

A number of Primary Growth Partnerships (PGPs) are underway with considerable investment (nearly \$200 million) coming from industry. Cumulatively these investments promise to revolutionise the way our sector behaves, but it takes time for big complex innovation projects to bear fruit.

Bill Falconer  
**Chairman**

Tim Ritchie  
**Chief Executive**