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UNION NEWS

NZ Meat Workers & Related Trades Union Inc. Working for you

FACT SHEET ON ACC CONTROVERSY

⇒ ACC has revenue of about $4 billion a year and expenditure of less than $3 billion a year. It also has reserves of more than $10 billion and still the Minister of ACC - Nick Smith claims that ACC is insolvent.

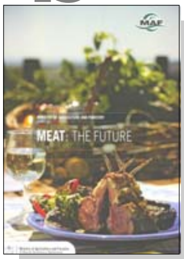
⇒ ACC is one of the most cost-effective injury compensation schemes in the world. Employer levies (as a % of payroll) are more than twice as high in Australia, Canada, and the USA than under ACC in NZ.

⇒ Like all other investment funds ACC has suffered a reduction in the value of investments resulting from international financial crises. However, it has done better than almost every other fund manager.

What is the billion dollar cost blowout Nick Smith and the media keep on about?

⇒That is a reference to the increased taxation funding required from the Government to fund the ACC Non-Earners Account. This has been caused substantially by increased, and costly, claims for medical treatment injury as a result of legislation changes passed in 2005, as well as increased medical treatment costs for non-earners injury claims. $300 million per year.

Ministry of Agriculture and Forestry recent paper on MEAT: THE FUTURE



This paper looks at 4 scenarios for the future of the meat sector in the next 10 to 15 years. Depending on which of the 4 scenarios is chosen the future for meat workers is dependent on that decision. Your Meat Union needs to be heard on which scenario is taken, copies are available for your input. The four scenarios are:

- **SLIPPERY SLOPE**: Failure to address key opportunities and challenges leads to a substantial reduction in the sector's size and scope. Profits not only retain their cyclical variations, but become systemically lower.
- **A NEW MARKET ORIENTATION**: The sector is able to diversify into new markets and overcome the production challenges of greater year-round supply and product specification. Improved economics of scale lead to successful processor consolidation.
- **SHRINK-TO-FIT**: The sector reduces in size, but is able to stabilise due to increased returns from reduced supply. Competitive advantages are achieved in areas such as environmental performance and the sector is able to meet exacting consumer requirements in traditional markets.
- **THE KNOWLEDGE INDUSTRY**: 'The sector makes a step-change in innovation investment, allowing for greater product and process innovation. Strategic alliances are increasingly entered into with customers, allowing greater transmission of customer requirements through the value chain. Increased capabilities and intellectual property from research and development allows for the internationalisation of the meat sector and associated industries.

The intensely competitive nature of the sector's procurement and export markets may possibly foster a certain adversarial culture in the sector. The perpetuation of this adversarial culture may lead to a less-than-optimal level of collaboration in areas such as research and development and market development, where it may be otherwise economically rational to collaborate.

While productivity improvements will be important to remain competitive, the sector's future clearly lies in creating more value in its products, rather than competing on price alone.

MAF also considers that human capability is a vital component of the sector's investment in innovation. Challenges exist in attracting labour right through on-farm labour to processing workers to top management. A sector so important to the NZ economy needs to be able to attract the best and brightest. Investment in people can lift the skill base in the industry, and attract and retain top people who can then help drive the sector forward. Excess supply of slaughter stock can occur as farmers respond to the inflated prices caused by quota-fuelled competition among processors of slaughter stock. This quota-driven, extra incentive to spend on slaughter stock procurement is likely to be to the detriment of investment in marketing and other means of improving returns on a sustainable basis.

A pivotal issue for industry participants is striking the right balance between cost minimisation and value creation. This paper also identifies a set of challenges that if met, will strengthen the industry's position globally, but if not acted on might well perpetuate a lack of profitability across the sector. Leadership, vision and action are required from the sector to ensure this comparative advantage delivers a successful and sustainable industry into the future.

Global Meat Trade

USDA forcasts that global beef exports will decline 4.4% this year versus 2008. It expects Brazil's exports to fall 7%. It is the world's largest exporter with a 23% share. Then comes Australia with an 18.7% share, the US with 11.4%, India with 8.3%, New Zealand and Canada with 7.3%, Argentina with 5.5% and Uruguay with 4.8%.Of the major beef producing nations, only Brazil & Australia are forcast to be increasing their cattle numbers. Brazil's 2009 exports are forecast to be down 23.5%. The contraction of Brazilian & Argentine exports has impacted JBS performance they have 32 beef processing plants in 5 countries. It has capacity globally to process 65,200 head per day.