



SANFORD LIMITED
SUSTAINABLE SEAFOOD

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Sanford Limited proposes to close its Christchurch mussel processing facility in response to a reduction in crop supply

Consultations with Sanford's Christchurch employees have begun this afternoon to discuss the potential closure of the company's Christchurch mussel processing facility.

Sanford Chief Executive Volker Kuntzsch is in Christchurch meeting with staff and says that recent weather patterns have impacted on natural spat (offspring) supply for successive seasons to a point where the company needs to look at its mussel processing capacity.

"Wild spat supply is the single biggest constraint on the mussel industry with current spat shortages limiting future crop supply. In the long term Sanford's recent investment with government, industry and research organisations in the selective breeding of mussels (<http://www.spatnz.co.nz>) will alleviate the industry's reliance on wild caught spat. However, at this stage it is not anticipated that these initiatives will boost crop supply to levels where Sanford's South Island plants are able to be efficiently utilised for the next two to three years," said Volker Kuntzsch.

Mr Kuntzsch said that given the outlook of Greenshell mussel crop supply in the short to medium term there is a need to improve the capacity utilisation across processing locations in the South Island.

"Sanford operates a manual opening plant in Christchurch and an automated facility in Havelock, in close proximity to the mussel farms in the Marlborough Sounds. Combining the volumes in one plant would eliminate the strong likelihood of intermittent processing interruptions, unpredictable shift patterns and two sub optimal manufacturing environments. This would also facilitate some level of protection against current pricing in international mussel markets, limiting the impact on the contribution mussels make to Sanford's performance."

"This uncertainty will be difficult for our Christchurch people and we are now consulting with them, as well as with Government agencies and Christchurch civic, community and business leaders, over alternative employment prospects for our employees should the closure become reality", Mr Kuntzsch said.

"Should the Christchurch plant close, we will attempt to redeploy as many staff as possible within Sanford's other plants and fleet operations throughout the Group and assist the process of identifying alternative employment options within Christchurch by liaising with major employers in the Canterbury area who may have suitable vacancies for our staff members."

The site in Christchurch became part of Sanford's operations with the acquisition of Pacifica Seafoods in 2010. Sanford employs 232 people in this facility.

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