

\$43.9m

The dollar value of the 3473 tonnes of salmon exported from New Zealand in 2008. Mussel exporters produced 33,296 tonnes earning \$204.3m.

# \$100m vision for salmon

Entrepreneur sees a glittering future for Mackenzie Basin fisheries, writes **Rob Stock**.

THE MACKENZIE Basin should be home to a \$100 million-a-year salmon farming industry, says Geoff Matthews, the chief executive of Mt Cook Alpine Salmon.

The company has just hired former prime minister Jim Bolger as its chairman, a move Matthews said was a signal of the company's intention to play a big part in making that vision happen.

The size of the industry in the basin is around \$10m a year, Matthews estimates, but the king salmon farm based in the hydro canals between lakes Tekapo and Pukaki is growing fast.

"This year we produced 400 tonnes," said Matthews, who put together a consortium to buy the operation in 2009, when equity funding was at its hardest to find. "But we are in expansion mode.

Next year we will produce 1000 tonnes, then 2000 the year after.

"This industry could be the main economic driver of this region," Matthews said, a major part of what could be a \$1 billion national aquaculture industry.

The company's expansion may sound rapid, but it is based on utilising consents in place before Matthews' takeover, backed by "passionate" private investors.

The company had been constrained for capital to expand as well as lacking the vision to take on the world, said Matthews, whose first contact with the company was as a hired branding consultant sent in at the behest of NZ Trade and Enterprise, which was trying to help the company grow.

## AQUACULTURE TO THE RESCUE

The world needs aquaculture if it is to continue its growing consumption of fish. Facts and projections from Rabobank for last year's New Zealand Aquaculture conference show the importance of the industry.

▶ In 1970, 6% of food fish were farmed. By 2006, that had jumped to 47%.

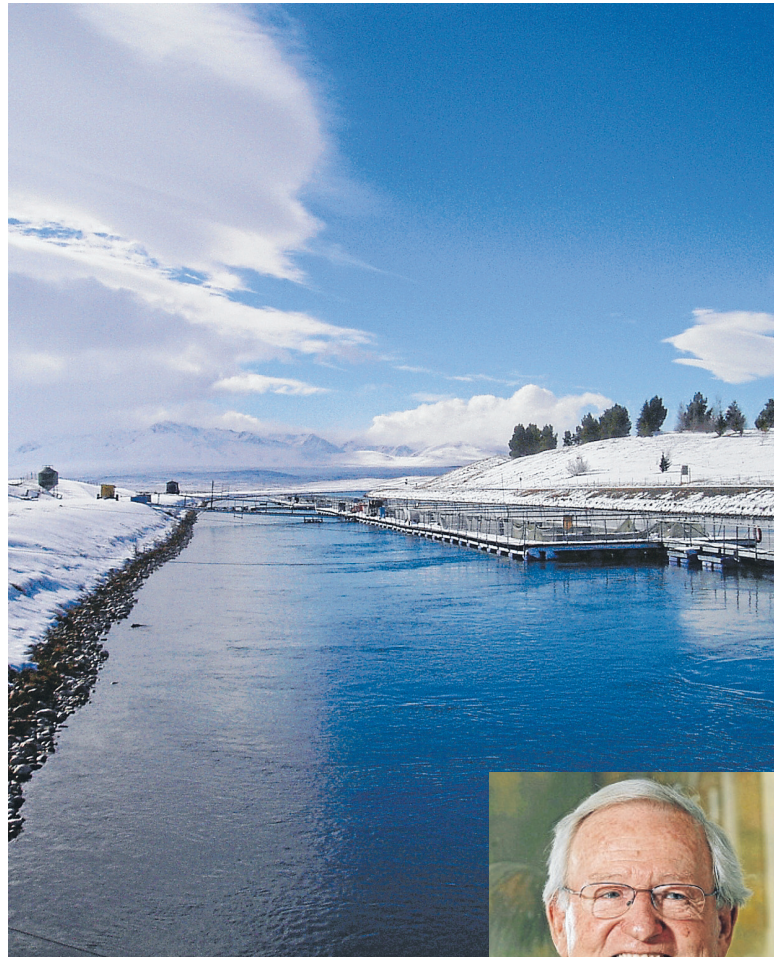
▶ By 2010, the share of farmed fish was projected to pass the 50% mark.

▶ By 2020, 18 million tonnes of "extra" seafood will be required to maintain the world's current consumption. By 2030, 40m tonnes will be needed.

Matthews, a serial entrepreneur who hit prominence several years ago with the launch of Taxrefunds.co.nz, said the world's finest farmed king salmon was being produced at the farm. It is the highest in the world and has the fastest flow of water through it, making for very lean salmon, similar in fitness to wild salmon.

New Zealand's stock of king salmon is descended from stock imported more than a hundred years ago when the fish were disease free, said Matthews.

That mix of genetics and the cold, fast water produces sushi-grade salmon, much of which has been finding its way to Japan and the US, where Matthews said it was commanding prices of



World's best: King salmon from Mt Cook's farm, above, are among the finest in the world. Inset, the company's new chairman, Jim Bolger.



more than \$20.50/kg for whole fish.

Selling it to the world has not been hard, says Matthews.

"It is the easiest product in the world to sell. You just cut it up and put it in people's mouths."

Though he added that the salmon had been in desperate need of "world-class branding to wrap around the fish" to take the venture into profitable.

The \$20m capital investment will allow it to meet demand, Matthews said, though the aim was not to maximise volumes.

"The salmon farming industry has gone to a feed-lot industry – fatten them up and sell them by the kilo." He said that produced unfit, fatty fish.

"We find that the flesh of the salmon is the sweetest when they are smaller. The rest of the world is trying to grow 4kg to 7kg. For us it is around 3kg."

The farming operation started in 1991, when the then National government, led by Bolger, granted the first aquaculture licences in the canals, said Matthews, and the former prime minister's appointment was a signal to both customers and local stakeholders that the company was aiming for big things.

"This is what New Zealand should be doing," Matthews said. "Using our resources in an environmentally sustainable way to produce some of the best produce in the world."

## BRIEFS

### Permits slump

In one of the first readings for the post-earthquake New Zealand economy, building permits slumped 9.7% for February, far exceeding economists' predictions of a 1% decline. JPMorgan economists note that the reading is likely to decline further over the coming months, as insurance claims following slowly filter through. There were 100 fewer homes authorised for building in Canterbury than a year earlier.

### Qantas cut

Higher fuel prices and a spate of natural disasters have taken their toll on Qantas's credit rating. Moody's Investors Service placed the airline's investment grade "Baa2" rating on negative outlook on Thursday. Earlier last month, Moody's took similar action on the ratings of Air New Zealand, placing the outlook of its Baa3 rating on negative.

### Fashion for sale

A flyer for Gresham Private Equity-owned firms Witchery and Mimco has been hitting the desks of possible trade buyers. The document forecast expected sales of \$A275 million (\$374m) for 2011 and earnings before interest, tax, depreciation and amortisation of \$A45 million (\$61m) from its network of 190 Witchery stores and 83 Mimco stores. There is a strong preference for the two to be sold together. The flyer says there is room for growth, with 80 more sites flagged for Australasia. Witchery is 90% owned by Gresham, with 10% held by CEO Iain Nairn and other management. While it's early days, a group sale could head toward the \$A300m (\$407m) mark. As for interested parties, Orotongroup will no doubt take a peep – as will other private equity players – but the one rumour that just won't go away is the possible interest from Australian department store Myer.

# SUPERMARKETS WANTED

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