



Your strong and independent voice for livestock producers

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21 November 2018

Mr Josh Teague MP
Presiding Member
Natural Resources Committee
Parliament House

By email: NRC.Assembly@parliament.sa.gov.au

Dear Mr Teague,

Livestock SA welcomes the opportunity to make a submission to the current inquiry of the Natural Resources Committee on the South Australian Livestock Industries.

The House of Assembly has referred the following inquiry to the Natural Resources Committee:

To inquire into and report on strategies to ensure a strong and robust South Australian livestock industry with particular reference to

- (a) the development of a plan to ensure that all livestock producers and transporters who currently gain income from the live export trade meet high animal welfare standards;
- (b) explore the capacity of the local meat industry to expand and create jobs;
- (c) further develop and strengthen overseas markets for Australian meat products;
- (d) ensure that the South Australian livestock industry is best placed to further capitalise on new opportunities; and
- (e) any other related matter.

Livestock SA welcomes the opportunity to be able to address these terms of reference as they closely reflect the core business of our members and align with the charter of Livestock SA.

Livestock SA was formed in 2013 and is the peak body for sheep, beef cattle and goat producers in this State with approximately 3,500 members.

Livestock SA has a vision for a strong, viable, productive and profitable livestock production sector in South Australia which is valued by the community and all levels of government.

Our first objective is to represent and promote the interests of beef cattle, sheep and goat producers, by working to maintain and expand sustainable and profitable livestock production in SA. This is fundamental to the industry. While profitability is critical, it is also necessary to have the approval of the community and consumers to operate effectively, given the concerns about animal welfare, environmental sustainability and food safety.

Sheep and Beef Blueprints

Livestock SA has worked closely with the broader industry in developing both the South Australian Sheep Industry Blueprint and the South Australian Beef Industry Blueprint. It is these Blueprints that provide the strategies that the Natural Resources Committee is seeking through this inquiry.

Livestock SA has a long-standing commitment to South Australia's livestock industries and the associated value chains. Livestock SA has taken the lead role in developing and delivering the SA Sheep Industry Blueprint (2015-2020) and the SA Beef Industry Blueprint (2018-2028).

Livestock SA recognised the need for the development and implementation strategic plans that span the whole of value chain in beef, sheepmeat and wool. In 2015 Livestock SA secured support from SA Sheep Industry Fund, Davies Research Centre – University of Adelaide and Primary Industries and Regions SA to fund the development and initial implementation of the SA Sheep Industry Blueprint. When implemented it is expected the SA Sheep Industry Blueprint will deliver an additional \$300 million increase in value chain revenue per year.

Implementation of the SA Sheep Industry Blueprint is progressing well with numerous projects initiated through the Blueprint process including:

- improvement in animal welfare and development of lifetime objective measures of welfare,
- reducing the incidence and economic impact of diseases,
- improving lamb survival,
- feedbase improvement to increase supply of premium product,
- development of advanced artificial breeding technology, and
- development of product optimisation within meat supply chains.

The SA Beef Industry Blueprint details the actions required to grow the gross beef value chain revenue by \$200 million per year by 2028 with a focus on increasing the breeding herd, individual productivity and product quality. The Blueprint details that the consistent supply of prime stock suitable for export into high value markets is critical to underpinning sustainable development and job creation throughout the beef value chain, and in particular regional South Australia. Investments in on-farm feedbase development, improved grazing practices, targeted use of irrigation and higher overall reproductive rate will allow greater supply of high value cattle across the year. It is expected this will also increase return on assets under management for beef cattle producers across the State.

Copies of the Blueprints are provided for each member of the Natural Resources Committee.

Live export trade

In relation to the live export trade it is essential that this continues. Livestock SA was very active in working with Government and other industry representatives to ensure not only that live exports remain open but that mechanisms are put in place to ensure Australia maintains the highest animal welfare standards. If live exports were phased out, the ramifications on producers, animal welfare and regional communities would be enormous. We need to improve the trade, not ban it.

The live export of Australian cattle, sheep and goats constitutes a relatively small part of the total market for each of these livestock groups, varying from approximately 5 to 10% of total annual Australian turnoff. However, at a regional level and for specific classes of livestock, the live export trade provides a very important market outlet, and in the absence of that market the financial viability of many regional livestock industries would be severely challenged.

The current live sheep export trade volume represents a third of the sheep and lamb turn-off in Western Australia each year. If this trade was not available, it is claimed the next best market option would be to sell livestock to markets in South Australia. This would impact on producers in this State as shown in the following table.

Impact of closing the live export trade on farm gate prices and total receipts

Region	Change in mutton price		Change in total receipts	
	\$/head	%	\$/farm	%
South Australia				
North Pastoral	-7.6	-12.7	-18,400	-3.5
Eyre Peninsula	-7.6	-12.2	-7,700	-3.6
Murraylands/Yorke Peninsula	-6.6	-10.0	-6,800	-4.3
South East	-5.6	-7.9	-10,600	-1.9

Source: *Enhancing the competitiveness of the Australian livestock export industry*, Australian Farm Institute, page 64.

There is a need for a diversity of markets to allow some different options to ensure that producers do not flood one market or the other and to ensure there are good and stable returns for all producers.

A fire at one of South Australia's biggest abattoirs, Thomas Foods International, earlier this year pushed meatworks waiting times up to five weeks in South Australia. A wait that long could cost producers thousands of dollars if the live export trade — or alternative markets — did not exist.

The meatworks industry would struggle to process all of those animals that are available if live exports were banned.

Australian farmers were even more deeply distressed than the general community at the footage of sheep being mistreated during the live export process as shown through various media outlets. It was producers' sheep that had been well cared for that were being treated in unacceptable conditions. The conduct of the exporter responsible fell way short of the expectations of all within the agricultural sector.

A key activity of the peak industry bodies of which Livestock SA is a member such as Sheep Producers Australia is to achieve enhanced sheep welfare outcomes through the adoption of consistent, science-based practices. These activities work to improve the health and wellbeing of animals, build community support for the sheep industry and increase productivity outcomes.

Australian sheep producers want the best possible animal welfare outcomes and insist that the same high standards of animal care are maintained throughout the supply chain. In this instance, Sheep Producers Australia was supportive of the actions taken by Minister Littleproud and welcomed the release of the McCarthy Review which will improve animal welfare standards on export vessels. The review provides an independent, evidence-based approach to animal welfare, based on a sound technical understanding of the industry.

Sheep Producers Australia will continue to work with the Minister, its members and the livestock export sector to ensure an outcome can be achieved that protects the welfare of animals while preserving the trade and the benefits it delivers to farmers, regional communities and those employed along the supply chain. The actions from Australian livestock exporters are also welcomed to bring change to their industry and improve animal welfare outcomes, in line with the expectations of farmers and the community.

The sheep and cattle industries

The South Australian livestock industries (sheep and cattle) are the State's largest manufacturing employer, a major contributor to regional South Australia and the largest agri-food contributor to the State's economy. However, this is under threat. Cost of production and processing is high in Australia, restricting profitability of businesses along the value chain. Therefore, processing needs to be at full capacity, but there has been a decline in inputs (livestock and wool) for several years. An increase in production is now needed to achieve an economy of scale that is competitive, maintains profitable businesses, grows jobs and our regions.

Globally, real per capita incomes will increase by 60% to 2030. With red meat consumption and per capita income being closely related, this translates to an increase in demand of 25% over that period, as well as an increase in demand from markets specifically seeking high quality livestock products. A major competitive advantage for Australia's livestock industries has been the strength of its integrity systems that have maintained a disease free, food safety and product quality status envied by our competitors. Being a leader in integrity systems is vital to market access and being competitive internationally.

As a State we now need to increase investment in the value chain and in the regions, by increasing the availability, consistency and continuity of supply of livestock/wool for processing. Further State investment in programs is required that will ensure the ongoing viability and growth of the livestock sectors. SARDI has acknowledged that investment in its livestock program has declined and it is now looking at how it can expand. In recent years almost all emphasis has been on pig and poultry at the detriment of sheep and cattle – now is the time for the State Government to expand its investment into the mainstream livestock industries.

In addition to resourcing the development and extension of research in genetics and breeding and in nutrition, Livestock SA seeks a commitment from the State Government to invest in the implementation of a statewide feed base and grazing system plan which will aid the whole SA livestock value chain in significantly expanding gross state revenue.

Areas of focus should include:

- Enhancing the feed base so that it is productive for longer each year;
- Grazing and enterprises management practices to allow for greater 'out-of-season' supply to the benefit of suppliers and value chain;
- Unlocking the potential of underutilised irrigation in the Limestone Coast for intensive livestock production systems;
- Exploration of pasture-based finishing systems for warmer regions of SA during winter.

Such a program will not only enhance the productivity of the South Australian industry but will also capture many of the gains and learnings generated in other States and through national research funding.

Livestock SA would also welcome the opportunity to present to the Committee and provide further evidence supporting this submission.

Yours sincerely



Andrew Curtis
CEO