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ALEC chairman outlines industry's shared objectives to WA livestock producers

AUSTRALIAN Livestock Export Council Chairman, Hon Simon Crean, has outlined the work being undertaken by ALEC members in alignment with the objectives shared between exporters and producers around productivity, profitability and sustainability.

Speaking at the Pastoralists and Graziers Association of Western Australia annual conference in Perth on Wednesday (27 September 2017), Mr Crean said all red meat industry stakeholders were united under the Australian brand, sharing the same strategic goals.

A summary of Mr Crean's speech is available here:

The red meat sector is now Australia's largest value-added manufacturing industry, with a total worth of \$18 billion, \$2 billion of which is contributed by the live trade.

The Red Meat Advisory Council's Meat Industry Strategy Plan has identified a strategic direction by which the sector can grow by a further \$7 billion by 2030, but it requires a whole-of-industry focus on productivity and infrastructure improvements, improved market access and strengthened risk mitigation.

Livestock exporting globally is growing, in line with rising demand for dietary protein. Demand for live animals exists for a number of reasons, including where in-market development (feedlots, breeding programs and a desire to build local industry capacity) are involved.

There is also the inadequacy of local supply chain infrastructure to handle chilled and frozen meat products, usually in line with where a country is in terms of economic development. And of course, in many markets, there is a preference for live animals according to tradition or local culture.

It is therefore wrong to suggest the live trade can be substituted by processed product.

There are more than 100 other countries competing in the live trade but Australia is the only one which imposes strict animal welfare practices.

This does puts us at a competitive disadvantage, but for us animal welfare is not negotiable. Welfare outcomes are the biggest risk facing Australia's live trade and, in turn, the reputation of the whole red meat sector.

Australian Farm Institute research from October 2016 confirmed the national livestock export industry is one of Australia's top ten agricultural exports, employing 10,000 people.

Apart from the loss of jobs and national income if Australian exporters are taken out of the trade, our competitors would fill the gap and animal welfare standards would decline. It is naïve to think otherwise.

The industry must continue its investments in productivity and infrastructure to strengthen the competitive advantage of our brand and mitigate the impact of higher prices.

Productivity is being promoted in the supply chain, both here and overseas, with improved welfare for the animals; in traceability and in knowledge transfer.

In WA, we need to improve transport and logistics. The recent resumption of exports from Port Hedland and the significant upgrade in facilities there is very encouraging. With five operational live export ports and a huge livestock catchment area, streamlining long-term port access in WA is a crucial challenge, especially in a metropolitan port like Fremantle.

WA-based ALEC members are among the 25 or so active Australian exporters, representing 95 per cent of the trade. They utilise 13 seaports around the country, so the infrastructure challenge is ongoing.

Australian exporters operate some 30 AMSA-accredited vessels in the Australian livestock fleet and our industry's shipping capability is the subject of substantial, ongoing investment. This renewal is a significant measure during such a challenging trade period and it isn't just boosting productivity, it is also improving welfare outcomes.

Ocean transport mortalities have declined to the point that they are now below normal farm rates.

Clearly, the greater our productivity, the better placed we are to ride-out difficult trade periods.

For the 12 months to the end of August, Australian cattle exports dropped 26 per cent and our largest market Indonesia experienced trade disruption comparable to 2011, triggered by the cost of our beef.

ALEC and the Australian Government continue dialogue with Indonesia directly, both with their Industry and Government, to address key issues around breeder cattle quotas and permits. The Indonesia Australia Closer Economic Partnership (IA-CEPA) could provide a platform for certainty in the future.

In Vietnam, our second largest cattle market, we have seen the trade decline by more than half. Again, price is the major factor, but self-imposed sanctions due to supply chain failures have also contributed. As a consequence, we have made a major investment through LiveCorp and MLA's Livestock Export Program (LEP) in improving traceability, to better secure that market. It is an investment we are confident will have wider application.

The events of 2011 showed the risk of being too dependent on one market and market diversification is therefore been a major focus of our trade.

China is the focus for many livestock exporters and the successful negotiation of feeder/slaughter cattle protocol with the China is testament to Australia's determination to win greater trade access.

Since the historic first sea-bound slaughter shipment of Australian cattle was exported to China in February, high cattle prices have prevented any further trade activity. But on the back of a more recent softening of cattle prices, Wellard's announcement last week of its first China shipment is positive news for cattle producers and an important next step for the emerging market.

Saudi Arabia remains a major focus for us in reopening the trade for Australian sheep. This must be done in a way which upholds ESCAS requirements. There are productive developments at Government and industry levels, with the basis for a solution now laid.



Diversification in the Middle East continues and we remain confident about evolving prospects. What is pleasing is the continuous improvements to handling in those markets. We have seen streamlined supply chains, carcase only sales, closed loop implementation and improved handling and shade cover. This has resulted in continuing reductions in supply chain breaches.

RMAC's Meat Industry Strategic Plan identifies animal welfare as the biggest risk to Australia's red meat industry and the dangers of losing community support due to welfare failings were made very clear in 2011.

The biggest budgetary commitment from LiveCorp/MLA's Livestock Export Program is on animal welfare and collaborative programs have delivered training to 11,000 supply chain participants across our international markets.

The motto of 'good animal welfare outcomes represent good business' frames our industry's approach to risk mitigation and how we're securing a sustainable live export trade for the future. In Indonesia, pre-slaughter stunning of cattle has grown from under 10 per cent in 2012, to over 95pc today.

ALEC has also successfully called for a Federal review of the Australian Standards for the Export of Livestock (ASEL) and initiated formal, ongoing dialogue with Australian Government Accredited Vets, something we will continue at our national conference, LIVEXchange, in Perth in mid-November.

We are proactively maintaining our social licence and committed to a 'no fear no pain' objective.

Under ESCAS, our responsibility does not stop when feeder/slaughter animals leave our shores, nor when they are discharged in another country. It exists right up until the point of slaughter. It also requires proof of satisfactory outcomes.

To further mitigate animal welfare risks, the LEP has committed significant industry levy funds over the last two years to develop the Livestock Global Assurance Program for animal welfare.

LGAP does not replace ESCAS, but seeks to drive greater efficiencies in delivering its objectives by spreading the accountability to the facilities, so that those who actually purchase the livestock will share responsibility for animal welfare.

For the industry to take control of its own destiny, while meeting community and government expectations, via a system designed for efficiency, is a very rare opportunity. It is a momentous window for exporters and producers, because LGAP is fundamentally about securing the future of trade.

In the live trade, we're candid about the challenges we face and genuine in our efforts to transform welfare outcomes – all in the context of our broader red meat industry partnerships and our collective focus on productivity, profitability and animal welfare

It is an ambitious agenda, but exporters have never shied away from a challenge and we are committed to see our vision fully implemented.

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