



CATTLE COUNCIL OF AUSTRALIA

Consultative Committee May Meetings

- Policy Briefing -

August 2019



CATTLE COUNCIL OF AUSTRALIA

Dear State Farming Organisations,

The Cattle Council of Australia (Cattle Council) has continued to strive ahead following the recent release of the Review of the Red Meat Memorandum of Understanding, and the development of the Meat Industry Strategic Plan 2020-2025. Our committees continue to develop and review policy, as well as consult industry on relevant issues.

The following information provides an update on activities that Cattle Council is working on through its consultative committees and Board to deliver these objectives. It provides an overview of their deliberations at the August 2019 meetings and outlines further areas for action.

Cattle Council is now preparing for Board and committee meetings in November. Engagement with State Farming Organisations (SFOs) prior to these meetings will be focused on ensuring both SFOs and Cattle Council members achieve clear alignment of expectations around outcomes and timelines.

Cattle Council will endeavour to provide an updated copy of this document to you following each set of meetings.

Your sincerely

Mr John McGoverne
Acting-Chief Executive Officer



Cattle Council's Rising Champion Initiative

Cattle Council hosted the annual NAB Agribusiness Rising Champions initiative on the week commencing August 12, welcoming seven state/territory finalists to Canberra for several days of capacity building and industry engagement.

This year's finalists were Elisha Parker (Queensland), Emily Buddle (SA), Bianca Tarrant (NSW), Elle Moyle (Vic), Chelsea Rayner (Tas), Grayson Webster (NT) and John Cunnington (WA).

Finalists enjoyed professional development and communications sessions, interaction with Federal Government representatives, as well as the opportunity to observe Cattle Council's consultative committees at work. Other experiences included engagement with McDonald's Australia to discuss its commitment to sustainability in the beef supply chain and the opportunity to try soy-based vegan meat alternatives.

Ms Parker was named the 2020 NAB Agribusiness Rising Champion at a Cattle Council gala dinner in Canberra on Wednesday August 14. From Clermont, Ms Parker is involved in beef production and advocacy, and co-founded a national online cattle sales platform that provides marketing tools and technology to livestock agents.

This year's gala dinner also provided the opportunity to celebrate ten years of the Rising Champions initiative and 40 years since Cattle Council was established in 1979.

Cattle Council gratefully acknowledges MLA's support for the Rising Champions initiative each year as an important part of industry capacity building.

Traceability

Reform of the National Livestock Identification System (NLIS) is underway to address Commonwealth Government and industry concerns on the integrity of traceability systems. Endorsement to implement these reforms requires agreement through the National Biosecurity Committee to Agriculture Senior Officials Committee (AGSOC), before going to Agriculture Ministers Forum (AGMIN).

The industry currently operates under a disparate system which presents substantial cross-sectoral risk, with no segment of the red meat industry meeting the National Livestock Traceability Performance Standards. Through this process, significant opportunity exists to leverage Commonwealth Government interest in traceability and resolve the government funding inertia that currently exists.

The current reform process provides significant opportunity to harmonise the NLIS and remove many of the impediments to having a national system free of inter-jurisdictional regulatory inconsistencies and to implement equivalent traceability requirements, including the removal of exemptions, for the entire red meat sector.

Due to its high reliance on export markets for both live animal and meat products, the cattle industry in particular has substantial exposure to major traceability risks. Cattle Council will take a strong position to SAFEMEAT and government, advocating for the most robust traceability system possible, including legislation and industry systems that have provision to address non-compliance.

Meat Industry Strategic Plan

Cattle Council has run a consultation process with its members in addition to that being run through RMAC. This included a facilitated workshop in Canberra on the 13th August with cattle producer representatives from around Australia in attendance.

Several priority issues were identified that were not in the draft MISP document, or considered to be not prominent enough. A list of these issues and rationale for their inclusion in the MISP is accompanies this



update (Attachment A). These priorities will be incorporated into the draft MISP through the RMAC consultation process.

Curfew times on cattle NVD

The push for inclusion of curfew times on the cattle NVD on the basis of animal welfare concerns by the livestock transport industry has been considered by the ISFS Committee. The committee will be seeking further information on the impacts of curfew times on eating quality and transfer of ownership implications of the statutory document for which the purpose is to demonstrate producer compliance on food safety. Chain of responsibility remains unclear in regards to effluent.

Cattle Council will continue to oppose curfew times being included on the NVD until these issues are clarified and a national standard developed on curfews in relation to effluent.

HGP penalties

Cattle Council is putting significant resourcing into increasing compliance on the use of HGPs as violations of protocols continue. Further work is required on the ability to notify the NLIS database of HGP purchase and use. Cattle Council understands that some processors are applying commercial penalties, however no industry system exists where penalties can be applied.

Cotton Trash MOU amendment

Cattle Council has rejected a NSW Farmers resolution: *“That the Australian Cotton/Cattle Industry MOU be revised to allow for producers to feed failed and/or abandoned cotton crops to stock subject to existing protocols regarding label rate chemical application and their subsequent WHP/EEIs.”*

Legal obligations override the MOU which Cattle Council cannot unilaterally amend. APVMA advice is that the emergency permit issued to Cotton Australia does not apply to the grazing/feeding of cotton crops.

Cattle Council EU/UK FTA engagement

After extensive engagement with members and other livestock sectors regarding optimising outcomes for the Australian beef cattle sector in EU and UK FTA discussions, Cattle Council has determined that it will actively pursue opportunities to increase pressure on Australian negotiators in the EU and UK FTA negotiations. Cattle Council will initially do this by utilising relationships with Trade Minister Simon Birmingham and Agriculture Minister Bridget McKenzie, and participating in the public submission processes. Cattle Council is actively collating a list of some of the non-tariff barriers that may be addressed within the negotiations to facilitate trade from Australia to the EU and UK more effectively.

The Marketing, Market Access and Trade (MMAT) Committee discussed the possibility and value of forming a UK Taskforce as a standalone to the EU Taskforce, noting the significant opportunities that are presented in the UK, particularly if a hard Brexit results (as the current 7,150 t Hilton beef quota is likely to be split between the EU and the UK, with 2,481 tonnes to EU and 4,669t to UK).

The Cattle Council Board endorsed the following recommendation: *That Cattle Council advocate for the establishment of a UK FTA Taskforce (that is modelled off the Indonesian Taskforce).* Cattle Council has begun work on the terms of reference for this Taskforce, and will be liaising with MLA in the coming weeks on the formation and operation of this taskforce.

Geographical Indicators

Cattle Council is opposed to the terms which Australia is being asked to extend geographical indicator protection. For several decades, Australian farmers have suffered from EU agricultural production and export subsidies, high tariffs and small quotas. These measures have restricted access to the EU market for our



products while Australia has opened its markets to EU agricultural and food products. FTA negotiations which could address the significant imbalance in agricultural trade between Australia and the EU are, rather, seeking to have Australia introduce a GI system that effectively extends the EU system of agricultural protection.

As part of Cattle Council's EU/UK FTA engagement, Cattle Council will be looking to lodge a submission to DFAT on its objections to the geographical indicators that target beef, as well as general objections to the development of a geographical indicator system in Australia. Cattle Council sees geographical indicators as a valuable bargaining point in negotiations with the EU.

Beef Imports

Although the period from June to August 2019 saw no new applications for fresh beef imports into Australia, Cattle Council remains concerned about the apparent regulatory disparity between imported and exported beef products, particularly with regard to transparency requirements and trading equivalency (ie. no tariffs for imported beef products although tariffs are paid when exporting into respective countries). It is the view of Cattle Council members that domestic producers are subjected to additional regulation to comply with export requirements, and that importing countries are not exposed to the same level of scrutiny or tariff arrangements.

Given the recent in-country verification audit of the United States, and the potential for large volumes of US beef to be imported to Australia, Cattle Council will look to work with the Department of Agriculture and other stakeholders to ensure arrangements are in place which put imported beef on a level playing field with domestic product.

MLA International Business Manager engagement

Cattle Council recognises the intrinsic value of having first-hand information from markets. After ongoing discussions with the MMAT Committee and MLA on how best to utilise the information and market insights that can be had by regular contact with the various International Business Managers (IBMs), members agreed that brief written reports (provided quarterly) would be helpful rather than the nominated committee member conference call suggested by MLA. The primary reasoning behind the request for a written briefing was to avoid the potential for misinterpretation.

Breeder Programs

Cattle Council continues to be concerned about welfare risks for Australian breeding cattle in overseas markets. Cattle Council has met with ALEC, LiveCorp, Dairy Australia and Australian Dairy Farmers to work through proposed policies, actions and areas for discussion from the Breeder Cattle Live Export roundtable held on the 19th May in order to prioritise and agree on a proposal to eventually take to Minister of Agriculture.

Recent discussions with Government have indicated that the Department of Agriculture is looking to refine its policy and procedure around Breeder Programs. It will be important that industry is aligned in its position on breeder programs prior to consulting on future government proposals.

The MMAT Committee received a presentation from ALEC CEO Mark Harvey-Sutton on the work ALEC is doing on breeder program policy. The Committee noted that ALEC is re-examining its Breeder Program policy through its Breeder Program Working Group and has requested Cattle Council nominate a producer to represent Cattle Council in the Breeder Program Working Group. The Cattle Council Board has endorsed Murray Grey as the Cattle Council representative to that group. Cattle Council will continue to work with ALEC and others to reduce animal welfare risks and reputational risks for the exported breeder cattle.

Environment and Sustainability

The Environment and Sustainability committee has continued to build on its suite of policies to direct the future direction of the committee. The following policies were endorsed by the Board:



Climate Change and Variability

Cattle Council recognises that climate change and variability present significant productivity and sustainability challenges for different production systems across regions.

Environmental Sustainability Metrics for Grazing Beef Production

Cattle Council advocates for further research into alternative metrics for measuring methane emissions from the grass-fed cattle industry.

Australian Beef Sustainability Framework

Cattle Council supports the continuous development of the Australian Beef Sustainability Framework and its priorities.

Supporting Statement

Cattle Council supports the Australian Beef Sustainability Framework as a way to guide sustainable beef production and demonstrate the beef industry's sustainability credentials to consumers and stakeholders.

RDA Strategic Planning

The Research, Development and Adoption Committee held a strategic planning session in August. With a new Meat Industry Strategic Plan and a possible new industry structure following the Red Meat Memorandum of Understanding review, it was important to discuss how research and development will be handled in the future. The aims of the day were;

1. Reinvigorate the Committee, and
2. Create an RDA blueprint for years to come.

The Committee reviewed its Terms of Reference and if they were fit for purpose, noting the Committee's work will change and align with the new MISP.

The Committee also reviewed the MISP and where research and development fit into the draft. Research and development appear to be underpinning the pillars of the new MISP.

The Committee also developed a series of priorities it wished to address over the next 5-10 years which included adoption, identifying new funding streams, and increasing capability and capacity.

To address these priorities, the Committee began to develop a workplan that it had ownership of. The Committee developed five-steps that would help it achieve its priorities;

1. What is the current situation;
2. Where do we want to be;
3. What are the steps to get there;
4. Who is responsible; and
5. When do we get there

By using this process the Committee will be able to demonstrate its progress and achievements.

The next steps for the Committee are to populate the new workplan that aligns with the new MISP and continue to identify research, development and adoption priorities.

Red Meat Panel

This will be the fifth round of the Meat and Livestock Australia Annual Call, with a possible name change to the Investment Call. In four years, a total of 63 proposals have been endorsed by the Red Meat Panel with a total of \$32.8 million investment. A total of \$13.1 million has been invested in regionally specific beef industry research. Cattle Council looks forward to attending the Red Meat Panel in late August to determine the Terms of Reference for the 2020-2021 Call.



NAMP and TSEFAP funding

The Board agreed to join with ALFA in a request to MLA for marketing dollars to be used in meeting the cattle industry's financial contribution to the National Arbovirus Monitoring Program (NAMP) and Transmissible Spongiform Encephalopathies Freedom Assurance Program (TSEFAP). As a result of this decision, a joint Cattle Council/ALFA letter is being drafted for presentation to MLA; with an accompanying explanatory paper.

In summary, both Boards recognised the NAMP and TSEFAP as being critical to maintaining access to numerous markets for cattle, beef and beef products. Animal Health Australia manages the two programs on behalf of industry and government funders, which should continue. The cattle industry's concern is the inflexibility of the Cattle Transaction Levy collection-and-distribution system whereby funds directed to AHA are proving inadequate to meet the industry's funding obligations for essential programs such as these. The transfer of funds being requested is for a three-year period commencing on 1 July 2020, involving approximately \$1m per year.

National Wild Dog Action Plan funding

Cattle Council's Board accepted a proposition from NSW Farmers that MLA be asked to provide more funding for the National Wild Dog Action Plan (NWDAP). The details of the decision have been provided to MLA in a stand-alone letter dated 26 August 2019, in which Cattle Council calls for MLA to match Australian Wool Innovation's contribution to the NWDAP over the remainder of the five-year Plan. Essentially this would involve an additional \$252,545 over three years to June 2022.



Attachment A

Priority issues identified from the Cattle Council MISP workshop 13/08/19

Not currently in the document or not prominent enough

Biosecurity:

Biosecurity is critically important to underpinning our Market Access (particularly with respect to exotic diseases) and also has implications for animal productivity (endemic disease). Biosecurity was the most important issue identified on the day and is the highest priority for CCA. We also need to have robust systems, compliance and enforcement from both industry and government to maintain our disease-free status.

Community/public engagement:

We need to tell our story better and the MISP needs an engagement and communications component. The document is currently built around one-way communication with industry being told what consumers and customers want. This needs to be two-way communication with industry being proactive, understanding key trends, but controlling the narrative and influencing not just consumers and customers, but also the broader community. This could be part of the community and consumer theme.

As an industry we need to be able to articulate a compelling narrative about the provenance, quality and value of our products, the integrity of the systems that underpin them, and have a strategy to engage with and influence the broader community.

Profitability:

Profitability is a key priority and is not addressed adequately in the document.

The industry systems that monitor and underpin industry compliance are essential, however we need to recognise that they also add administrative costs to our value chain. Industry needs to provide mechanisms that deliver additional value for our products based on our environmental and animal welfare credentials. Increasing profitability across the value chain is a critical, and needs to be addressed by measures which increase prices received and/or reduce costs in the value chain.

Industry requires increased price transparency, objective assessment and value-based marketing which provide clear price signals to producers to inform their production and marketing decision making and improve farm gate transparency, including price reporting.

Industry needs better access to capital for business that can verify their low risk status. Industry needs to investigate market-based risk management tools (e.g. futures and forward contract) to manage price risk and climatic variability (e.g. multiperil insurance). Industry needs to ensure producers, managers and employees have the financial and digital skills required to operate profitably in the next 10 years. This could be addressed by expanding the market access theme to deal more broadly with profitability and economic resilience.

Water (as part of climate adaptation):

Water and adaptation to climatic variability are critical issues for industry. CCA would like to see a program of work on climate adaptation to build more drought resilient production systems, with water security and management as a key area of work. Industry needs better decision support tools to manage climatic variability and water availability.

Antimicrobial stewardship and food safety:

Seen as an important issue, and one of the six key priorities in the ABSF. Consumers need to trust that we have a safe product. Our product and brand status are underpinned by this. We also have a good story to tell about our food safety and shelf-life performance, which could support science-based changes to the acceptance of the longer self-life regulations of our product.



Needs to be moved or changed

UN Sustainable Development Goals:

Not a key issue for the industry because there is already alignment with the Australian Beef Sustainability Framework (ABSF). Industry led sustainability frameworks should be used as reporting systems. We have no control over the UN SDG process and goals. SGD goals could be changed and we would have it locked into our 10 years strategic plan. CCA would prefer that the ABSF be the mechanism to engage with the SGD.

Carbon Neutral 2030:

Carbon neutrality is one of a number of potential ecosystem services that Industry could provide including: Biodiversity, weed and pest management, carbon sequestration etc. We need to ensure that climate adaptation is not confused with carbon neutrality. Even if the industry does become carbon neutral by 2030, unless all other sectors and countries do the same climate change will happen anyway. Industry needs to ensure that we are ready for a changing climate with increased variability and extended dry periods. Using carbon emissions as the primary basis for measuring environmental sustainability fails to take into account that most Australian beef production occurs on pastures that cannot be managed for (or converted into) other forms of food production (e.g. cropping). Also, only a very small proportion feed for grazing cattle is considered human edible, meaning there is not competition between grass-fed cattle and humans for feed resources (unlike other intensive proteins). Grass-fed beef does not consume grains and food which is fit for human consumption. It takes a low quality and undigestible resource (pasture) and upgrades plant amino acids through cattle to improve the nutritional value and digestibility for humans. Industry needs to control the narrative and use alternative/additional metrics to measure environmental sustainability that accounts for the non-competitive nature of grazing systems and the nutrient-dense quality of beef. Industry needs to take a more holistic approach to sustainability, noting that carbon emissions and CN2030 should not be the only way we measure success. Industry needs to monitor its performance and show continuous improvement in its emissions intensity.

