

Ridley AgriProducts Pty Ltd.

Submission to Inquiry into the Australian horse industry
and an Emergency Animal Disease Response Agreement
(EADRA)

November 10th 2010

Senate Rural Affairs & Transport Committee
PO Box 6100
Parliament House
CANBERRA, ACT 2600

Background on Ridley AgriProducts

Ridley AgriProducts (RAP), with sales revenue of \$700 million in FY10 and employing over 550 people nationally is a fully owned subsidiary of Ridley Corporation; a 100% Australian-owned public company. Ridley AgriProducts (RAP) is the largest stockfeed producer in Australia with a number of major brands; including Barastoc, Rumevite, Cobber and Aquafeed.

The company has achieved its business success and high standing in its markets through a combination of factors. RAP has 20 manufacturing plants, producing 1.5 million tonnes of compound feed annually. The business supplies animal feed to all Australian animal industries including equine, poultry, pig, dairy, beef and aquaculture species. All animal feed manufacturing plants have FeedSafe® (Stockfeed Manufacturers Council of Australia code of good manufacture) accreditation while all but one site has third party certified HACCP plans in place. Our Aquaculture plant also has ISO 9000 accreditation, while our Wacol supplement plant has AVPMA GMP certification.

Manufacturing Plant Locations:

South Australia

Murray Bridge, Wasleys

Queensland

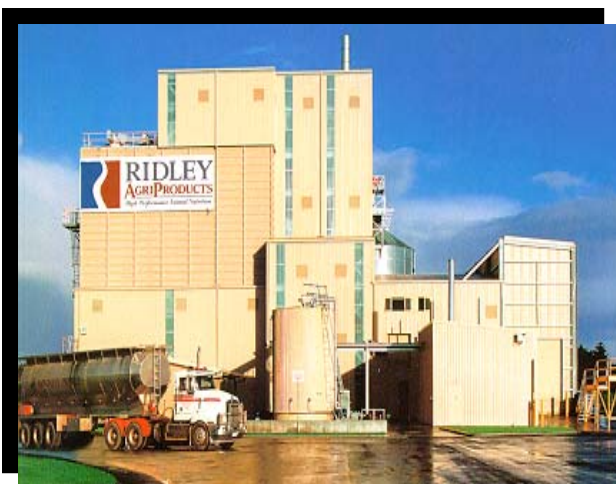
Clifton, Dalby, Toowoomba, Wacol, Townsville and Narangba

New South Wales

Tamworth, Taree, Corowa

Victoria

Bendigo, Dandenong, Maffra, Mooroopna, Pakenham, St Arnaud, Terang, Gunbower, Noorat



Photograph of one of the Ridley stockfeed mills in Victoria (Terang)

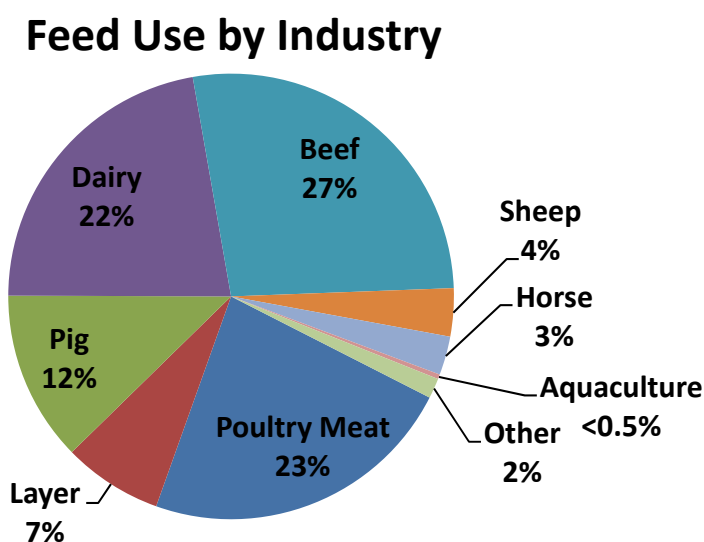
Background to the Australian Animal Feed Market

The Stock Feed Manufacturers' Council of Australia (SFMCA) is the peak industry body representing Australian feed manufacturers.

Based upon published livestock data and calculations of feed consumption, the SFMCA estimates that Australia utilises approximately 12 million tonnes of stock feed annually. This volume excludes pasture grazing, hay and silage and does not account for spikes in feed usage in times of drought feeding. Total feed use is greatly influenced by seasonal conditions affecting pasture growth, costs of grain and the economics of producing meat, milk and eggs.

Livestock feed is supplied from commercial feed mills operated by specialist stock feed manufacturers, by integrated poultry and pig livestock producers, and by beef and lamb feedlots. A proportion is also supplied from on-farm production either in a home-mix mill or simple mixing operations.

The breakdown of feed use by livestock sector is presented in the chart below.



Globally Australia is the 15th largest manufacturer of livestock feed in the world.

Food safety and the animal feed supply

The European feed manufacturing and livestock industries have faced severe food safety issues throughout the last two decades. Some of these issues, such as the outbreak of Bovine Spongiform Encephalopathy (BSE), while impossible to predict, has resulted in specific legislation banning the use of restricted animal materials in ruminant feeds around the world.

Other events have been more straightforward in their occurrence; for example the Belgium Dioxin Crisis, which occurred in 1999 due to contaminated fat supplied to stockfeed manufacturers. More recently in 2008 there was a major food safety recall after pig meat was found to contain unacceptable levels of dioxin. The dioxin was traced back to contaminated feed. The issue not only led to a massive food recall but also decimated the Northern Ireland pig industry. There have been a number of other incidents from around the world that show the importance of feed safety in ensuring the safety of human food.

In Australia there has recently been a food safety issue related to feed. In May 2008 lead was found in pigmeat produced by numerous Western Australia pig producers. The lead was found to have been a contaminant in a mineral ingredient routinely used in pig feed. Through strong industry governance a specific ingredient supplier protocol has subsequently been put in place

via SFMCA to ensure such incidents do not occur again. Such governance is not in place with non-accredited feed mills or home mixers.

Inquiry into the Australian horse industry and an Emergency Animal Disease Response Agreement (EADRA)

RAP would like to make the following comments in relation to this inquiry:

RAP sympathises with the horse sector and understands the position. Whilst in principal we are supportive, there are three issues that we need resolved or a much clearer understanding as follows;

1. How the levy will be instigated to capture ALL manufacturers. This is a concern due to the competitive advantage it would give a supplier who did not apply the levy. At \$1/bag this equates to \$50/tonne or a 10% increase for our lower end horse feed lines. Currently there are no regulations around manufacturing feed to sell commercially, including no requirements to have QA systems in place. One possible way of ensuring that the manufacturing sites are tracked to ensure levy collection is to licence/register those manufacturing sites. The information I have provided above regarding feed safety and mill registration should give the inquiry a good understanding.
2. The quantum of the levy is unknown even though it was suggested it would be capped at \$1/bag. This needs to be confirmed and will possibly range due to the incident.
3. The administration of the levy has many unanswered questions that is, how is the levy tracked on documentation (invoices) from manufacturer, to distributor to sales point to customer; what about GST, export, bulk and bags, are chaff feeds involved, what systems are required to be put in place by the manufacturer and others in the supply chain.

Final comments

RAP is the largest commercial animal feed manufacturer in Australia, with sites in all eastern Australian states. Animal feed supply is critically important when considering food safety for both animals and humans. While RAP is sympathetic to the horse sector and understands the position the lack of clarity in terms of the levy quantum and collection processes is a concern.

Further to this we recommend the development of a federal feed mill licensing system to ensure the integrity and security of the animal feed supply chain can be monitored and maintained. Without such a system RAP cannot see how any levy system would be equitable across the equine feed supply chain.

Yours Sincerely



Peter Weaver
Chief Executive Officer
Ridley AgriProducts Pty Ltd