

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Prime Minister and Cabinet Portfolio

Department of Regional Australia, Regional Development and Local Government

Supplementary Budget Estimates 17-20 October 2011

Question: 18

Topic: Northern Australia Beef Industry Roundtable

Asked By: Senator MACDONALD

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Senator IAN MACDONALD: I agree with you, Minister. I am not making that point. I am simply asking: what are his qualifications for this job? I could think of some things he might be good at. I struggle to see what his relevance to regional Australia is. But you will put that to the minister. Thank you.

Could I go back to Northern Australia—I am sorry I am all over the shop here—to try to get this in in the next five minutes. I was told in answer to a question that the first industry roundtable—it was chaired by David Crombie, it was convened on Monday 27 June, including representatives of AgForce, the transport sector and so it goes on. I think it is the industry roundtable on the northern Australian beef strategy. I wonder if there are any minutes from that meeting or any communiqué or anything that you can tell me was achieved? Was there a work plan set out for the working group?

Ms Fleming: There was not a communiqué from that group, but David Crombie provided the Northern Australia Ministerial Forum with a verbal report back at their meeting in Port Hedland, and we continue to progress the issues that were raised at that forum through the long-term beef strategy and the work that we are doing with the states and territories. We would be happy to take you through that or provide further information on notice.

Answer:

An executive summary of the Northern Beef Industry Roundtable meeting held on 27 June 2011 was recorded. This formed the basis for Mr Crombie's report to the Northern Australia Ministerial Forum held on 28 July 2011 in Port Hedland, and continues to inform the development of working group projects and the northern beef strategy. A copy of this summary document is attached.

Northern Australia Beef Industry Roundtable

Northern Australia Beef Industry - Executive Summary

1. Profitable industry

- Need for a profitable industry before other issues can be addressed. The immediate issue is for the recommencement of the live cattle trade into Indonesia.
- Need to ensure that the figures used to describe the industry and inform decisions are baselined correctly.
- Ideally, if commercially viable, an abattoir in the north would add to the industry's sustainability and choice of markets.
- There is significant potential to develop and diversify the industry providing there is sufficient flexibility in land and water use and continuity of a base market.

2. Market Access

- Industry needs access to a range of markets that provide a profitable, sustainable base.
- Indonesia is extremely important to the meat industry, live cattle and boxed beef exports as;
 - More opportunities will grow from this market, as population grows and the economy matures; and
 - It provides a biosecurity buffer for FMD plus other pest and disease risks.
- While Government needs to take the lead in trade development, it also needs to work more closely with industry to improve market access and overcome trade barriers (e.g. tariffs, quotas etc.).
- It is important that Political relationships are strong and maintained by both industry and government – potentially there is a role for a parliamentary committee to engage with the Indonesian Parliament's Commission 4.
- The industry considers there should be greater use of both AusAID and Australian Centre for International Agricultural Research (ACIAR) funding to improve market access through capacity development in overseas markets.
- The industry and government need to work together to address information market failures around regulation and technical issues in critical export markets.

3. Research and Development

- Research provides a solid base for business decisions, and there has been underinvestment and a reallocation of funding away from production research and development in the industry.
- The industry advocated:
 - Better supported east-west collaboration and information sharing between all of the research agencies supporting the industry across State boundaries and engaging with industry (eg, NABRC).
 - Broader focus to include all of the value chain, not just on farm performance.

- Greater support for the industry around the adoption of better practices, including new and emerging tools, through improved extension services (e.g. extension of FarmBiz).
- The need to better understand the surface and groundwater resources and their interconnectivity with a view to more intensive sustainable land use through irrigation.

4. Land Tenure and Land Management

- To further develop the industry, it requires more flexibility of land use and greater harmonisation of land tenure arrangements across the north.
- Long term security over water and property is needed to secure investment.
- There are differences between the states, in terms of outcomes around land tenure.
- Better pest and weed management through harmonisation across the north and eradication of weeds such as Giant Rats Tail grass.

5. Infrastructure

- A more viable beef industry requires a greater investment in:
 - Transport infrastructure including roads and transport hubs.
 - Greater east-west alignment of transportation standards, to the highest standard, ie cattle fatigue standards.
 - A better understanding of the logistics of cattle movement across the north and how the productivity of these can be enhanced.
 - More investment in soft infrastructure to support jobs and skilling plus services and communications in remote locations.

6. Indigenous Engagement

- Get away from the welfare model and support and encourage the establishment of commercially viable Indigenous enterprises.
- Land tenure and security over land and water and flexibility under leases will support this.

7. Government Relationships

- Government needs to recognise that industry has equity in decisions taken that impact on it.
- Regulations impose costs and affect international competitiveness, and so need to be developed in partnership with industry.
- Consistency of government engagement across State and Federal jurisdictions.

8. Social Licence to Operate

- The industry understands that it has to continue to earn the social licence to operate and to build trust in the wider community.
- The industry also recognised that it needs to better communicate and tell its story to a community that is increasingly isolated from farming operations and livestock practices, to manage risks into the future.

Northern Beef Industry Roundtable State and Territory Beef Strategy Priorities

Western Australia

1. Pastoral Lease Reform
 - Increase development of economically diverse rangelands communities.
 - A new type of tenure, and greater possibilities for diversification under existing Pastoral Leases.
 - Full implementation will commence from about 2013.
2. Water Allocation Plans
 - Including fodder production and intensive grazing.
 - Large scale development of an irrigation sector, for investment in a local feed-on sector.
 - Opportunities to regenerate native vegetation through focusing grazing on smaller areas to increase the carrying capacity of the Rangelands generally.
3. Mine Dewatering Projects
 - Mining projects in the Pilbara will require huge investments in dewatering. This creates an opportunity to develop irrigation projects, which could benefit the pastoral industry, the environment and the mining sector, although there are technical (water quality) and infrastructure barriers to be overcome.
 - The ability to produce large quantities of fodder in these areas will be vital to the reduction of input costs for local producers, and could offer considerable environmental and conservation benefits.
4. Supply Chain Integration
 - There is little evidence of genuine supply chain integration for the Rangelands beef industry, largely due to the prevalence of the live trade.
 - Development of an irrigation sector, or series of sectors, would stimulate entrepreneurial activity as producers and leaseholders see opportunities to value add and improve product quality. This in turn, could lead to opportunities for vertical integration activities along the chain.

Northern Territory

1. Live Cattle Export Trade
 - Re-establishment of live cattle export trade with Indonesia.
 - Continued development of alternate international markets for live cattle exports, such as Malaysia, Vietnam, and the Philippines.
 - Long term impact.
2. Indigenous Pastoral Program
 - Continue with Indigenous Pastoral Program and Partnership.
 - Continued development of current properties and bringing some Aboriginal land into production.
3. New Northern Abattoir
 - AACo investigating the development of a new Northern Abattoir in the Darwin area.
 - Bachelor abattoir leased by Windy Hill.
4. Productivity
 - Continue work with pastoralists to improve on-farm productivity and diversification.
5. Bring more land into production
 - Identify suitable land and water for further long term and sustainable food production.

Queensland

Immediate Priorities

1. Infrastructure and Transport
 - Multiple modal transport options ('hub and spoke') to deal with freight logistics issues.
2. Market access and development
 - Northern abattoir.
3. Regulatory Reform
 - Green tape reduction.
4. Defining development scenarios
 - What will the industry look like in 2020, and what are the barriers to meeting \$10 billion target.

Commonwealth

1. ONA and ABARES are collaborating on an assessment of the risks and opportunities for the northern beef industry.
 - ABARES are commencing a new farm survey, which, while directed at the impact of the suspension of the live trade to Indonesia, will also inform the assessment of risks and opportunities.
2. DAFF are developing a project aimed at building the capacity of the Indigenous pastoral industry.
3. ONA and CSIRO are working on an assessment of the sustainability and prospectively of mosaic irrigation in the northern cattle industry.

Northern Beef Industry Roundtable

Industry Priorities

Processors

- Improve market access of northern beef industry:
 - Regulatory requirements, especially in Indonesia currently constrain the industry's ability to return profits to producers, e.g. import tariffs, bans on offal products, obtaining import permits.
- Seasonality in beef processing sector:
 - This is a significant constraint on the sector, especially in terms of labour, rates, and insurance.
 - Look at the possibility of running at half capacity for 4 months of the year when plants would normally shut down.
- Difficulties in encouraging investment in the northern industry when conditions are so unstable, as it is a risk averse industry.
- Need to look at the future of the Indonesian market, in terms of possible changes to consumption habits, continuing prevalence of the wet markets, and the effect these changes may have on the future of processing in the north.

Producers

- Improve market access. Government has a role to play in opening and maintaining overseas markets.
- Research and development:
 - Keep up to date with technological improvements.
 - Ensure current best practice adopted.
 - Learning from previous projects can save industry money.
- Development of Indigenous land-it is a great asset, and support is needed from both government and industry to ensure it can be developed effectively.
- Needs to be greater harmonisation of what plants are considered weeds across the north, with more intensive management to eradicate and prevent the spread of weeds and feral animals.

Engage with all landowners in the delivery of environmental outcomes through stewardship partnerships.

Exporters

- Rapid reopening of the Indonesian market. Suspension of trade affects the entire industry. The future of the live export industry is intertwined with that of the northern beef industry as a whole.
- Reduce the threat of further suspensions in the live trade, and obtain solid information from government on the likelihood of terminating the live trade in the future, as this affects investor confidence in both Northern Australia and Indonesia..
- Industry needs to build more sustainable markets around the world, with assured supply chains.
- Role of government in building relationships with governments in export markets, and official counterparts, e.g. between vets. There needs to be an investment from government at both the political and technical level in international markets and relationships.

Transporters

- Harmonisation of regulations nationally – must be harmonisation to the highest standards – driver fatigue, animal fatigue, axle weights (regulation in some states is better than others).

Beef Industry Roundtable – 27 June 2011

- Look into different freight arrangements to restructure costs. Different use of freight dollar could reduce costs by 30-40%, by moving smaller animals, even if moving further over its life.
- Regulatory reform, especially for fatigue management laws.
- Innovation in livestock transport is stifled due to regulatory restrictions.
- Transport Hubs: staging points for vehicles.