



# SOUTHERN MEATS PTY LTD

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The Secretary  
Senate Standing Committee on Rural and Regional Affairs and Transport  
PO Box 6100  
Parliament House  
Canberra ACT 2600

18 April 2008

Dear Secretary

## **RE: Inquiry into Meat Marketing**

We refer to your letter dated 11 April 2008 inviting submissions in relation to the Senate Inquiry into Meat Marketing. Southern Meats Pty Limited is pleased to submit the following submission for consideration by the Senate Inquiry.

As one of New South Wales' and Australia's largest export sheepmeat processors we have made a significant investment in our business that has operated the Goulburn Abattoir since 1992. We currently employ approximately 500 employees and have the capability of processing up to 40,000 sheep and lambs per week. On average we account for about 45% of the mutton and 15% of the lamb kill in New South Wales each week.

One of the greatest challenges facing the meat processing industry is compliance with the excessive level of regulation and legislation on both a state, federal and industry level. Our industry is a truly national industry and requires regulation that covers meat processors on a national basis. At present we have a half-baked system that constantly throws up inconsistencies in a number of areas particularly in the monitoring and marketing of meat.

In the sheepmeat industry we currently have an age based grading system that defines what constitutes a lamb, a hogget or a sheep. Unfortunately, due to the definitions being open to some interpretation and a lack of saleyards/abattoir surveillance, a small number of rogue meat processors predominately based in Victoria are able to take advantage of the system. It is a common industry practice to "roll hogget's", which is to kill a hogget or even a sheep and label it as a lamb. From a meat processors point of view the raw material cost saving can be up to \$50 per head if a hogget or sheep is substituted as a lamb.

It is estimated by various industry sources that approximately 2-3 million hoggets are processed each year in Australia. As an export meat plant any hoggets that are purchased by Southern Meats are processed as mutton in line with industry guidelines. In an industry that relies on continuity of livestock supply it makes it very difficult to procure sufficient mutton livestock when a small number of lamb processors are competing for hoggets or mutton that are destined to be killed as lamb. To make matters more difficult, the offending processors will generally be able to pay more for hoggets or mutton because they are selling the meat at a premium lamb price.

If we had a robust National Standard for enforcing the rules in relation to the marketing of lamb and a system that had sufficient enforcement powers we would restore a level playing field for all meat processors. Other advantages of one uniform National Standard would be that the consumer would be guaranteed a consistent and superior meat product and it would also help with market access issues with our export partners. An extra 2-3 million hoggets being available to mutton exporters per year would represent about 20% of the total annual mutton kill, this is a conservative estimate because we haven't included the mutton which is also killed as lamb. These extra numbers being available would improve the competitiveness of all mutton exporters and ensure we continue to market a superior product to export markets and allow us to also open up new emerging export markets.

Southern Meats participates at all levels of industry regulation and is aware that the issue of lamb definitions are currently be addressed by various industry groups. Our concern is that the industry will not be able to self regulate itself in this area due to the various industry players having their own selfish agendas and some offending processors standing to jeopardise their entire business model. We would strongly encourage this Standing Committee to investigate the commonly know practice of "hogget rolling" in the meat processing industry.

We welcome this inquiry as being something that is long overdue, for too long the industries principal bodies such at Meat and Livestock Australia and Sheep Meats Council has turned a blind eye to this issue. If this issue is allowed to continue we firmly believe that the long-term viability of honest meat processors who obey the rule and regulations will be at threat. Depending on the outcome of the Standing Committees findings we would strongly support a full review of meat marketing by the ACCC.

If required a representative of Southern Meats would be more than happy to appear before the Standing Committee.

**Yours sincerely**



**Neville Newton**  
**Managing Director**