

# PRE-BUDGET SUBMISSION

**BUDGET 2019**  
February 2019





Pre Budget-Submissions

Via email: [prebudgetsubs@treasury.gov.au](mailto:prebudgetsubs@treasury.gov.au)

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To whom it may concern,

## 2019 – 2020 Pre-Budget Submission

RMAC is proud to represent the Australian red meat and livestock industry from paddock to plate.

We are an industry forum of 82,500 businesses of producers, lot feeders, retailers, manufacturers and livestock exporters of Australian beef, sheep and goat meat servicing 24 million Australians and over 100 exports destinations every day with safe, high quality and nutritious red meat.

For 2019 – 2020 our industry continues to focus on modest initiatives that maximise unlocking additional jobs and growth for our sector. This in turn provides optimum economic gains to the \$62-billion-dollar Australian red meat and livestock industry and the 438,000 Australian jobs we support.

**We commend these to the Australian Government for Budget 2018 – 2019; noting that many of these are a restatement of previous representations to the Commonwealth.**

RMAC acknowledges and thanks the Australian Government for key investments in the last budget period (2018 – 2019) including an additional \$137 million for agricultural biosecurity measures; and new funding for Agricultural Counsellors and a technical barrier to trade program.

### The Australian red meat industry: Our economic goals + the broader economic role we play

The *Meat Industry Strategic Plan 2020 (MISP2020)*, a strategic partnership between nine industry partners launched in 2015, identifies an ambitious economic opportunity targeted at **unlocking \$7 billion in growth** across our supply chain, and in turn the Australia community-at-large. This focusses on key activities across:

- Productivity and Profitability (total gain of \$2.11 billion by 2030)
- Supply Chain Efficiency and Integrity (total gain of \$3.45 billion by 2030)
- Market Growth and Diversification (total gain of \$3.19 billion by 2030)
- Consumer and Community Support (total gain of \$4.12 billion by 2030)

The State of the Industry 2018 highlighted the key role we play to Australia's economy:

- 82,500 businesses contributing to 438, 000 jobs
- Contributing \$18 billion annually to the Gross Domestic Product
- Australian red meat and livestock contributed \$62 billion in industry turnover
- Worth \$15 billion in export earnings

As a small but mighty global producer, we export over 70 percent of the beef, veal, sheepmeat and goatmeat produced in this country; and in 2017 were the world's largest exporter of sheepmeat; and the third largest exporter of beef and veal.

### Key Budget Initiatives: In Detail

1. **Productivity & Profitability: *Projected Industry Economic Gain under the Meat Industry Strategic Plan 2020: \$2.11 billion by 2030***

### The Australian Government provides a circuit-breaker to poor adoption of innovation (\$4 million)

Across the board, Australia has an excellent track record as generators of research and innovation that is globally recognised as world class but one of the lowest global uptakes converting research to business



innovation.<sup>1</sup> This has resulted in Australia slipping in world innovation rankings from 23<sup>rd</sup> to 26<sup>th</sup> under the Global Competitiveness Index.<sup>2</sup>

The Australian red meat and livestock industry is no exception to this, with productivity particularly in the beef industry lagging significantly compared with our international competitors. For example, from 2000 – 2013 Australian beef productivity grew 1.04 percent compared with 4.23 percent growth in productivity in the New Zealand beef sector.<sup>3</sup>

It is without doubt more must be done by government, business and universities in collaborating on research and in successfully commercialising new technologies and research and development adoption. To this effect, RMAC makes the following recommendation for Budget 2018 – 2019:

- Two regional innovation adoption trials are funded in the red meat industry looking to develop a best practise, regional adoption delivery model using peer to peer networks up to \$4 million dollars

**2. Supply Chain Efficiency & Productivity: *Projected Industry Economic Gain under the Meat Industry Strategic Plan 2020: \$3.45 billion by 2030***

**Strategic reform agenda proposed by RMAC under the National Freight & Supply Chain Strategy funded (\$220 million)**

RMAC commends the development of the *National Freight and Supply Chain Strategy* which has highlighted the vast economic and safety benefits of getting supply chains right for the Australian agrifood sector.

Up to \$750 million in economic growth and up to 4000 jobs can be added to the Australian red meat industry alone with a revised approach to investment and planning reform for transport and infrastructure.<sup>4</sup> There are broader benefits to this reform agenda – freight is still the biggest cost our businesses and customers – absorbing up to 30 percent of profit margins in regional Australia; and livestock in transport is Australian consumers single biggest concern across the supply chain. The economic and social benefits of a reform agenda are at once enormous and compelling.

This aligns with RMACs recommendation to the National Freight and Supply Chain Strategy and Budget 2019 – 2020 to:

- Reinstatement programs which fund transport improvements with strong agribusinesses growth opportunities across local government boundaries (for example the Strategic Regional Fund) (\$120 million)
- Refund and expand the Northern Beef Road Program beyond the life of the North Australia White Paper (\$100 million)

Whilst this is the largest area of investment outlined by RMAC in this Pre-Budget Submission 2019 – 2020 (and is a repetition of previous years representations), the return-on-investment in delivering these relatively modest infrastructure programs is of extreme significance for both Australia jobs and growth and the safety of road users.

**3. Market Growth & Diversification: *Projected Industry Economic Gain under the Meat Industry Strategic Plan 2020: \$3.19 billion by 2030***

**Continue to forge a path towards freer trade**

A diverse array of export markets affords the Australian supply chain (livestock producers, processors and exporters) the opportunity to compete for the best price in the global marketplace. Securing additional

<sup>1</sup> Source: Benchmarking Australian STEM, 2014 <https://industry.gov.au/Office-of-the-Chief-Economist/Publications/Pages/Australian-Innovation-System.aspx>

<sup>2</sup> Source: Global Competitiveness Index, 2017 [http://cdn.aigroup.com.au/Economic\\_Indicators/Fact\\_Sheets/2016/WEF\\_Global\\_Competitiveness\\_Report\\_2016-17\\_Australian\\_Summary.pdf](http://cdn.aigroup.com.au/Economic_Indicators/Fact_Sheets/2016/WEF_Global_Competitiveness_Report_2016-17_Australian_Summary.pdf)

<sup>3</sup> Source: USDA International Agricultural Productivity, 2013 <https://www.ers.usda.gov/data-products/international-agricultural-productivity.aspx>

<sup>4</sup> Source: From Freight to Plate: Delivering the Goods (RMAC Submission to the National Freight and Supply Chain Strategy) 2017 <http://rmac.com.au/wp-content/uploads/2017/01/Freight-to-Plate.pdf>



trade reform in an increasingly competitive, and in some cases protectionist, global environment remains an overwhelming industry priority.

Our industry is a vehement advocate of bipartisan support for trade reform. Over the years we have employed a sophisticated, collaborative industry-government approach to trade, which has resulted in the red meat industry being a beneficiary of every bilateral or free trade agreement the Australian Government has negotiated to date.

Industry's established working relationship with the Department of Foreign Affairs and Trade and the Department of Agriculture and Water Resources throughout the negotiating process has provided valued opportunities for consultation and feedback from industry; and we thank the continued and ongoing support from these Departments.

We seek continued unfettered support and consideration of increased program and diplomatic investment in key burgeoning market access opportunities including the European Union and the United Kingdom; as well as maintaining existing levels of resourcing in our key established and valued markets.

**4. Consumer & Community Support: *Projected Industry Economic Gain under the Meat Industry Strategic Plan 2020: \$4.12 billion by 2030***

**Government invests in our people, land and livestock**

The Australian red meat and livestock industry recognises that Australian consumers are looking for a more sustainable and healthier planet and this in turns drives government-led policy and investment. Through initiatives such as the Australian Beef Sustainability Framework (ABSF), our industry is committed to the continuous improvement of our people, our land and our livestock from paddock to plate.

For Government investment this includes but is not limited to:

- Through the relevant Council of Australian Governments agenda, develop a national set of accounts for the environment, work health and safety and regulatory trends in animal welfare to assist the industry to continue to benchmark and respond in a constructive manner
- Consider re-allocating budget areas (for example, the RIC) to an animal welfare extension program – a world first for both government and industry
- The Carbon Farming Initiative is continued and alternative methods of land-based carbon sequestration is explored
- Clean Energy Finance Corporation is better utilised to transition the red meat industry to carbon neutrality by 2030 + participate in a renewables agenda:
  - o Allocates special funds for a 'CEFC for the land' program (a Climate Change Authority 2018 recommendation)
  - o Provides special funds for the post farm gate renewable efforts, with fixed rates for Aussie red meat manufacturers

**Conclusion**

RMAC thanks the Australian Government for consideration of our key economic policy and investment Initiatives and looks forward to Budget 2019.

**\*signed**

**Anna Campbell  
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Red Meat Advisory Council**