



PRE-BUDGET SUBMISSION – 2022/23

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Australian Meat Industry Council
28 National Circuit
FORREST ACT 2603

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About AMIC

Australian Meat Industry Council (AMIC) is the Peak Industry Council representing over 2,000 post-farm gate red meat (including pork) enterprises. AMIC members include red meat production and sales for domestic and export consumption, smallgoods manufacturers, boning rooms, cold stores, wholesalers and distributors through to exporters and independent retail butchers. Within this submission, these enterprises will be collectively referred to as red meat production sector.

The Australian meat supply chain makes a substantial contribution to the national economy each year by accounting for over \$18.4 billion in export receipts and \$13.6 billion in domestic sales for beef, sheep, and goat, plus an additional \$5.2 billion sales in pork, and \$4 billion sales in smallgoods.

The post-farm gate meat industry employs around 200,000 people directly and indirectly and is often the single biggest employer in rural/regional areas, underpinning vitality and sustainability of Australia’s agricultural sector and regional communities.

Executive Summary

The Australian red meat industry has continued to provide a critically essential service throughout the COVID pandemic, despite being severely challenged by a range of short-medium term and chronic issues, such as access to a stable and readily available workforce, international shipping and logistics headwinds, market access shocks, as well as an industry pivot towards CN2030.

Despite these challenges, the industry is positioned as Australia’s single largest agricultural manufacturing sector, with combined sales equating to \$36 billion p.a. The red meat industry is positioned to be the engine of growth for the agriculture sector in coming years, given that it currently represents over 1/3 of the Government’s vision for the sector of \$100bn by 2030.

However, to enable agriculture to drive the post-pandemic recovery, the government’s policy and budgetary settings must provide favourable conditions to encourage industry investment and innovation. AMIC, as the peak body representing the post-farmgate red meat production sector, greatly appreciates the opportunity to provide the following submission which if supported, will provide the positive settings to turbocharge sectoral growth

Key industry priorities:

- 1) Sustainable workforce
- 2) Growing market longevity
- 3) Foster supply chain resilience
- 4) Bolster biosecurity and traceability
- 5) Improve sectoral ESG credentials

Total funding sought over four years:

Portfolio	Funding asks
Agriculture, Water and the Environment	\$292 million
Education, Skills and Employment	\$30 million
Foreign Affairs and Trade	\$300 million
Health	\$20 million
Home Affairs	\$30 million
Industry, Innovation, Science and Resources	\$1.322 billion
Infrastructure, Transport, Regional Development and Communications	\$2.5 billion
Total	\$4.494 billion

AMIC’s submission and key asks are aligned to: the Red Meat Advisory Council’s 2030 Strategic Roadmap (Red Meat 2030); the Australian Meat Processor Corporation’s 2030 R&D Strategy; Australian Pork Limited’s Strategic Plan 2020-2025; Meat and Livestock Australia’s Strategic Plan 2025; and also complements a number of the key recommendations from other Peak Bodies including the National Farmers Federation, the Australian Food and Grocery Council, and the Council of Small Business Organisations Australia.

Pillar 1 - Sustainable Workforce

The red meat processing sector supports investment in infrastructure, training, awareness programs and visa arrangements to better attract and retain labour of all skill levels. Access to such a workforce is critical to the international competitiveness of the sector and to the prosperity of the communities in which they operate, on both a regional and metropolitan basis

Key asks:

1.1: \$30 million over four years to provide a holistic Vocational Educational and Training (VET) package of programs and incentives to attract students into agricultural and food production related vocations and develop an integrated curriculum for agriculture as a career choice

Details:

Labour shortages are significantly hampering the ability of the sector to reach its ambitious \$100 billion industry target. A contributor to agricultural and food production labour shortages is the lack of clear pathways for education and training for careers.

AMIC supports the effort and funding that has been committed through previous budgets to improve the access to tertiary-trained agriculture graduates, e.g. reduced HECs fees for university degrees in agriculture announced in 2020. However, these measures do not go far enough to address the diversity of jobs that are required to support the sector for now and into the future, which includes graduates from the VET stream.

AMIC strongly believes that increased funding for an integrated VET package of programs and incentives to attract students into agriculture and food production fields is critical to attract and engage the workforce of the future. This includes improved program training and support services, enhanced access to scholarships, as well as career advisory services, and incentives to Registered Training Organisations to deliver a greater number of agriculture and food production related courses.

1.2: \$30m to reduce the administrative costs of selected visas used within the red meat processing industry, including application fees, renewal fees, contributions and mandatory payments

Details:

As a result of systemic workforce attraction and retention issues, the red meat production sector heavily relies on employing overseas workers through a number of visa arrangements to meet its workforce needs. According to pre-pandemic data, visa holders make up around 25 per cent of total processor employees.

Current visa arrangements are not fit-for-purpose, and dependency on visa labour creates significant amounts of complexity, uncertainty and high costs for most processors. Prior to COVID-19, the total sector cost of visa use was estimated to be \$30.75 million annually. Aside from financial ramifications, this

reliance results in an inability to flexibly expand and contract the workforce as supply and demand may require.

The costs of recruiting, training, and employing visa holders on an ongoing basis further adds to the disproportionately high labour costs faced by processors, further deterring the sector's ability to compete on a global basis.

There are a number of technical costs with current visa arrangements which act as the key contributors to the excessive financial burden of visa applications for processors. For example, the requirement for agreements to be renewed annually is inefficient and expensive. Another requirement is for processors to contribute to the Skilling Australia Fund (SAF) with each application, of which limited funding flows back into the industry via the training of meat sector workers.

1.3: \$250m to extend the eligibility criteria under the Building Better Regions Fund to meat processing employers to enable construction of new infrastructure or the upgrade or extension of existing infrastructure that will deliver economic and social benefits to a regional or remote community

Details:

Currently, the scope of the Building Better Regions Fund is only open to infrastructure projects that will deliver economic and social benefits to a regional or remote community, and eligibility is limited to incorporated not-for-profit, local government agency or body or non-distributing co-operative.

The red meat processing industry is one of the largest employers in rural and regional areas (and often the sole employer of size), and as such, provides the critical economic and social backbone to underpin rural and remote communities.

An expansion of the Building Better Regions Fund to enable the red meat processing industry to access the grant would underpin infrastructure investment that would deliver long term economic and social benefits, through the creation and fulfilment of thousands of jobs in rural and remote communities.

1.4: \$20m grant pool to provide free or low-cost Rapid Antigen Testing to employers in the red meat supply chain

Details:

In order to maintain daily operations for the critically essential service of food production, red meat production establishments are required by various state and territory legislation to provide COVID Rapid Antigen Testing (RAT) to employees. This comes at a substantial cost to an industry that employs hundreds of thousands of people, and it is not a sustainable mechanism for ongoing testing and workplace disease surveillance monitoring.

AMIC is seeking financial relief for the red meat production sector, through the government provision of free or low-cost RATs to ensure the continuity of food production and functioning of critical supply chains.

Pillar 2 - Grow Market Longevity

The red meat processing sector supports trade liberalisation through free trade agreements and bilateral engagement that eliminates the tariff and non-tariff barriers which impede access to export markets. Increased access to additional markets, improved access to existing markets and reduced government-regulated export costs incentivises investment, competition and innovation in the red meat processing industry which supports broader Australian job creation and economic prosperity.

Key asks:

2.1: \$60m (and commensurate Average Staffing Level increases) over four years to double the Australian Government technical market access negotiation capacity for Australian food exports

Details:

Non-tariff barriers (NTBs) represent one of the biggest hurdles to increasing the sector's access to foreign markets. These barriers vary from market to market and can be enshrined in complex foreign language legislation.

Whilst Australian trade negotiators have made strong inroads to reducing tariff barriers over a number of years through the signing of a number of bilateral Free Trade Agreements (FTAs), increasingly NTBs are eroding the advantages provided through the FTAs.

AMIC supports the past efforts and funding by government for technical market access resources including additional agricultural counsellors in key markets. However, this does not go far enough – critical technical negotiation sections in the Department of Agriculture, Water and the Environment (DAWE) are chronically understaffed and do not commensurately reflect the growth of trade over the years nor the growing complexity of trade.

AMIC is calling for the government to increase long-term, structural spending and staffing investment in the “bricks and mortar” technical market access areas of government, to strengthen Australia's technical Government-government negotiation capacity and capability.

2.2: \$30m over four years for the continuation of the Agricultural Trade and Market Cooperation (ATMAC) program

Details:

The Federal Government's Agribusiness Expansion Initiative, launched in 2020, has been successful in creating a pathway to greater export diversification for the agriculture industry.

The ATMAC program plays an important role in facilitating the export agenda and will be critical in supporting cooperative activities and projects that help Australia's agriculture and food production sector to open, improve and maintain access to overseas markets. As such, AMIC is recommending this program be extended.

2.3: \$70m over four years for the continuation of the initiative under Busting Congestion package to freeze increases in the Australian Government export inspection and certification fees and charges

Details:

Exporters' international competitiveness has been significantly eroded due to the disproportionately high cost of Australia's international freight supply chains and increased Non-Tariff Barriers (NTBs) over the years.

Noting these significant trade disruptions and headwinds, measures to reduce the cost of trade should be the priority, and the Australian Government should not be imposing further costs on exporters, particularly noting that competitors do not place similar imposts on their red meat exports.

The framework of the Australian Government Cost Recovery Policy should not in effect constitute a self-imposed NTB to Australian exporters – the current regulatory costs amount to approximately \$80m per annum in fees and charges to exporters, in addition to the significant cost of compliance borne directly by industry.

AMIC supports the initiative by the government in past budgets to limit the impact of the Australian Government Cost Recovery policy through the freezing of fees and charges, which coupled with a reform program enabled the regulatory cost footprint to be somewhat contained.

However, in 2021, the government has legislated increases over forward years which will mean year on year increases in fees and charges for Australian exporters to at least 2024. AMIC would like to see the year on year increases to be scrapped and the cost recovery to be frozen at the legislated rate for FY2020-21.

2.4: \$10m over four years for the establishment of a regulatory framework for Australian organic foods, which would underpin both domestic and export production and sales for red meat

Details:

The organics industry contribution to the Australian economy is substantial and projected to grow significantly over the next three years. This trend not only applies nationally but also globally in Australia's organic export markets.

In combination with this international growth and the potential consumer concerns regarding product authenticity, a range of international market have continued to strengthen their national regulatory controls accordingly. The consequence of this trend, if Australia does not change its regulatory posture, is continued organic certification complexity, cost, poor transparency, unfair competition, and potentially undermining consumer confidence in organic certification. Additionally, access to international organic markets will constrict and opportunities lost due to this complexity.

The current Australian organic certification process nationally presents a range of challenges that can only be addressed through a sound regulatory response ensuring the national consistent application of an Australian organic standard.

The Australian organic certification model has been subject to review for two decades with limited progress achieved to date, particularly in the context of a national regulatory approach.

Pillar 3 - Foster Supply Chain Resilience

The red meat production sector has demonstrated a high degree of resilience and flexibility in rising to the supply chain challenges as a result of COVID. The sector encourages ongoing government investment to shore up and extend capabilities both domestically and internationally, including broader supply chain and logistics capacity which is a massive chokepoint that is currently constraining productivity and growth.

Key asks:

3.1: \$300m for the extension of the International Freight Assistance Mechanism (IFAM) to mid-2023, to provide exporters with some level of certainty on airfreight, until international border restrictions are removed and a new normal is established.

Details:

Since April 2020, IFAM has reconnected 9 Australian ports to 61 international destinations and helped the movement of high-value perishable Australian products to international customers. The program has also enabled the import of nationally important goods, aiding Australia's pandemic response.

Currently, air freight prices are sitting between 1.8 and 6 times the pre-COVID average, and these prices are not expected to fall in the foreseeable future. Combined with significant shortage of chilled and refrigerated containers for sea-freight, agricultural commodities including fresh meat have very few commercially viable pathways to international markets.

AMIC readily acknowledges that 'new normal' cost for airfreight post-COVID will be significantly higher than historical airfreight charges, and it will be up to industry to navigate this cost environment. However, current prices are heavily inflated due to a range of restrictions/conditions on air travel, necessitating the ongoing support provided by IFAM.

3.2: \$2.5bn over four years for an expedited establishment of an Infrastructure Fund focussed on investing in productivity improvements in Australia's international freight supply chains

Details:

AMIC recommends that a \$2.5 billion Infrastructure Fund be established to expedite investment in productivity and efficiency improving activities for Australia's international freight supply chains.

As an island nation, it is essential that Australia maintains connectivity to markets. However, Australia's ports and stevedoring services are in the bottom

quartile in terms of productivity, and Australian exporters pay some of the world's highest prices for international freight services.

The recent significant disruptions to international freight supply chains has put a spotlight on just how unproductive Australian ports have become. International shipping lines have been bypassing Australian ports due to chronic congestion, rolling industrial relations disruptions, the slow turn-around of ships, and imposition of port congestion charges.

In launching the Productivity Commission review into maritime efficiency, Treasurer Frydenberg noted in December 2021 that “the efficiency of Australia’s ports are vital to our economic success”, and “with more than \$400bn goods imported and exported every year, it’s critical that we lift productivity at our ports”.

The proposed fund would provide expedited funding to underpin productivity improving investment, including ICT systems and landside infrastructure, tied to the Recommendations from the Productivity Commission report due in mid-2022.

3.3: \$50m extension of the *Modernising Manufacturing Fund* and expanding the eligibility to businesses of up to 3000 employees

Details:

Manufacturing is critical to national resilience and a vital part of Australia’s response during times of crisis. Agile manufacturing capability helps to secure essential items such as food quickly.

The government’s Modern Manufacturing Strategy has provided vital funding to underpin SME business investment. However, given food and beverage manufacturing has been identified as a key pillar under the Strategy, it is critical that the funding be applied such that it delivers on identified objectives, including scaling up manufacturing capacity.

Unfortunately, given the limitations on eligibility criteria in previous grant rounds (in particular, limited to SMEs) means that a significant portion of the Australian red meat production sector could not access the grant funding. This is at odds with the policy objectives of the Strategy, given red meat production is the single largest agriculture manufacturing industry in Australia and a major employer in rural and regional communities.

AMIC is calling for a further round of the Modernising Manufacturing Fund with expanded eligibility criteria to enable increased uptake of the Fund by the red meat industry.

3.4: \$20m extension of the *Energy Efficient Communities Program – Food and Beverage Manufacturing Business Grants* and expanding the eligibility to businesses of up to 3000 employees

Details:

AMIC supports the grant which provides SME food and beverage businesses funding to improve energy efficiency practices and technologies and better manage energy consumption to reduce their power bills.

AMIC supports processor-driven initiatives to explore options for renewable energy generation, reliability and continuity of supply in order to support the red meat industry's goal to reach carbon neutrality by 2030 (CN30).

Should the grant be extended and eligibility broadened beyond SMEs, it could accelerate the sector's adoption efforts with policy support that incentivises and optimises the ongoing development, deployment and commercialisation of solar PV, battery storage and other low-emissions energy technologies.

Pillar 4 - Bolster Biosecurity and Traceability

The red meat production sector is committed to upholding Australia's high livestock standards in animal health and biosecurity. The sector encourages ongoing stringency of biosecurity and traceability standards and animal health surveillance programs. This is a crucial foundation for maintaining market access and protecting Australia's favourable biosecurity status.

Key asks:

4.1: \$100m for the National Biosecurity Committee on the implementation of national traceability reform initiatives

Details:

Biosecurity is one of if not the most important criteria in determining the red meat production sector's market access and protecting existing trade relationships. Australian biosecurity is widely held in high regard due to its stringent quality assurance and quarantine processes, geographic isolation and dispersion.

However, Australia is currently at a heightened risk of disease incursion for livestock - a recently performed biosecurity risk exercise indicates there is an estimated 42 per cent chance of the occurrence of one of four major animal disease outbreaks in Australia over the next five years

The processing sector supports proactive biosecurity management and protection against livestock diseases as a critical means of preserving international market access, with effective livestock traceability being a fundamental and essential underpinning.

To this end, SAFEMEAT (a government/industry partnership) has delivered to the National Biosecurity Committee a set of detailed Recommendations for National Livestock Traceability Reform, including the establishment of a regulatory or statutory entity responsible for managing Australian livestock traceability,

investment into a database to track FMD susceptible livestock species, and mandating individual digital identification of livestock.

AMIC strongly supports the SAFEMEAT Recommendations for National Livestock Traceability Reform, and calls for government funding to enable a national implementation process to be undertaken to safeguard Australia's biosecurity status.

4.2: \$2m over four years for industry delegations to participate in targeted international animal health and food safety standard setting processes

Details:

As sanitary and phytosanitary conditions evolve internationally, and new/emerging diseases increasingly challenge global animal health management measures, the Australian red meat industry would like to play a bigger role in contributing our expertise towards Australia's position at international standard setting processes, including attending as part of the Australian delegation at the World Organisation for Animal Health (OIE) and Codex Alimentarius Commission.

Having industry representation at these standard setting forums would enable real-time consultation and technical input into the practical applications (and implications) of standards on animal health and food safety. Further, it would enable broader industry understanding and dissemination of the outcomes of standard setting processes to producers and processors.

4.3: \$10m over four years for establishments/sites to undertake structural or technological upgrades to enhance traceability

Details:

As part of the government's announcement on 24 January 2022 on [Future Traceability](#), AMIC is seeking a grant funding stream be made available specifically to support businesses to undertake structural or technological upgrades to reduce regulatory and traceability costs.

Investments in this space would enable the red meat production industry to become more agile and flexible in responding to shifting consumer and regulatory requirements.

4.4: \$10m over four years for industry to conduct awareness training and capacity building, as well as promotional programs in areas including biosecurity, traceability, animal health, standards and disease surveillance

Details:

AMIC considers that ongoing investment is required in animal health monitoring and preparedness activities, to ensure that the supply chain risks are mitigated to the greatest extent possible. A combination of increased extension and

education activities, coupled with greater emphasis on biosecurity practices and standards, as well as ongoing investment in disease surveillance (including ante- and post-mortem inspection at processing establishments) will be valuable to safeguard Australia's favourable pest and disease status.

Pillar 5 - Improve Sectoral ESG Credentials

The red meat production sector acknowledges its key role in driving sustainability improvement by individual processors, the agricultural industry and Australian society. The sector is a pivotal contributor to food production and acknowledges the role it plays in advancing sustainability and environmental outcomes of integrated food supply chains. The sector recognises its accountability for existing environmental impact and is taking conscious measures to reduce this, as well as increasing industry transparency to verify sustainability credentials.

Key asks:

5.1: \$1bn over four years to establish a National Food Manufacturer Sustainability Fund for projects to grow the environmental sustainability credentials of the sector and the affiliated supply chain

Details:

The red meat production sector is committed to transitioning to enhanced sustainable practices at all levels. To facilitate a stable and orderly transition, AMIC is seeking greater commitments from government through a proposed National Food Manufacturer Sustainability Fund, to encourage the adoption of renewable energy sources to power energy-intensive manufacturing practices within the production supply chain, as well as enhance energy storage capacity.

In addition to carbon emissions, other environmental concerns of the sector include water usage and waste management, including packaging. The sector is able to enhance environmental stewardship through its own responsible water and waste practices, as well as working with relevant stakeholders to reduce environmental impacts wherever possible. However, these initiatives can be significantly accelerated through the proposed National Food Manufacturer Sustainability Fund that will deliver measurable improvements as the sector tracks towards CN2030.

5.2: \$2m over four years to create positive awareness campaigns of the Australian food industries and their contributions to the Australian economy

Details:

The red meat production sector prioritises sustainability and seeks to be recognised as a global leader in environmental stewardship with responsible businesses that have positive impacts on their communities.

The red meat production sector is committed to structured and transparent standards and systems that advance sustainability efforts. The Australian Beef Sustainability Framework, as an industry exemplar, takes a holistic approach to sustainability. Compliance with this Framework ensures the sector's sustainability practices remain current and trusted by the community. The sector also reports biannually to both the Australian Beef Sustainability Framework and the Sheep Sustainability Framework.

Under this proposal, AMIC believes that a centralised sustainability strategy and promotional activities based on the industry's sustainability credentials will enhance domestic and international community trust and confidence in Australian food supply chain.

Appendix – detailed funding requests by Government Portfolio

Agriculture, Water and the Environment

- 2.1: \$60m (and commensurate Average Staffing Level increases) over four years to double the Australian Government technical market access negotiation capacity for Australian food exports
- 2.2: \$30m over four years for the continuation of the Agricultural Trade and Market Cooperation (ATMAC) program
- 2.3: \$70m over four years for the continuation of the initiative under Busting Congestion package to freeze increases in the Australian Government export inspection and certification fees and charges
- 2.4: \$10m over four years for the establishment of a regulatory framework for Australian organic foods, which would underpin both domestic and export production and sales for red meat
- 4.1: \$100m for the National Biosecurity Committee on the implementation of national traceability reform initiatives
- 4.2: \$2m over four years for industry delegations to participate in targeted international animal health and food safety standard setting processes
- 4.3: \$10m over four years for establishments/sites to undertake structural or technological upgrades to enhance traceability
- 4.4: \$10m over four years for industry to conduct awareness training and capacity building, as well as promotional programs in areas including biosecurity, traceability, animal health, standards and disease surveillance.

Education, Skills and Employment

- 1.1: \$30 million over four years to provide a holistic Vocational Educational and Training (VET) package of programs and incentives to attract students into agricultural and food production vocations and develop an integrated curriculum for agriculture as a career choice

Foreign Affairs and Trade

- 3.1: \$300m for the extension of the International Freight Assistance Mechanism (IFAM) to provide exporters with some level of certainty on airfreight, until international border restrictions are removed and a new normal is established.

Health

- 1.4: \$20m grant pool to provide free or low-cost Rapid Antigen Testing to employers in the red meat supply chain

Home Affairs

- 1.2: \$30m to reduce the administrative costs of selected visas used within the red meat processing industry, including application fees, renewal fees, contributions and mandatory payments

Industry, Innovation, Science and Resources

1.3: \$250m to extend the eligibility criteria under the Building Better Regions Fund to meat processing employers to enable construction of new infrastructure or the upgrade or extension of existing infrastructure that will deliver economic and social benefits to a regional or remote community

3.3: \$50m extension of the *Modernising Manufacturing Fund* and expanding the eligibility to businesses of up to 3000 employees

3.4: \$20m extension of the *Energy Efficient Communities Program – Food and Beverage Manufacturing Business Grants* and expanding the eligibility to businesses of up to 3000 employees

5.1: \$1bn over four years to establish a National Food Manufacturer Sustainability Fund for projects to grow the environmental sustainability credentials of the sector and affiliated supply chain

5.2: \$2m over four years to create positive awareness campaigns of the Australian food industries and their contributions to the Australian economy

Infrastructure, Transport, Regional Development and Communications

3.2: \$2.5bn over four years for an expedited establishment of an Infrastructure Fund focussed on investing in productivity improvements in Australia's international freight supply chains

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