

THE UPDATE

The first edition: January to March 2019

Wednesday 24 April 2019

From the Chair

Sheep Producers Australia (SPA) believes it is important to keep you informed on what the organisation is doing.

“**THE UPDATE**” is the first of what will become a regular snapshot.

SPA has been contributing to the development of a new Meat Industry Strategic Plan (MISP) as part of an implementation team led by the Red Meat Advisory Council (RMAC). This is an important strategic document for the sheep industry because it will provide a framework and direction for many of the major organisations within the sector; including Meat & Livestock Australia, the Australian Meat Processor Corporation and LiveCorp. The MISP will create a roadmap for future investment, increase stakeholder understanding and enable SPA to communicate our own preferred future as the sheep industry.

Complementary to the new MISP is the review of the Red Meat Memorandum of Understanding. The MoU review is chaired by Jim Varghese who leads a taskforce which is engaging with numerous stakeholders on the red meat industry’s future. The MoU was signed more than 20 years ago so from SPA’s point of view, it is timely to be reviewing the national industry’s advocacy governance arrangements to ensure they are the right fit for the future. The SPA Board believes it is critical the MoU captures bold visionary initiatives, underpinned by the MISP, which industry can support. In essence, the MISP defines the strategy to take the industry forward while the MoU provides the structure – so they are strategically linked and vitally important to SPA and the sheep industry. SPA is contributing to the review on behalf of producers as well as hosting workshops to provide collective feedback. SPA is part of the taskforce through RMAC and has made a submission in response to the Green Paper, which you can read on the SPA website (sheepproducers.com.au)

Along with setting the strategic direction of our industry is a question about funding our vision of its future. SPA has been considering the industry’s funding model in recent months, particularly as the Sheep Industry Strategic Plan 2020 nears its end date. This means reviewing the Sheep and Lamb Transaction Levy to ensure funding will be sufficient to meet the actions of future industry plans or strategies, as well as considering that money is collected efficiently and fairly. The levy model, how the funds are used and the return on investment of those funds has not been reviewed since 2005. SPA is continuing this work and will be engaging with all stakeholders in the coming months as to the appropriate next steps.

I hope you find the rest of **THE UPDATE** informative and of interest. Feel free to provide either myself or Graham with some feedback, so we can incorporate it into our next edition!

Chris Mirams
Chair, Sheep Producers Australia

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Key operational updates – policy

- Live sheep export

Advocacy for the continuation of the export of live sheep has been a primary focus of SPA's time and resources in the first quarter of 2019. In responding to measures outlined in the Department of Agriculture and Water Resources' Heat Stress Risk Assessment for the export of live sheep, SPA recognised the need for evidence-based decisions and was a key coordinator of industry's efforts to gather this information. SPA established a Technical Advisory Group (TAG) which provided a significant body of science-based data and evidence that underpinned our subsequent submission and those of other stakeholders. The advisory group included experts from the fields of science, academia, government, logistics, and farming.

SPA facilitated the establishment of the Live Sheep Coalition which resulted in a more coordinated approach to the issue from peak bodies. The coalition included membership from SPA, Australian Livestock Export Council, National Farmers Federation and WoolProducers Australia and worked with Meat & Livestock Australia, state farming organisations, and Federal and State Departments of Agriculture. SPA's advocacy to government was boosted by a delegation of producers from Western Australia, including Sue Middleton, Lyn Slade and SPA director Bindi Murray, who met with a number of politicians and bureaucrats to outline the impacts of banning the trade on families and rural communities. Thanks goes to the Cattle Council of Australia for helping to organise the meetings.

The increased interaction between the Live Sheep Coalition, industry and government has resulted in a better understanding among all of the parties about the subsequent interim live sheep export arrangements. SPA will continue to work with industry and the government on longer-term solutions.

- Lamb definition

SPA has been working with stakeholders to ensure the new definition for lamb takes effect from 1 July 2019. For the change to be made, various federal and state legislation and regulations required amendment, which has been under way since the start of the year. Late last month, the Australian Government confirmed it had registered legislative changes which would ensure the process was expedited prior to the approaching Federal Election. State regulations in New South Wales and Western Australia still require alignment but relevant authorities have advised SPA this can occur before the target changeover date.

- Sheep traceability

SPA has been monitoring the implementation of electronic identification (EID) for sheep in Victoria. SPA coordinated a second stakeholder tour of the Victorian EID system in February, following the first tour in late 2018. The SPA Board's position is to support the development of an effective national traceability system which, at present, includes the voluntary uptake of EID technology. The Board has supported a recommendation from the first tour that industry would benefit from independently testing the system to determine its performance compared with the mob-based system. The Jurisdictional Traceability Group is developing a methodology for this to occur. In the coming quarter, SPA will be planning workshops with the state farming organisations and producers to further understand current positions and requirements for implementation of a national traceability system involving EID, including the benefits, challenges and risks.

- Lamb survivability

SPA, WoolProducers, MLA and Australian Wool Innovation are developing a joint lamb survival initiative for the sheep and wool industries. The plan will identify ways to increase lamb survival through targeted industry research, development and adoption of relevant on-farm management

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practices. The first phase involves an independent review of the benefits, costs and impacts of current research, development and adoption activities in sheep reproduction and lamb survival, against industry performance targets. Consultation with industry stakeholders will be conducted as part of the review process and is expected to occur in mid-2019.

Key operational updates – special projects

- Sheep Sustainability Framework

Development of the Sheep Sustainability Framework began in early 2019. MLA appointed Sarah Hyland as project manager and SPA has been contributing through the design phase with a project plan nearing completion and an independent chair and project group currently being appointed. Given changing consumer attitudes, including the rise of Millennials and Generation Z, SPA believes the industry needs to think seriously about how it operates in a more sustainable manner. Getting on the 'front foot' to mitigate future risks is an important objective in developing a sustainability framework.

- Future Sheep industry national representation

SPA is working with WoolProducers to develop strategic options for future national representation of the sheep industry. A project team has been established to guide the process, including the CEOs and a board member of both organisations, a processing industry representative and two young people in the industry, led by independent chair Andrew Henderson.

The group will consider opportunities and challenges in the sheep industry over the new few years and then evaluate whether the present national representation model will meet future needs or whether there are alternatives, that could best serve both the sheepmeat and wool industries. The group will engage with SPA and WoolProducers' stakeholders and will report to each board in July with some potential scenarios and possible next steps.

- Review of research priorities and activities

SPA has been working with research bodies to ensure that growers' levy dollars are invested in strategic priorities to benefit the industry's future. This has included MLA compiling a stocktake of all research programs under way, including those funded by the MLA Donor Company, and priorities advised by the Southern Australian Livestock Research Council and Western Australian Livestock Research Council. SPA is working with the Red Meat Industry Panel to determine what priorities are covered and to identify areas of shortfall as well as matching projects with the priorities listed in the Sheep Industry Strategic Plan. This work will help to ensure that future research investment is made in areas of strategic priority and will be complete in May.

- SPA Leadersheep Network

SPA has continued rolling out its leadership initiatives, including calling for applications for the 2019 Sheep Industry Ambassador Award to foster and develop the up-and-coming leaders in the sheep industry. South Australian farmer Leith Tilley and Victorian research scientist Stephanie Muir won the two scholarship positions and travelled to New Zealand in late March with board member Jamie Heinrich and SPA Leadership Manager Melissa Neal. A report on the New Zealand trip will be available on the SPA web site from Wednesday 1st May 2019.

In considering how to ensure these ambassadors continue to be involved with SPA and the industry following the trip, a coaching program for previous ambassadors has been piloted to help with their professional development and future industry engagement.

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SPA offered scholarships for women working in the sheepmeat supply chain to attend the Australian Meat Business Women Networking Event in Melbourne this month. These were won by Olivia Agar, Ballarat, Vic; Joanna Treasure, Cowra, NSW; and Belinda Lay, Esperance, WA.

SPA also released its first edition of [Leadersheep News](#) and a second online module 'Communicate What Matters' featuring US Center for Food Integrity CEO Charlie Arnot, available [online](#).

Key operational updates – markets

THE UPDATE will provide snapshots on what is occurring in our international markets, as what occurs overseas has a huge bearing on the economic well-being of our domestic industry.

For example, during 2017/18, Australia exported A\$3.5b in lamb and mutton, or over 60% of what it produced.

Given that the Industry is generating at least 60 cents in every dollar of revenue from overseas, international markets play a critical role in the profitability of Australian farmers.

- Brexit

With the date set for when the UK leaves the European Union, pressure is mounting to secure a deal for a continuation of trade. A 'no deal' Brexit would have major ramifications for the Australian sheep industry. Post-Brexit, with no deal in place, Australia's 19,186 tonne lamb quota would be split 80:20 between the UK and EU. This would drop the supply to the EU to a few thousand tonnes, compared with New Zealand which would have an equal split between both markets for its 228,000 metric tonne quota. In addition, a 'no deal' would mean that UK meat would attract a 25 percent tariff into the EU and, as a result, UK farmers would be likely to resist imports in favour of boosting their own local supply. SPA continues to monitor the situation and maintains its policy that a Brexit deal would be best for Australian farmers.

- United States

Chris, Graham and Jamie were invited to attend the American Sheep Industry Conference in February. This was an important trip, given that Australia is the largest exporter of lamb to the US. Understanding each other and maintaining good relationships with the Americans is important, particularly given the sensitivity to imports within the current US Government.

Key observations of the tour included how plant-based alternatives to red meat are gaining significant market share; the considerable influence the Millennial generation is having on the meat industry given their preference for meals with minimal preparation, and the changing methods of selling with online shopping set to become a significant proportion of sales. One retailer outlined its current satisfaction with Australian lamb in terms of quantity, quality and price but was uncertain whether product would be sourced more from Australia, Brazil (now the world's largest beef exporter) or Argentina in future. SPA is sharing these observations with Australia's key exporters and working with them and MLA to ensure producers have access to appropriate market intelligence to help them determine what they need to be producing now and in years to come.

Customers of Australian lamb referenced the importance of Australia's world class quality systems and SPA reiterates to producers the importance of National Vendor Declarations and the Livestock Production Assurance program in underpinning market access. Australia exports much of its product and in coming years, it is expected that the demand for lamb will increase significantly, however,

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there will also be more competitors and so customers will have even greater choice. SPA will use the information gathered during the study tour for future policy development and industry engagement. Graham's full report of his American trip will be available on the SPA web site in early May.

What's ahead

Over the next few months, SPA will continue to provide input into the Red Meat MoU process and Meat Industry Strategic Plan (MISP). We will be reviewing the interim regulations for live sheep export and the final implementation process for lamb definition.

SPA will also work with MLA on investment of sheepmeat levies in Research, Development & Adoption projects, following the conclusion of the Red Meat Panel review. In sheep health and welfare, the Sheep Health Declaration is due for evaluation to ensure that it continues to be fit for purpose and Regional Biosecurity Plans will be reviewed to assess their national fit and where they need to be formally recognised.

The cost-benefit project assessing options for sheep traceability and possible next steps should be complete during the quarter and SPA will communicate these findings after review by the SPA Board.