

**SHEEP
PRODUCERS
AUSTRALIA**

LAMB DEFINITION EXPLANATORY POLICY PAPER



PURPOSE

In accordance with the timeline outlined within the [lamb definition public consultation paper](#), based upon the [independent summary of public consultation on the lamb definition review](#), the **Sheep Producers Australia Board** have endorsed a new lamb definition policy position. This paper outlines the SPA Board's policy position, accompanying foundation behind the position, concerns and SPA responses, and an overview of the forward development process.

SPA BOARD POLICY POSITION ON LAMB DEFINITION

Following the recommendation by the Sheep Producers Australia Marketing, Market Access and Trade (MMAT) Policy Committee, the SPA Board endorsed a new policy position on the lamb definition as:

Whereas the sheep industry continues to incur a significant opportunity cost generated from an irresolute policy position on the lamb definition, and

Whereas the lamb definition public consultation process has identified broad industry support for the proposed change in definition, therefore

Be it resolved, that Sheep Producers Australia endorse changing the Australian lamb definition on the basis that:

1. Market access risk is minimised through the adoption of the New Zealand definition of 'young sheep under 12 months of age or which do not have any permanent incisor teeth in wear';
2. Final SPA Board approval is provided on the proposed regulatory framework governing the new definition as developed by the Australian Meat Industry Council (AMIC) and SPA;
3. Final Board approval is provided on the proposed implementation process and budgeted investment of production levies required to facilitate a change in definition; and
4. A strategic plan is collaboratively developed by AMIC and SPA to achieve national regulatory harmonisation of sheepmeat marks and brands.

POLICY FOUNDATION

As advised by the SPA MMAT Policy Committee, the SPA Board's final position was derived from the evaluation of three core considerations. The first consideration was based upon the positions of SPA's respective State members, the second was the responses received from the public survey and third was the positions put forward by supply chain partners and other associated entities.

State Member Positions

The SPA MMAT Policy Committee is comprised of member representatives from each State of Australia. While devising the policy recommendation put forward to the SPA Board, robust evaluation of the respective State member-positions was undertaken. In total, the majority of State member organisations, being Queensland, South Australia, Tasmania and Western Australia, were in favour of the proposed change in definition. Conversely, those State member organisations from New South Wales and Victoria were not supportive of the proposed change.

Public Survey Responses

The independent summary of public consultation outlines that the overwhelming response from 509 complete surveys was in favour of the proposed change in definition. Out of the 509 respondents, a total of 428 producers completed the survey with a majority of producers from New South Wales, Queensland, South Australia, Tasmania and Western Australia supporting a change in definition. The only State that the majority of producer survey respondents did not support a change in definition was Victoria. The majority of producer respondents from each production system (prime lamb, finishing, and wool) supported the proposed change in definition.

Supply Chain Partners and Associated Entities

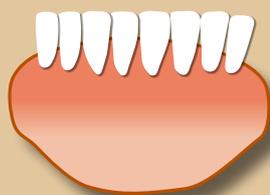
All direct processor responses received were in favour of the proposed change in definition. Ten responses came from exporter, wholesale or retail businesses. Eight of the ten were in favour of the change. The two who were not in favour of the change, were a major domestic retailer and a niche marketer. Although not noted in the

summary of public consultation, the peak council representing retailers, processors, exporters and smallgoods manufacturers, the Australian Meat Industry Council, also provided notice to the SPA MMAT Committee of their support for the change in definition.

Of the agent and saleyard public consultation respondents, the majority in New South Wales, Queensland, South Australia, Tasmania and Western Australia supported a change in definition. Victoria was the only state where the majority of respondents did not support a change in definition.

Six farm consultants responded to the survey. Five of these were from Western Australia and all five were in favour of the change. One livestock consultant from South Australia responded and was not in favour of the change. Five researchers responded, with two of the five saying no to the change.

OLD DEFINITION OF LAMB



Meat derived from a female, castrated male, or entire male ovine animal that shows no evidence of eruption of permanent incisor teeth.

NEW DEFINITION OF LAMB



Young sheep under 12 months of age or which do not have any permanent incisor teeth in wear.

FORWARD DEVELOPMENT PROCESS

The endorsement of a resolute policy position now enables industry to move forward to determine the detailed implementation process of the new definition.

The lamb definition is currently defined within various Federal, State and industry regulations and standards. SPA, in conjunction with Australian sheepmeat supply chain representative bodies, will immediately begin to develop the proposed regulatory compliance framework, implementation process, strategic national harmonisation plan and budgeted cost for final SPA Board approval before the end of 2018. Upon approval, a process of amending relevant state legislation and AUS-MEAT language will be commenced with the imperative of ensuring change has been enacted before Spring 2019.

SPA will ensure to keep all stakeholders regularly updated in a fully transparent manner.

CONCERNS RAISED

The public consultation process identified a number of notable concerns and questions. While developing the policy recommendation for endorsement by the SPA Board, the SPA MMAT Policy Committee individually evaluated all major concerns raised. An overview of the considered response to each of the subjects identified is provided below.

| QUESTION | SPA CONSIDERED RESPONSE |
|---|--|
| What will be the exact wording for the new definition? | To mitigate market access risk, the new definition will be exactly the same as what is currently defined under the New Zealand Lamb and Mutton Carcass Classification. Therefore, the definition will be a 'young sheep under 12 months of age or which do not have any permanent incisor teeth in wear'. |
| What will be the compliance framework? | To ensure lamb brand integrity, a robust and workable regulatory framework, similar to the NZ Quota Compliance Verification Standard, will be collaboratively developed between AMIC and SPA. Before any change is implemented, the SPA Board have stipulated final signoff for the developed framework is required. |
| How much will a change in definition cost to implement? | The resolute policy position derived from the public consultation process allows SPA to advance implementation discussions with the relevant regulatory agencies. As part of this progression, SPA will work with the relevant national and state agencies to determine the full costing of a change in definition. The SPA Board have stipulated that final signoff is required before the investment of production sector levies. |
| How can national harmonisation of the new definition be achieved? | SPA and AMIC will collaboratively work on developing a strategic plan to achieve national regulatory harmonisation of sheepmeat marks and brands. Irrespective of a change in definition, the SPA Board stipulated that achieving a national regulatory framework is a whole of industry imperative. The SPA Board has required that before implementing a change in definition, a strategic plan for harmonisation must be provided for consideration. |
| Does industry need to undertake eating quality research on non-MSA pathway animals? | <p>Whilst the eating quality research undertaken has been based upon MSA pathway animals, it is considered as equally applicable for non-MSA animals. The most significant improvement on eating quality from the introduction of MSA sheepmeat pathways was the adoption of electrical carcass stimulation driven by MSA pH/temperature requirements.</p> <p>Due to the ability of electrical stimulation to avoid cold shortening, maximise eating quality, guarantee consistency in all sheepmeat categories and reduce the aging period required, stimulation is now common practice throughout most processing plants in Australia. As a result of the widespread adoption of electrical carcass stimulation, where the MSA standards are applied, the eating quality variation reduces considerably between non-MAS sheepmeat and MSA branded sheepmeat.</p> |
| Will a change impact upon Australia's international market access or domestic market? | <p>As identified in the independent interim report, the market access risk from adopting the New Zealand lamb definition is minimal. The interim report's findings have been further verified by MLA's International Business Managers, various Australian exporters and international importers.</p> <p>Upon advice from MLA's consumer markets insight unit, as there is no anticipated change to eating quality of the product the likelihood of a determinantal affect on consumer preference is low.</p> |
| Will the definition provide a greater degree of confidence to enhance marketing decisions? | Through the overwhelming support of the new definition from individual producers and representative bodies, it is clear that by and large individual producers do believe the new definition will provide a greater degree of confidence to enhance marketing decisions in their respective enterprises. |

MORE INFORMATION:

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