

## **Tasmanian Meat Industry Working Group Advice to Government**

**June 2019**

### **Members**

**Hon. Leonie Hiscutt**, Liberal Member for Montgomery – Chair

**Jim Wilson**, Tasmanian Agricultural Productivity Group – Deputy Chair

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## Introduction

The Tasmanian Meat Industry Working Group (TMIWG) has been established to provide advice to Government regarding the short and medium term actions and a long term strategy(s) required to underpin a sustainable livestock industry and to increase the trade, marketing, value and sales of Tasmanian meat.

The TMIWG is tasked by the Minister for Primary Industries and Water to provide advice on the following matters:

- Short term focus on monitoring on-island processing capacity, transport logistics and other key elements of the supply chain. This will include making recommendations to government on any immediate gaps in the supply chain.
- Medium term growth over next two years focussing on growing red meat production and on-island processing capacity, including smaller processors, in line with producer and market demand for Tasmanian products. This includes identifying measures to assist industry to respond to risks and opportunities, such as, financial assistance programs, advisory services, market development or collaborative brand development.
- Long term focus through recommendations on feasibility studies of industry requirements at critical points of market failure in the supply chain from farm gate to domestic and export markets. This will include a report and recommendations to government by the end June 2019 on a long term strategy(s) required to underpin a sustainable livestock industry and to increase the trade, marketing, value and sales of Tasmanian meat.
- Other issues as directed or requested by the Minister.

The Tasmanian Meat Industry Working Group (TMIWG) was formed 23 November 2018 and concluded with the submission of this report. Early in TMIWG's formation the following workplan was adopted:

1. Consultation with stakeholders. Mechanisms include
  - a. A survey of producers to determine factors such as sales on or off island, economic drivers, future intentions and industry outlook;
  - b. Listening Post (Chair and other nominees to attend sale days and other events such as Farmers Markets); and
  - c. Direct contact via Business Tasmania (contact register) and Working Group Member networks.
2. A review of the meat sector in Tasmania including an economic assessment of the contribution of the sector to the economy (direct and indirect contribution to GSP and jobs) and analysis, including risk assessment, of the value chain.
3. Commission a study into the feasibility of establishing further meat processing in Tasmania, including capacity of existing processors to expand and cost/benefit of a new state of the art facility. Scope: scale and price at which it would be viable giving consideration to species, regional distribution, domestic and export market focus, accreditation, operating environment, competition etc.
4. In the context of the Tasmanian Red Meat Industry Strategic Plan 2015, endorse a long term strategy and recommendations for a competitive, innovative, sustainable and profitable red meat industry in Tasmania.

This paper seeks to provide recommendations for a competitive, innovative, sustainable and profitable red meat industry in Tasmania (workplan #4). The report prepared by Meridian Agriculture is enclosed as an appendix (workplan #3). Consultation with stakeholders (workplan #1) has been fundamental to the work of the TMIWG and was a key component of processing report undertaken by Meridian Agriculture. An economic assessment (workplan #2) was undertaken and informed the thinking of the TMIWG and the study undertaken by Meridian Agriculture.

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Recommendations from the TMIWG are stratified as General Recommendations or Sector Specific Recommendations and conclusions. It is considered necessary to provide sector specific recommendations as the circumstances between sectors can be materially different and therefore justify an alternative recommendation.

### General Recommendations and Findings

1. TMIWG concluded that Tasmanian based processing has benefits to the state in terms of rural and regional employment and value adding in the state, and recommends the Government continues to maintain the appropriate policy setting, investment, branding and regulatory regime mindful of the competitive nature of the industry.
2. TMIWG agreed that the Tasmanian Red Meat Industry Strategic Plan was still broadly applicable and recommends that an Operational Plan derived from and linking into this Plan sets achievable targets and timelines which make sure the strategies become a reality.
3. To facilitate delivery of the Operational Plan and industry priorities, TMIWG recommends that work is undertaken to determine an appropriate model for funding (including initial Government seed funding) and managing an industry development officer appointed for an initial period of three years within a suitable body, with established governance and defined responsibilities.
4. On-island meat processing continues to be supported wherever viable whilst interstate freight routes should be maintained to provide for enhanced competition at the farm gate and mitigation of seasonal fluxes in livestock supply.
5. TMIWG concluded that Government compulsory acquisition and/or ownership of meat processing facilities was not appropriate. The free market needs to be allowed to adjust to challenges and opportunities as they arise in the red meat supply chain. However, it was also concluded that in situations of market failure Government intervention may be appropriate, and if so the principles of competitive neutrality should apply.
6. TMIWG acknowledged the importance of Government's ongoing support of the Tasmanian Freight Equalisation Scheme to assist Tasmanian producers and processors compete in the Australian and global marketplace by addressing the transport disadvantage experienced by Tasmania, and recommends that this is maintained.
7. TMIWG concluded that Government's strong investment and support for Biosecurity Tasmania was critical and that a proactive and collaborative management approach is appropriate to address biosecurity risks for the red meat industry. Further, the group supported the work of Government and industry to prepare for high impact biosecurity incursions (for example, conduct a scenario planning exercise for Foot and Mouth Disease).
8. TMIWG acknowledged the importance of the Departments of Primary Industries, Parks, Water and Environment and State Growth resourcing to enhance engagement with the meat industry in Tasmania.
9. TMIWG recommends that appropriate Government support is extended to maintain stability, viability and processor investment in Tasmania and to enhance investment in technology and innovation (noting competitive neutrality recommendation in point 5).
10. TMIWG recommends that there be continued Government support for private sector marketing and branding via endorsements and other mechanisms noting the following points: provenance branding sits well with an economic growth strategy; and brands are best built by individual or small groupings of businesses heavily invested in maintaining the quality of the brand with expertise in marketing product using brand-provenance.

11. TMIWG recommends that Government supports the strategic direction of the red meat sector and the efforts of industry leaders by releasing the Meridian Report and appendices to the public. TMIWG also supports the public release of these recommendations to help guide future decision making.
12. TMIWG acknowledged Government support for the Tasmanian Institute of Agriculture as the provider of publicly funded research, development and extension and the potential to optimise on-farm and post-farm productivity through Government investment in research and development and technologies, particularly those for irrigation and pasture improvement.
13. TMIWG concluded that enhanced and comprehensive industry data must be gathered and maintained to inform decision making.
14. TMIWG found that disposal of trade waste was a significant challenge for many processors and supports ongoing work being undertaken by the Tasmanian Government and industry to address these challenges.
15. TMIWG recognises the growing interest in the activities of the red meat sector from stakeholders previously considered external to the sector. TMIWG recommends the Government and industry collaborate to identify appropriate mechanisms to avoid risks to personal safety and biosecurity. TMIWG recommends the Government and industry deploy a positive communications strategy and prepare a crisis management plan for any future unfavourable activism events.

### **Beef Specific Recommendations**

1. TMIWG found that no market failure is currently evident in the beef processing supply chain however risks are evident if existing operators withdraw or freight supply chains are disrupted.

### **Sheep Specific Recommendations**

1. TMIWG found that despite the withdrawal of several on-island processing facilities, no market failure is evident in the current sheep supply chain.
2. TMIWG considers that significant growth is possible in on-island processing of lamb and sheep despite General Recommendations 3 and 5 to support maintenance of interstate transport to accommodate seasonal fluxes in supply.
3. TMIWG considers that there is significant growth potential in the international export of Tasmanian grown, processed and branded lamb.

### **Pork Specific Recommendations**

1. TMIWG notes that market failure was imminent in the pork supply chain specifically arising from the intended closure of the Devonport City Abattoir in late 2018.
2. TMIWG concluded that the support provided by Government to date for the pork industry following the closure of the Devonport City Abattoir is entirely appropriate (noting competitive neutrality recommendation in General Recommendation 5).
3. TMIWG recommends that Government, through the Departments of State Growth and Primary Industries, Parks, Water, and Environment, works with business stakeholders to ensure stability in the sector until other planned pig processing capacity is operational.
4. TMIWG concluded that the intervention of the Government to provide the industry a readjustment period of 2 years (12 months + 12 months) would be required and should be sufficient to enable the current stakeholders to resolve a self-sustaining supply chain beyond this period. The principles of General Recommendation 5 apply.

### **Micro and Small Abattoir Specific Recommendations**

1. TMIWG acknowledged that micro and small abattoirs are important for some stakeholders in the Tasmanian red meat industry in so far as they provide for service kills and facilitate the current marketing and branding strategies of some businesses regarding product provenance.
2. TMIWG concluded that the support provided by Government to date for micro and small abattoirs following the closure of the Devonport City Abattoir is entirely appropriate (noting competitive neutrality recommendation in General Recommendation 5).
3. TMIWG recommends that Government continues to work with micro and small abattoirs to address critical trade waste and other matters (noting General Recommendation 5).

Recommendations endorsed on behalf of the Tasmanian Meat Industry Working Group

Hon Leonie Hiscutt MLC (Chair)

## **Appendices**

Meridian Agriculture (2019). The Feasibility of Establishing Further Meat Processing Capacity in Tasmania. Study Report.

Department of Primary Industries, Parks, Water & Environment (2018). The Red Meat Industry in Tasmania.

### **Acknowledgements**

The Tasmanian Meat Industry Working Group (TMIWG) acknowledges the support received from key staff within the Department of Primary Industries, Water and Environment and the Department of State Growth, and private sector stakeholders whom provided support and information.