

28 January 2022

Budget Policy Division
Department of the Treasury
Langton Crescent
Parkes ACT 2600



SHEEP
PRODUCERS
AUSTRALIA

Via email: prebudgetsubs@treasury.gov.au

To the Budget Policy Division

Re: 2022 – 2023 Pre-Budget Submission

In advance of the delivery of the Federal Budget, Sheep Producers Australia seeks to provide this submission to highlight the way in which the Australian lamb and sheepmeat industry can work with the government to continue to improve the sheep industry's contribution to the economy, and assist agriculture become a \$100 billion industry by 2030.

Sheep Producers Australia is the voice on issues that affect Australian sheep production businesses. As the successor entity to Sheepmeat Council of Australia which formed in 1978, Sheep Producers Australia is the peak industry organisation representing the sheepmeat sector. The Australian sheepmeat industry has a long history of producing safe, quality lamb for customers around the world. The industry continues to strive through strategic planning and collaboration to be the leading supplier of lamb and sheepmeat to global customers to meet growing demand for our premium product. Australia is the largest exporter of sheepmeat in the world, the success of which has seen the total off-farm meat value grow to over \$7.2 billion¹. Sheep production is an integral part of Australia's regional landscape and communities, with lamb and mutton production contributing 8% to the total farm value of \$66.6 billion estimated in 2019-20². Sheep Producers Australia works daily to enhance the industry's productivity, profitability and sustainability by representing all producers to industry decision-makers and stakeholders.

Sheep Producers Australia supports the submissions made by the National Farmers Federation, and the Red Meat Advisory Council and will be working with both organisations in implementing any commitments that are agreed to by your government.

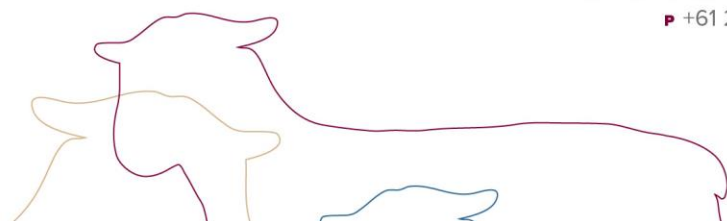
Additionally, Sheep Producers Australia has identified three major priorities that will benefit the sheep meat industry specifically.

Sheep Producers Australia asks that your government consider commitments to these policy priorities as follows:

¹ [Meat & Livestock Australia's Fast Facts 2020: Australia's sheepmeat industry](#)

² [ABARES Agricultural Commodities September 2019](#)

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YOUR INDUSTRY YOUR VOICE YOUR FUTURE

Recommendation 1: National traceability

Commit \$40 million over three years to implement an individual electronic identification system for sheep to match the \$40 million investment Australian sheep producers will commit to through the purchase of electronic identification tags.

Recommendation 2: LambEx industry showcase

Commit \$4 million over four years to support the delivery of two biennial events.

Recommendation 3: Access to veterinary chemicals

Commit \$10.8 million over four years to improve access to agvet chemicals, including the removal of regulatory barriers.

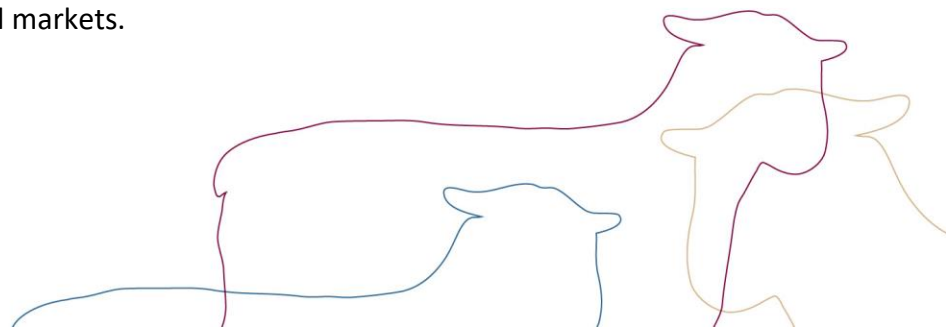
National traceability

Sheep Producers Australia welcomed the announcement of the Federal Government's \$68.4 million investment in agricultural traceability by the Minister for Agriculture and Northern Australia, the Hon. David Littleproud MP on 24 January 2022. Australia's sheep industry is committed to demonstrating traceability through the supply chain via the National Livestock Identification System (NLIS). The integrity of the NLIS relies on the system being robust, efficient and coordinated nationally. As the National Agricultural Traceability Alliance, National Agricultural Traceability Hub, and the Traceability Summit initiatives are launched, Sheep Producers Australia will be consulting regularly with the Government to provide information and support to ensure that the initiatives that are implemented have industry needs accommodated.

A nationally harmonised and robust NLIS is vital to ensure the sheep industry can maintain effective animal traceability in the event of an emergency animal disease outbreak. It is imperative that all livestock species that present an inter-species disease risk to one another including (but not limited to) Foot and Mouth Disease (FMD) must have consistent requirements that enable the capacity for equivalent levels of traceability across species.

There is increasing demand by our domestic and international consumers to have more information about their food and how it is produced which requires a level of transparency not experienced previously. International competition to Australia's red meat and livestock sector are rapidly advancing their respective traceability systems to a level that threatens Australia's position as a leader in livestock traceability and product integrity. The threat of international trading partners becoming aware of the deficiencies in our traceability system is growing, which exposes the sector to unacceptable risk.

Central to the Government's investment in traceability requires a commitment to protecting and enhancing Australia's \$28.5 billion red meat and livestock industries. This can be achieved by implementing industry agreed recommendations to reform Australia's National Livestock Identification System (NLIS) as outlined in SAFEMEAT's report to the National Biosecurity Committee *Reform recommendations for Australia's livestock traceability system* in March 2020. These are necessary in order to secure a strong future for producers domestically and within our global markets.



These recommendations are as follows:

1. A national statutory body or regulatory authority be established and be made responsible for managing Australia's livestock traceability system.
2. Investment be made into a traceability and data management system that will have the capability to handle all livestock species.
3. National mandated digital/electronic identification of all livestock species be phased in beginning in 2021 and be completed no later than 2025.
4. The cost of establishing these recommendations be shared between all levels of government and industry and that a long-term sustainable funding mechanism be established to ensure the ongoing maintenance of the system.

Fundamentally, this process to develop these recommendations has generated an enormous amount of goodwill across the supply chain, industry and governments. There is agreement amongst red meat industry bodies that this is a once in a generation opportunity to address the long standing barriers to achieve effective traceability.

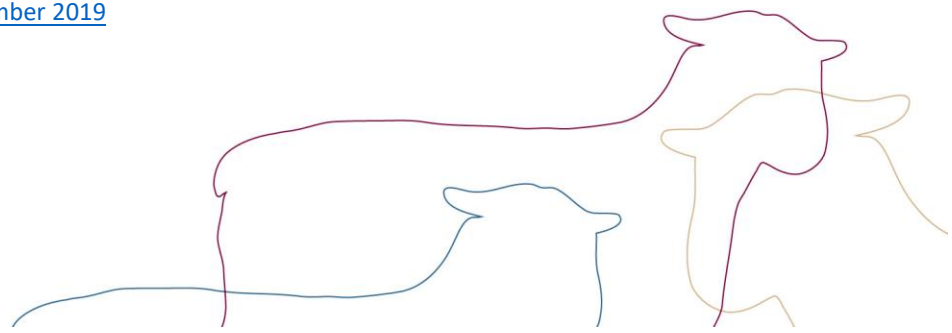
It is appropriate to highlight that given the inherent complexity of traceability, it is only through this level of cooperation and collaboration that we have the opportunity of strengthening the current system to evolve to the system required, and there is a level of urgency. If implemented, these recommendations also have the capacity to be the foundation to fulfil the broader agricultural traceability objectives of the Commonwealth government and reinstate Australia as the global leader in livestock traceability systems.

Sheep Producers Australia has agreed that implementation of individual electronic identification in conjunction with broader whole-of-system reform provides the opportunity for the sheep industry to nationally strengthen traceability for biosecurity, food safety, emergency response, and supporting market access claims. A key principle underpinning the evolution of a national traceability system requires the harmonisation of traceability standards and centralisation to create a robust national system.

The *Improving traceability for sheep and goats - Update of the 2010 NLIS (sheep and goats) Business Plan* report³ estimated the additional annual cost of implementing an electronic identification system for sheep between \$18.7 and \$26.7 million each year over a three-year period. The costs at farm level (tags only) are estimated at between 47.3 and 52.8 percent of the industry total. This estimate represents, at maximum, just over two per cent of the value of production of sheep and goats slaughtered and exported live for 2018-19⁴. This investment is much smaller when considering the potential costs of market exclusion due to a disease outbreak.

³ The Centre for International Economics: Improving traceability for sheep and goats - Update of the 2010 NLIS (sheep and goats) Business Plan 2019

⁴ [ABARES Australian Commodities September 2019](#)



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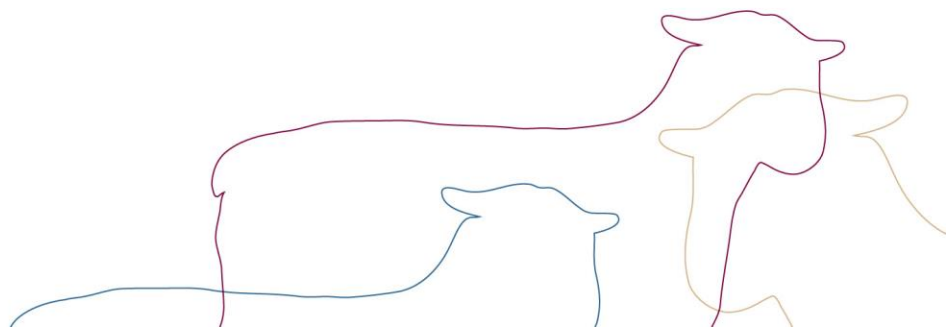
LambEx industry showcase

Sheep Producers Australia is seeking the government's support in delivering a professional conference and trade show for the lamb industry that will be sustainable. LambEx has historically been a showcase event for the industry, and was one of the many events that were postponed or cancelled due to the COVID-19 lockdowns. Sheep Produces Australia and industry partners would like to see the event return in 2023. This is an opportunity to showcase and highlight the many opportunities that have arisen for industry including the Australia-United Kingdom Free Trade Agreement (Australia-UK FTA), improved research on sheepmeat quality for producers, and additional markets for both live exports and boxed meat.

Industry conferences and events such as LambEx are important to industry to demonstrate the quality of Australian lamb, the opportunity to present seminars offer property tours to demonstrate and showcase the latest research, solutions and innovative products for industry. The huge success of Beef Australia 2021 demonstrates the importance of bringing industry together, and provides the unique opportunity for the Australian lamb industry to network, build and maintain strong relationships with key stakeholders, the general public and international delegates.

Sheep Producers Australia is requesting the government's assistance to reinstate LambEx as a flagship biennial event for the sheep industry. The government will be noted as a major sponsor and will have assisted to:

- Position the lamb industry as a highly professional sector, which is proactive in its goal of communicating information throughout the value chain, from grassroots producers through to food service providers.
- Encourage members of the lamb industry to operate best practice businesses that will grow supply while achieving consumer quality expectations, driving the future profitability and sustainability of the industry.
- Provide a forum for connectivity and networking between all sectors of the value chain.
- Provide quality industry information in an entertaining format that includes practical, take-home messages that can be immediately applied on-farm, boosted by a strong trade exhibition.
- Present the value of Australian lamb to current and emerging export markets
- Promote the good reputation and credentials of Australian lamb, particularly in a time of declining trust for the meat industry.



Recommendation 2: LambEx industry showcase

Commit \$4 million over four years to support the delivery of two biennial events

Access to veterinary chemicals

The sheepmeat industry invests significant levy funds into veterinary research, including the development of new products and systems for pain relief and parasite management. Regulation around the use of new products can be very cumbersome, and accordingly, industry investment can be wasted as a result of regulatory intervention.

Recently, the sheep industry has seen two examples where regulation has been poorly implemented, both in relation to animal welfare and pain relief.

- The flystrike vaccine, known as Custom Footrot R-Pilus Vaccine, was developed by Australian Wool Innovation as a monovalent vaccine, providing producers with an alternative to the existing FootVax vaccine, which is multivalent. It was granted an Emergency Use Permit for a short period of time and was then subsequently cancelled.
- The pain relief product Numocaine, known in the market as Numnuts, has historically required a prescription for producers to use it for castration of lambs. Industry has successfully sought to have the product rescheduled from an S4 (Vet Prescription) to S5 (Poison). There is a significant push from the veterinary industry to have the reclassification reversed, on the basis that the product is too freely accessible and may be a risk to the public.

In both cases, the Australian Pesticides and Veterinary Medicines Authority should consider their role as enablers of industry productivity and sustainability, and to balance their concerns around competition policy and public health according to the risks they present (including where these assessments require the input of the Therapeutic Goods Administration). Sheep Producers Australia requests that the government consider the benefit to the economy of greater access to products which enable a higher quality of animal welfare leading to a more productive agriculture sector to exist.

Recommendation 3: Access to veterinary chemicals

Commit \$10.8 million over four years to improve access to agvet chemicals, including the removal of regulatory barriers

Should you wish to discuss this submission further, require additional information please don't hesitate to contact me on 0412 472 710 or at ceo@sheepproducers.com.au.

Yours sincerely

Bonnie Skinner
Acting Chief Executive Officer
Sheep Producers Australia

