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Mr Paul Morris
Agricultural Competitiveness Taskforce
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Dear Paul

Agricultural Competitiveness Green Paper

Australian Pork Limited (APL) welcomes the opportunity to provide a submission on the Agricultural Competitiveness Green Paper (the “Green Paper”). As a member of the National Farmers’ Federation (NFF), APL has provided input into and supports the NFF submission.

APL is the national representative body for Australian pig producers. It is a producer-owned not-for-profit company combining marketing, export development, research and innovation and policy development to assist in securing a profitable and sustainable future for the Australian pork industry.

APL considers that the policy ideas in the Green Paper cannot be viewed in isolation. Only through integration and alignment will outcomes be achieved that facilitate and maintain profitable and sustainable growth in existing pork markets while providing a foundation to expand business opportunities into new markets, both domestically and internationally.

Achieving this requires structures that support Australian pork producers to enable productive, profitable and sustainable production that encourages investment in the industry. This necessitates policies that provide an ability to grow consumer appeal through safe, nutritious and ethically produced food that can be differentiated and that is sought after by consumers because of its quality, consistency and presentation. The foundation for this relies heavily on improving the capability of the pork industry to uptake and adopt information and technology that will improve the productivity and reputation of the total pork value chain.

The comments below relate to the policy ideas that are of the highest priority to the pork industry but which may also have relevance to other intensive agricultural industries.

Maintaining and improving Australia’s biosecurity system

Australia’s favourable biosecurity status enables it to produce premium agricultural goods competitively, efficiently and sustainably. The current biosecurity protocols make Australia one of only a few countries that maintains a high disease-free status for pig herds. Protecting this disease free status requires that biosecurity protocols be preserved, and where necessary adapted to manage emerging threats such as porcine epidemic diarrhoea virus and porcine reproductive and respiratory syndrome.

An exotic disease outbreak in Australia will have devastating effects on animal welfare, human wellbeing, and farmer livelihoods. It will also jeopardise the premium market positioning of Australian pork in the international marketplace and undermine consumer confidence of pork in the domestic market. APL strongly supports the robust scientific assessment and maintenance of the current biosecurity protocols.

Biosecurity is critical to the pork industry remaining cost competitive. Australia enjoys excellent pig herd health which underpins productivity, profitability, animal welfare and ongoing management costs. Should current biosecurity protocols be compromised, the welfare of all Australia’s pig herds and producers would be placed at significant risk. Biosecurity is about keeping our pigs safe.

Australia’s pest and disease free status is its point of difference and comparative advantage, and any disease entering Australia will significantly impact access to international markets. Some of Australia’s competitors have strategic interests in seeing Australia’s biosecurity protocols

weakened or removed. This includes international marketing conglomerates that would attempt to undermine this status through the exportation of fresh pork into the Australian market by weakening Australia's biosecurity laws and individual product protocols.

Increased access to the Australian market through the importation of fresh pork poses a major threat and cost to industry in terms of disease management and/or eradication. For example; if an acute outbreak of porcine respiratory and reproductive syndrome were to occur in Australia 10 percent of infected sows would die and up to 75 percent of piglets could be stillborn with pre-weaning mortalities exceeding 80 percent in severe cases. Abortion rates may also be as high as 60 percent in acute outbreaks. It is estimated that the US will lose USD \$664 million a year through production related losses over the next decade. Additional costs for biosecurity and other outbreak related costs have been estimated at over \$477 million, bringing the estimated cumulative total to over \$1 billion per year.

Similarly, porcine epidemic diarrhoea disease is spreading rapidly across the USA. As at 1 October 2014 it had spread across 31 states, including Hawaii, causing the death of over 7 million pigs. If porcine epidemic diarrhoea virus was to cause similar mortalities in Australia to those seen in North America and Asia, a loss of 10 percent of the herd alone would have a direct financial impact of \$20 million in animal value, and a reduction in pork production of 35,500 metric tonnes at a farm-gate value of \$111m. US research suggests that management of porcine epidemic diarrhoea virus over the period to 2018 will cost the US economy between \$0.9 and \$1.8 billion. On farm productivity and minimising production costs are, and will remain, ongoing challenges for the Australian pork industry in comparison to other pork producing countries. Much of this disadvantage is related to the closed genetic herd status that prevents the importation of genetic lines with higher productivity. These protocols are critical to maintaining high biosecurity standards to prevent the outbreak of exotic diseases. The Australian pork industry has, and is prepared to continue to forgo increased production and profitability to ensure that exotic diseases do not enter Australia through this avenue. Continuing investment in research and development provides the pork industry with innovative and integrated systems in preparing and responding to any disease incursions.

APL recommends that the Agricultural Competitiveness White Paper and subsequent policy development recognises the absolute importance of Australia's biosecurity protocols to the long term productivity, profitability, sustainability and animal welfare in the Australian pork industry.

Research development and extension

APL considers that research, development and extension (R, D&E) is critical to improving productivity, capability and adoption of new technology in the pork industry that enhances value, ethical production and management systems that are economically and environmentally sustainable and help maintain Australia's biosecurity integrity.

To ensure the increased alignment and coordination of the various pork R, D&E programs, APL and the Pork CRC, in conjunction with the various government, university and industry R, D&E stakeholders have developed a comprehensive National Pork R, D&E Strategy that comprises a number of important components:

1. Pork R, D&E Facilities

- Focus resources into fewer but better funded facilities (base funding provided to be 'experimental ready') that are critical to meeting the current and future needs of the industry; and
- Provide certainty for these facilities by base funding them on a rolling two year basis.

2. Pork R, D&E Programs

- Move from a project by project basis to a coordinated "National Program" approach; and
- Enhance the development and retention of appropriate people and skills.

APL and the Pork CRC have worked in collaboration to ensure that pork R, D&E is focused, efficient and delivers outcomes in a timely manner to ensure that the Australian pork industry is

competitive, productive and sustainable. This collaboration between APL and the Pork CRC has ensured that there has been no duplication of scarce R, D&E investment.

APL's programs and plans are consistent with the Australian Government's Strategic Research Priorities and Rural R&D Priorities and reflect the dynamic nature of the global market. APL as a rural RDC has also developed and refined its R&D process to:

- Implement key investment evaluation and reporting frameworks to demonstrate its alignment with both industry productivity and government rural R&D priorities; and
- Provide robust and objective information on the overall economic, social (public good) and environmental returns produced by APL's R&D portfolio.

The Green Paper needs to consider the benefits to producers in developing information and technology and ensure that Australia's research, development and extension strategies are nationally aligned with industry and community needs and do not duplicate existing research.

To ensure research and development provides relevant, robust and objective information that enhances productivity as well as provides an economic and social good, collaboration between industry and research organisation is critical. This will not only improve the efficiency and effectiveness of RD&E and returns on investment but build capability in areas that are strategically important to industry and governments.

Other areas of interest

Other policy areas of interest to the pork industry include:

- Improved domestic (e.g. through appropriate country of origin labelling) and international market access.
- Competition policy reform that includes a more balanced approach to consumer law and through education, enable consumers to make more informed purchasing decisions that support producers whose values align with their own. Competition policy reform needs to also include a revision to the secondary boycott provisions that prevent prosecution of activists for activities that directly target the legitimate trade and commerce activities of pork producers.
- Increased access to labour (e.g. through reforms to the 457 visa program), including training and education for employees, and broadening the Skilled Occupations List to facilitate access to a wider skills base relevant to the pork and processing sectors. The ability to access skilled labour is of high importance to the pork industry to enable it to meet its animal welfare commitments.
- Accelerated depreciation of farm assets to encourage increased investment in new infrastructure and technology (i.e. production of electricity from biogas) thereby reducing costs while improving productivity, profitability and environmental outcomes. APL considers that the current low levels of depreciation on many farm assets impedes the uptake of new technology and stifles innovation.
- Increased and improved access to pharmaceuticals recognising overseas research on registrations that would lead to a more streamlined pathway to get new technology into Australia. Conversely the pork industry does not support any new standards that could diminish import protocols which may result in the importation of bacteria resistant to pharmaceuticals.

Should you have any questions about this submission, please do not hesitate to contact me on 02 6270 8803 or at deb.kerr@australianpork.com.au.

Yours sincerely



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