

Trade and market access

MLA assists in maintaining and improving market access for Australian beef, sheepmeat and goatmeat by supporting industry and government to demonstrate product integrity, liberalise the trade and support the provision of supply chain assurance for the livestock export sector.

MILESTONE SCORECARD

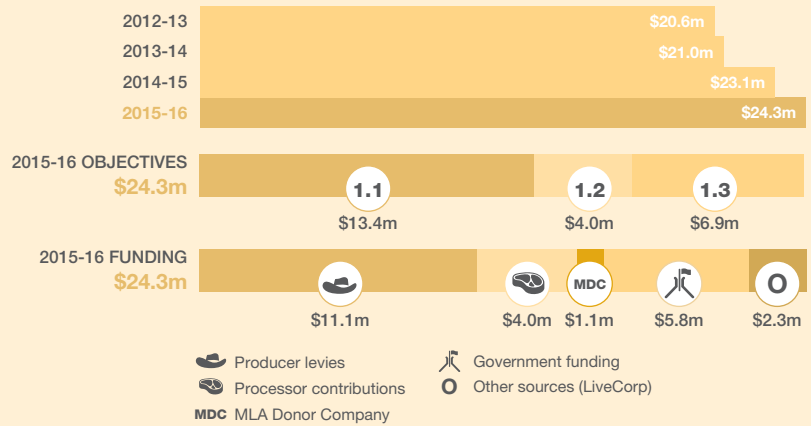
15 milestones

- 12 achieved
- 1 not achieved
- 2 not available

Objectives under this strategic imperative include:

- 1.1 Develop and deliver industry systems that underpin product integrity
- 1.2 Support industry and government to maintain and liberalise world meat markets
- 1.3 Maximise market options for producers and exporters in the livestock export market

INVESTMENT



Meat Industry Strategic Plan 2010-2015 Strategic Themes

- Market access
- Marketing and promotion
- Economics and infrastructure

Australian Government Science and Research Priorities

- Food
- Transport

Australian Government Rural Research and Development Priorities

- Biosecurity
- Productivity and adding value
- Supply chain and markets

Agricultural Competitiveness White Paper Priorities

- Adoption of research and development
- Advanced technology
- Biosecurity

KEY ACHIEVEMENTS

Shelf life prediction tool

MLA, in partnership with the University of Tasmania, is developing a tool that accurately predicts the shelf life of vacuum-packed meat in domestic and export markets.



Single sign-on to integrity systems

The framework was established for producers to access NLIS, LPA and NVDs from one online location with a single sign-on. The project is expected to be delivered in 2016-17.



FACTS AND FIGURES

Export value of FTAs in Asia over 20 years	No. of sheep tracked in live export study	Time since WTO delivered its last agricultural outcome	The benefit-cost ratio of the market access program	Recipients of animal welfare training in live export markets
\$20b	16,000	20 years	24:1	1,161
137,000 eDECs generated in 2015-16. Year on year	No. of visitors at LEP EXPO 2016 in Jakarta	Cattle movements recorded by NLIS in 2015-16	Sheep and goat movements recorded by NLIS in 2015-16	Annual cost of non-tariff barriers
↑59%	500	30m	21m	\$1.3b

+ OPPORTUNITIES

- Outcomes from a five-year research project into inanition (loss of appetite) in live export sheep will direct future industry projects to build more animal resilience and improve productivity, profitability and animal welfare outcomes.
- In future, the meat shelf life prediction tool is likely to be incorporated into a secure website, accessible to the entire production chain. It will further underpin Australia's reputation for supplying clean, fresh product and has the potential to reduce meat waste.
- Funded through MLA Donor Company, new producer apps for generating and sending electronic National Vendor Declarations (eNVDs) from mobiles and tablets will provide convenient options for producers while reducing industry costs.

■ CHALLENGES

- Field trials of producer apps for generating and sending eNVDs will begin in saleyards in the first half of 2016-17, with a focus on solving the operational and logistical challenges of this more complex selling platform.
- Producer uptake of eNVD apps will be influenced by their access to a mobile phone service and their willingness to embrace the technology.
- Implementation of new and improved systems to support the controls and traceability of livestock in international markets.

◀ OUTLOOK 2016-17

- Access to the National Livestock Identification System (NLIS), Livestock Production Assurance (LPA) and NVDs from a single online portal will be rolled out from late 2016.
- The LPA accreditation process will be strengthened from 1 September while existing producers will commence a three-year recommitment and e-learning program from January 2017.
- MLA will take its shelf life prediction tool for vacuum-packed beef and lamb to the supply chain for adoption while continuing work to extend its application to other packaging methods.
- Work continues to achieve a timely entry into force for the Trans-Pacific Partnership and positioning the industry for favourable outcomes under other trade agreements.
- MLA will support the industry rollout and adoption of the Live Export Global Assurance Program.

ESCAS support

The Exporter Supply Chain Assurance System continued to improve animal welfare and husbandry knowledge in key live export destinations with training delivered to 1,161 participants in feedlots, abattoirs and at ports.



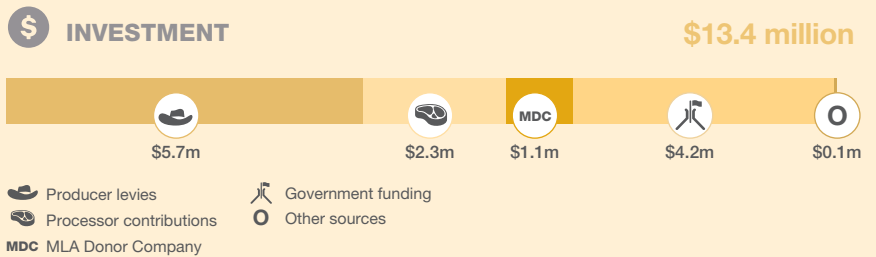
More open trade in the Pacific

The Trans-Pacific Partnership negotiations, which concluded in October 2015, will deliver significant new tariff reductions for Australia's beef, sheepmeat, goat and offal exports to several trading partner nations.



Develop and deliver industry systems that underpin product integrity

MLA supports industry to maintain its reputation for producing safe and wholesome beef and sheepmeat by managing food safety, quality assurance, traceability and integrity systems.



STRATEGIES

Conduct scientific research to ensure food safety systems are at the leading edge of knowledge and practice

Develop and implement appropriate meat and livestock traceability systems

Support the development and uptake of food safety and quality assurance systems by all sectors of the red meat supply chain

OBJECTIVE HIGHLIGHTS

Meat safety

MLA-funded research at the University of Tasmania is creating a predictive tool that can assess the shelf life of vacuum-packaged meat in domestic and export markets. It promises to have far-reaching implications for Australian product, enabling the supply chain to guarantee freshness and safety to consumers, with a high degree of confidence, in a wide range of environments.

The project will begin the validation process, including supply chain trials, in 2016-17. The model could be incorporated into the management systems of supply chains to keep track of shelf life in real-time.

Integrated integrity systems

The establishment of a streamlined management structure for the delivery of the industry's integrity systems (National Livestock Identification System, Livestock Production Assurance and National Vendor Declarations) is being progressed as an outcome of the SAFEMEAT Initiatives Review.

The single integrity systems company, which will operate as a wholly-owned subsidiary of MLA, will have overall responsibility for the management of the integrity systems, paving the way for enhanced integration and efficiency.

Single sign-on

Producers can look forward to streamlined access to the industry's integrity databases through a single sign-on platform. Single sign-on will allow producers to use one login to record cattle movements, order National Vendor Declarations (NVDs) and access carcass performance information.

Integrated into the myMLA portal concept, single sign-on will be delivered in 2016-17.

eNVD

Funded through MLA Donor Company, during 2015-16 three producer eNVD apps, suitable for iPhone and Android, were developed and field trialled across cattle, sheep and goat supply chains.

The eNVD apps enable producers to generate NVDs on or offline (with the NVD able to be sent once the user is back in mobile service). The apps have been used successfully to track individual consignments from farm to feedlot, farm to processor and from property to property.

One integrated supply chain has expanded their proprietary software to trial the new paperless system, tracking consignments between feedlot and processor. Field trials of eNVD apps being used in the saleyards system will begin in the first half of 2016-17. MLA is hopeful commercial apps will be available to producers in 2016-17.

NLIS update

The NLIS website was updated in 2015-16 with increased usability and more information links to assist producers.

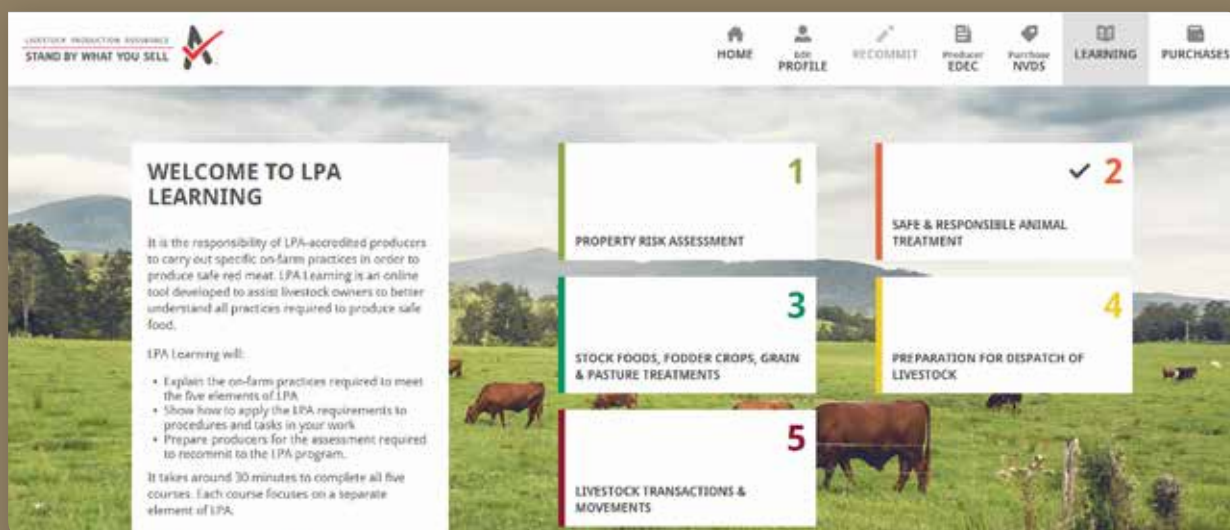
During early 2016-17, this flexible delivery model will feature a new dashboard that delivers a snapshot of relevant information about a producer's Property Identification Code (PIC), the number of animals on the PIC, recent movements and changes over time. With an emphasis on compliance, the new dashboard will help producers keep their NLIS records current and accurate.

KEY MILESTONES

MILESTONE	RESULT	COMMENTARY
Satisfaction rating of MLA's food safety activities by industry (processors and AMIC) rated at more than 85%	Achieved	An MLA survey revealed that 91% of stakeholders were satisfied with MLA's performance in the food safety program
Develop a comprehensive information resource on shelf life	Achieved	Up-to-date shelf life research is available as a hard copy and electronic publication
NLIS Database Refresh project completed	Not achieved	The project was delayed as the scope expanded to include eNVD and single sign-on
eDEC tool replaced by a simple-to-use interim solution by September 2015	Achieved	The eNVD system was integrated into the NLIS platform in September 2015. The eDEC tool will continue to be made available while the eNVD becomes established
Implement eNVD data standards for business-to-business use	Achieved	Data standards were developed for the eNVD and a portal was made available to software providers via MLA Donor Company to access the data standards and tools to build software for the delivery of eNVDs
A whole-of-industry eNVD strategy has been endorsed and enabling tools supporting this strategy are built	Achieved	The whole-of-industry eNVD strategy was endorsed by SAFEMEAT and enabling tools, including eNVD data standards and the central eNVD platform, were built
Development of an online assessment and registration tool for LPA by December 2015	Achieved	The LPA learning and online assessment tool was developed in December 2015. The LPA Advisory Committee endorsed the release of the tool from July 2016
Achieve recognition of industry assurance programs meeting national standards for food safety, traceability, biosecurity and animal welfare by June 2016	Achieved	SAFEMEAT endorsed a framework for government recognition of industry integrity programs as a means of complying with regulated national standards for food safety, traceability, animal welfare and biosecurity. Each jurisdiction has the discretion to adopt the framework

LPA learning

An e-learning resource has been developed for the Livestock Production Assurance (LPA) program to enhance its promotion of food safety quality control on farm and ensure producers are more informed about their obligations. The five-part program addresses key on-farm issues such as property risk assessments and how to manage those risks, safe and responsible animal health treatments, and effective record keeping. During 2016-17, new producers to LPA will undergo a strengthened LPA accreditation process, requiring them to read the learning modules and complete an assessment. Producers already LPA-accredited will become involved in a recommitment program where every three years they will be required to demonstrate their understanding of the key principles of LPA.



Support industry and government to maintain and liberalise world meat markets

MLA assists industry and government to defend existing favourable market access conditions and secure access improvements by providing research, undertaking trade liberalisation advocacy programs and building in-market coalitions.

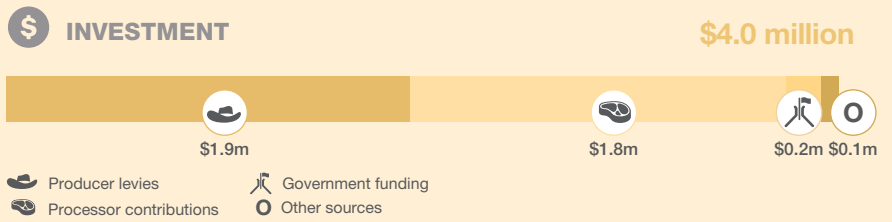
STRATEGIES

Support industry and government to maintain and defend existing favourable market access conditions in overseas markets

Assist in positioning the Australian red meat and livestock industry for the WTO Doha Round

Assist in positioning the Australian red meat and livestock industry for FTA negotiations

Develop strategies to remove access barriers



OBJECTIVE HIGHLIGHTS

Impact assessment

MLA's economic impact assessment found the jointly funded (producer levy and processor contribution) Market Access Program demonstrated an exceptional return on investment for the period 2010-11 to 2014-15, achieving a benefit-cost ratio of 24:1 (see page 61).

Free trade agreement (FTA) update

The recent trifecta of North Asian free trade agreements with Japan, Korea and China has delivered unparalleled gains to the red meat sector. The export value from this trade reform is estimated at a combined \$20 billion over the next 20 years.

The Trans-Pacific Partnership (TPP) negotiations, which concluded in October 2015, will, once implemented, deliver even further tariff reductions and supply chain cost savings. For Australia's beef trade to Japan, the tariff on frozen and chilled beef will fall to 9% over 15 years under the TPP outcome as opposed to the end point of 19.5% for frozen beef and 23.5% for chilled beef under the Japan-Australia Economic Partnership Agreement. In Canada, Australian beef's above-quota tariff of 26.5% will be phased out, while the Australian sheepmeat tariff of 2.5% will be eliminated once the TPP is entered into force. For Australia's trade to Mexico, the 20-25% beef tariff will be eliminated within 10 years, the 10% sheepmeat

and goatmeat tariffs will be eliminated in eight years and the 10-15% tariffs on live animal exports and the majority of offal tariffs will be eliminated upon the TPP entering into force. The focus now will be securing a timely entry into force of the TPP agreement.

During 2016-17, the Market Access Program will continue to position the industry for positive outcomes from a number of ongoing and yet-to-be launched trade negotiations including the Regional Comprehensive Economic Partnership (RCEP) and the envisaged Australia-European Union FTA which is currently in a scoping/impact assessment phase.

World Trade Organization (WTO)

Although multilateral trade negotiations (via the WTO Doha Round) have remained slow, the 163 WTO members did agree, in December 2015, to abolish all agricultural export subsidies. While these are not presently applied to red meat, it does help ensure that these measures will not be applied in the future. This was the first time in 20 years the WTO delivered an outcome for agriculture. Unfortunately, there has yet to be an outcome for improving market access for the Australian red meat industry and there is no realistic short-term prospect of progress given the current negotiation impasse.

Non-tariff trade barriers

MLA continues to collaborate with industry and government to remove non-tariff barriers to trade that are estimated to cost the red meat value chain about \$1.3 billion annually.

In conjunction with the Australian Meat Industry Council and the Australian Meat Processor Corporation, MLA assisted with three cold chain integrity workshops in China to help improve access for chilled product. In the Middle East region, attention was focused on product shelf life issues and improved access for manufacturing beef. This work continues as does implementing action plans which aim to reduce offal restrictions, increase establishment listings and improve certification issues across several key markets.

KEY MILESTONES

MILESTONE	RESULT	COMMENTARY
Submissions prepared by MLA on market access barriers are endorsed by industry/peak councils	Achieved	All submissions prepared by MLA were endorsed by industry/peak industry councils
The Australian Government has clarity on industry access issues and values MLA's input	Achieved	Feedback received from the Federal Trade Minister's office indicated the red meat industry provided clear and incisive advice on trade positions
Demonstrable progress is made on implementing the Indonesia, China and EU market access and engagement strategies	Achieved	MLA partnered with industry stakeholders and in-market operatives to improve access conditions in Indonesia (around the issuance of import permits and the number of eligible products). Additional work saw collaboration with the Australian Government in guiding the implementation of the Indonesia-Australia Partnership on Food Security in the Red Meat and Cattle Sector

Preparations for an Australia-European Union Free Trade Agreement (A-EUFTA)

MLA has begun positioning the Australian beef, sheepmeat and goatmeat sectors for improved access in the lead-up to the A-EUFTA negotiations. This has involved proactive advocacy with parliamentary and government officials in both Canberra and across Europe.

This effort will intensify following the June 2016 referendum which saw the United Kingdom vote to leave the EU. This unprecedented move will require Australia to establish a new, separate trading regime with the UK. The UK accounts for about 63% of all Australian red meat exports to the EU.



Above left to right: The Hon Steven Ciobo MP, Minister for Trade, Tourism and Investment; MLA's International Business Manager for Europe, Josh Anderson; and Dr Mark Higginson, Australia's Ambassador to Belgium, Luxembourg, the European Union and NATO, discussing red meat industry priorities under a potential Australia-European Union Free Trade Agreement.

OBJECTIVE 1.3

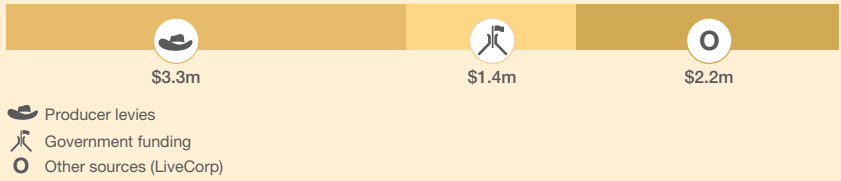
Maximise market options for producers and exporters in the livestock export market

The joint MLA-LiveCorp Livestock Export Program provides research and development and in-market support services to address market access issues and assist cattle, sheep and goat supply chains to meet their responsibilities, particularly under the Exporter Supply Chain Assurance System (ESCAS).



INVESTMENT

\$6.9 million



STRATEGIES

Assist supply chains to deliver continuous improvement in animal health and welfare

Provide research and support to enable improvements in supply chain efficiency and performance

Provide communications support for the Industry Reform Strategy

Assist industry and government to defend and improve market access conditions and build demand for livestock



OBJECTIVE HIGHLIGHTS

Exporter Supply Chain Assurance System (ESCAS) support

MLA's livestock services managers, positioned in key export markets around the globe, continue to support ESCAS which now operates in 23 countries.

As commercial supply chains mature in countries such as Indonesia which have had ESCAS in place since 2011, the basic training and support required from MLA changes with reduced need for ESCAS training. In this case, MLA looks to support improvements in livestock performance through the system to gain better returns from the animals on feed.

Footage was aired in June 2016 showing significant breaches of animal welfare practices in non-ESCAS-approved facilities in Vietnam. MLA was not the lead agency on this issue but worked closely in support of industry and the Department, including the Australian Livestock Exporters' Council, Red Meat Advisory Council and Cattle Council of Australia, to ensure a timely and rigorous industry response.

During 2015-16, a best practice breeder management handbook was compiled to support Indonesia's planned importation of 25,000 heifers from northern Australia. During 2016-17, it is envisaged that, as well as supporting ESCAS, more Australian technical

skills will be involved in supporting the live export breeder trade and educating local farmers in animal welfare, husbandry and best practice management.

The Australian industry continued to provide assistance in the form of gap and risk analyses, with training delivered to 1,161 participants in feedlots, abattoirs and at ports. Animal welfare and ESCAS seminars were also run in four key cities for more than 420 industry and government representatives.

Livestock Global Assurance Program (LGAP) progress

Research outcomes from the LGAP pilot phase were delivered to the Australian Livestock Exporters' Council for consideration in late 2015-16. Aimed at improving animal welfare outcomes in live export supply chains by strengthening the ESCAS regulatory framework, LGAP research was carried out in Jordan (stunning sheep), Malaysia (non-stun goats), Indonesia (non-stun and stunning cattle) and Australia (exporters and importers). LGAP, co-funded by MLA, LiveCorp and the Australian Government, completed its pilot phase in 2014-15.

Inanition research

A five-year research project on inanition (loss of appetite) in live export sheep, funded by MLA, LiveCorp and matched dollar for dollar by the Australian Government, has delivered recommendations for improved practices for preparing animals for sea voyages. The project, led by Murdoch University, investigated the leading causes of death of sheep while at sea – salmonella and inanition – and possible prevention strategies. To achieve this, researchers recorded the individual eating and drinking habits of 16,000 sheep confined in the embarkation depot, using radio-frequency identification technology. They found more than 90% of animals adapted quickly, eating and drinking for more than 30 minutes a day. However, the remainder were much slower to adapt to the conditions and subsequent ration. Sheep reluctant to feed were not attracted to various appetisers either. The study concluded more research funds should be invested in producing more robust sheep or looking at strategies that can be applied on-farm to build sheep resilience. It also concluded the 8-10% of sheep that fail to adapt and don't eat and drink for more than 30 minutes a day prior to the voyage were considered 'high risk' and may therefore be more susceptible to salmonella and/or inanition during shipping.

KEY MILESTONES

MILESTONE	RESULT	COMMENTARY
The Livestock Export Program meets 85% of exporter/importer requests for gap analysis, risk analysis, training and technical advice	Achieved	MLA met all requests for training, gap and risk analysis, delivering 148 training events covering 1,161 people and 77 gap and risk analyses across all markets. There were 168 days of technical advice delivered, meeting all requests
For each of the supply chain efficiency key initiatives, deliver four programs to support improvements in supply chain efficiency and performance	Achieved	MLA delivered 29 supply chain performance improvement projects. This included 11 in Indonesia, nine in Vietnam, two in South-East Asia and seven in the Middle East
Peak councils rate Livestock Export Program advice on live export issues as valuable (3/5), measured by stakeholder survey	Not available	Stakeholder survey was not completed in 2015-16
Peak councils and government rate Livestock Export Program advice and management of market access issues as valuable (3/5), measured by stakeholder survey	Not available	Stakeholder survey was not completed in 2015-16

Grassroots education

Indonesia's planned importation of 25,000 heifers from northern Australia has already created more demand for Australian technical skills in animal husbandry and cattle production systems. During 2015-16, MLA helped educate local farmers in East Kalimantan in best practice management including animal nutrition and stock handling and also produced a best practice breeder management handbook that has been presented to the Indonesian Government.

In other work underpinning ESCAS, the LEP EXPO 2016 was held in Jakarta for the second consecutive year. A joint initiative of MLA and LiveCorp, the two-day event is considered Indonesia's only one-stop-shop for cattle products and services. A feature of the EXPO was the breeding seminar which attracted 180 participants and promoted a better understanding of Australia's cattle production system.

