



Australian beef: situation & challenges



Summary

- Strategic Plan
- Restructure
- Carbon
- Sustainability & Corporate Social Responsibility
- Industry health check

Online Consultation



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to get involved!

Welcome to the *Beef 2015 and beyond* consultation site.

Beef 2015 and beyond will be a national strategy that will set industry priorities and determine roles and responsibilities for action up to 2015 and beyond. The strategy will direct and mobilise all industry resources and efforts for the next few years and align with the framework provided by the wider Meat Industry Strategic Plan.

We encourage you to participate in our online survey and forums. A new discussion topic will be introduced each week for seven weeks so please visit again and make your views heard.

The forums will close on 5th June 2012.



Producer Telephone Survey

April/May 2012

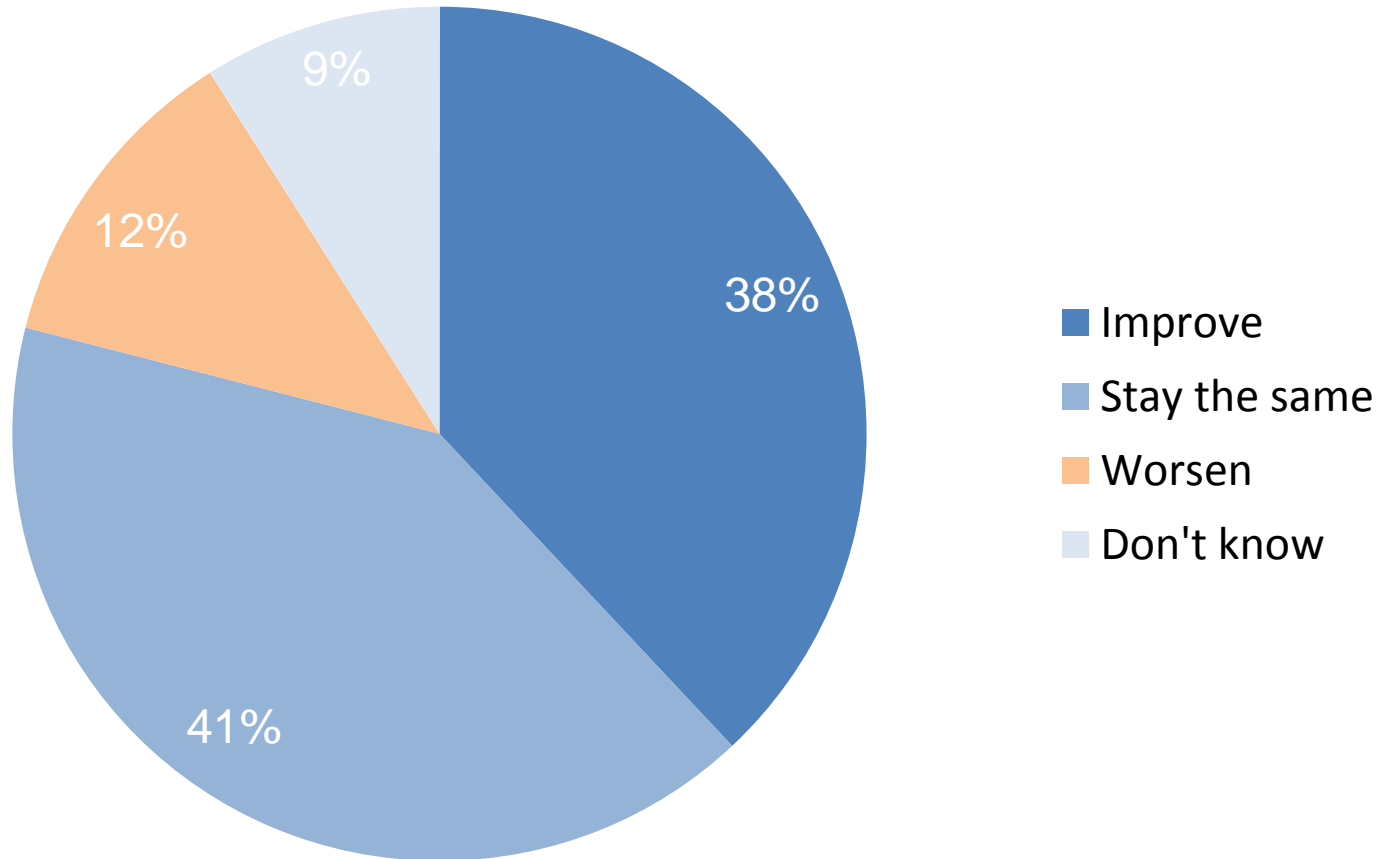
678 Producers



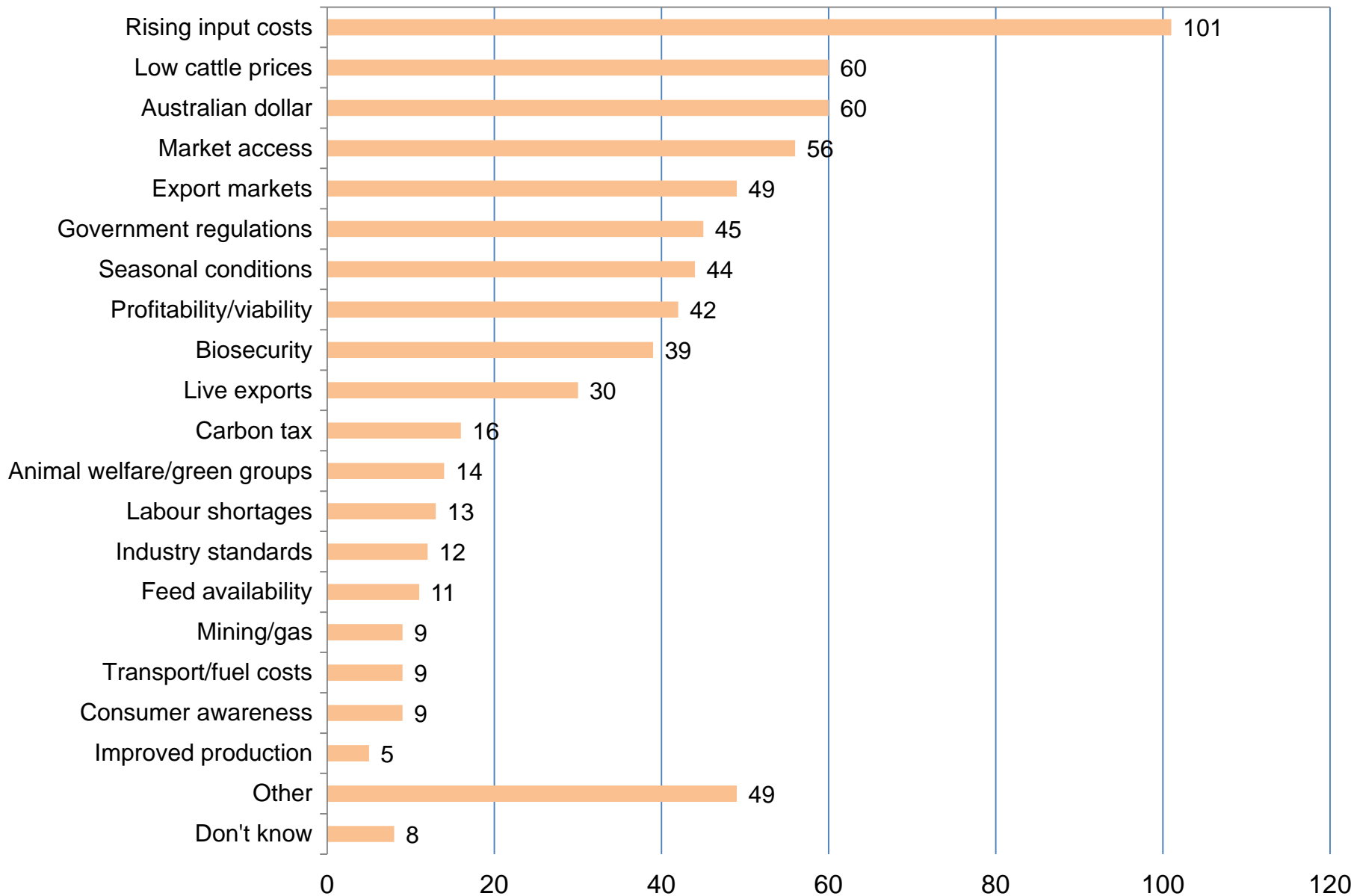
Summary Issues

- Industry optimism
- Opportunities in export markets seen as a bright spot
- Market access a top priority
- Rising input costs/cost of production
- Strong, well-resourced, powerful producer voice
- Relationship with government is seen as poor.
- MLA followed by CCA seen as best placed for single industry voice.

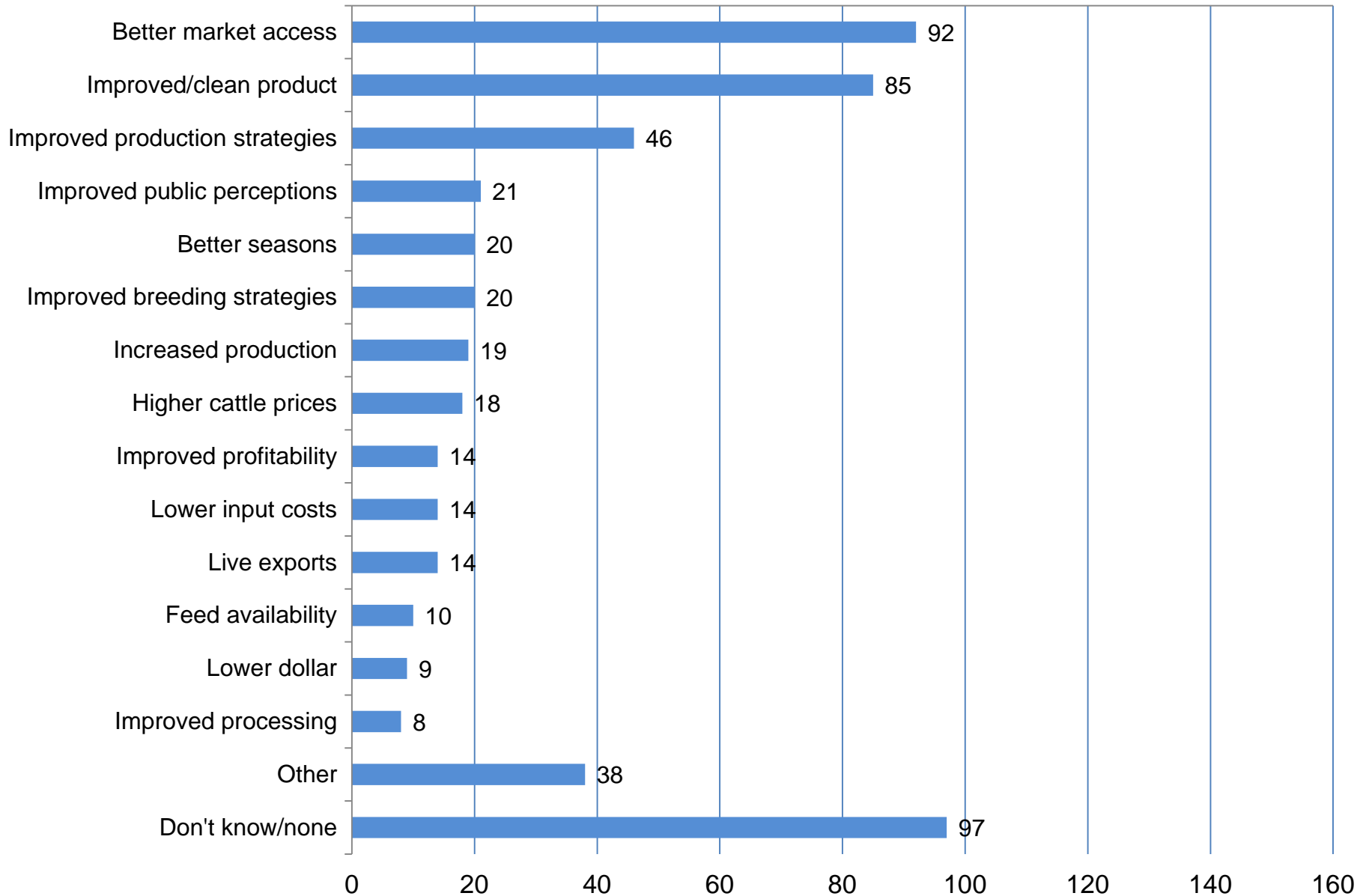
Optimism in future of the beef industry



Most important issue facing your beef enterprise



Most important opportunity facing your beef enterprise







Restructure

- Call on the levy, larger Board
- Precent setting
- ‘Widen the net’ from traditional membership
- Pressure from corporates
- Other commodities
- National Farmers Federation
- Improved lobby and industry consultation / policy setting

Carbon





Price on Carbon/Carbon Tax

- \$23/tonne from 1 July 2012
- ag excluded
- > 25,000 tonnes carbon dioxide taxed (approx. 500 companies – 3 meat processors)
- > 50% of revenue to assist households
- Market price from 1 July 2015 (ETS)
- pressure for ag to become a 'covered sector'
- No. 1 Election issue



Meat Industry Strategic Plan (2010-2015)

Strategic Theme 1 – Environment and Ethics

1. Develop, implement and verify a set of robust, credible standards for environmental stewardship, animal welfare and ethical behaviour acceptable to the community



Meat Industry Strategic Plan (2010-2015)

Strategic Theme 1 – Environment and Ethics

2. Engage with customers and consumers to engender community trust that our industry is an ethical and responsible custodian of livestock, land and resources

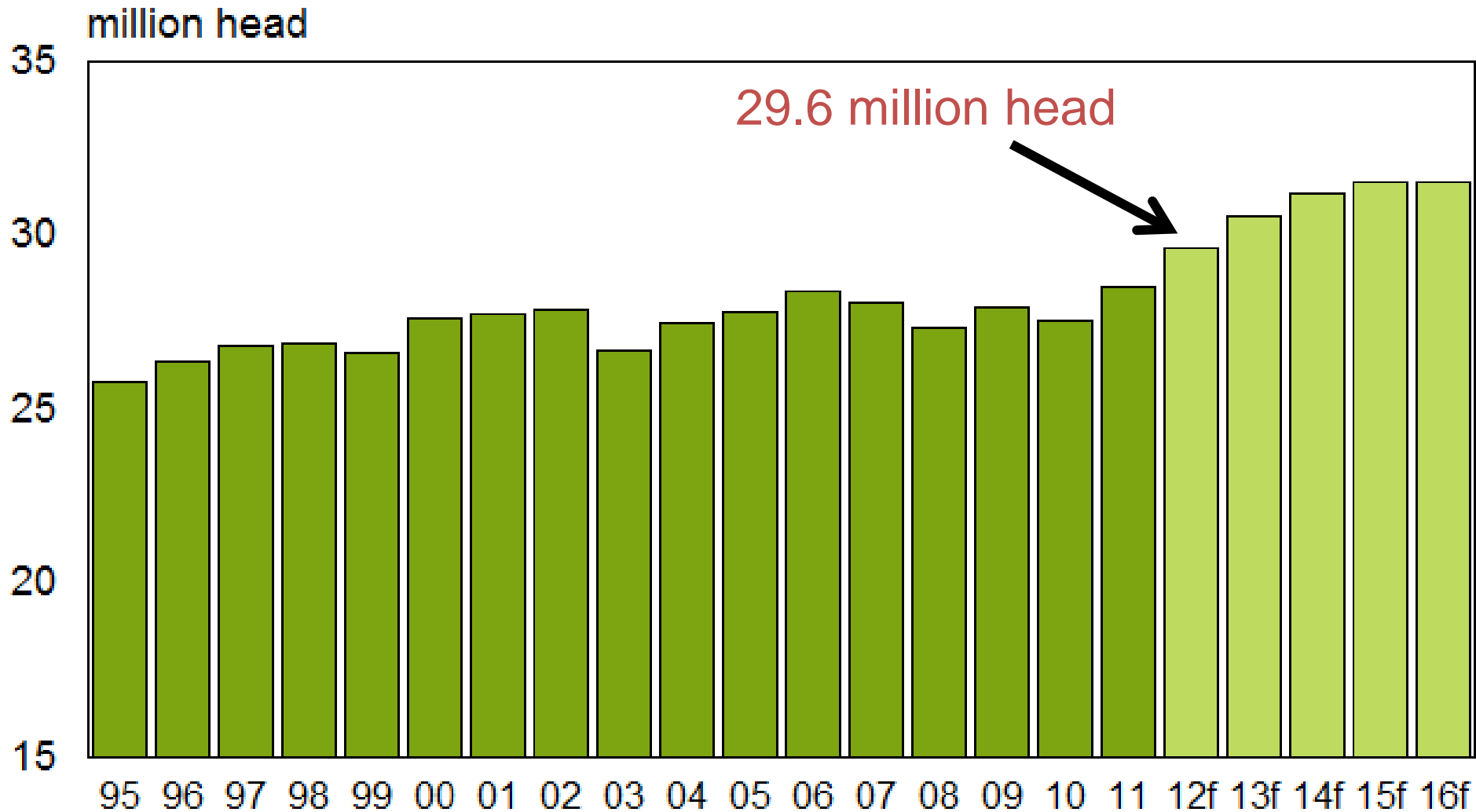


Meat Industry Strategic Plan (2010-2015)

Strategic Theme 1 – Environment and Ethics

4. Establish an effective whole-of-industry process for consultation, education and awareness of the requirement for and benefits of change relating to the environment and animal welfare

Australian cattle herd approaching 30 million head

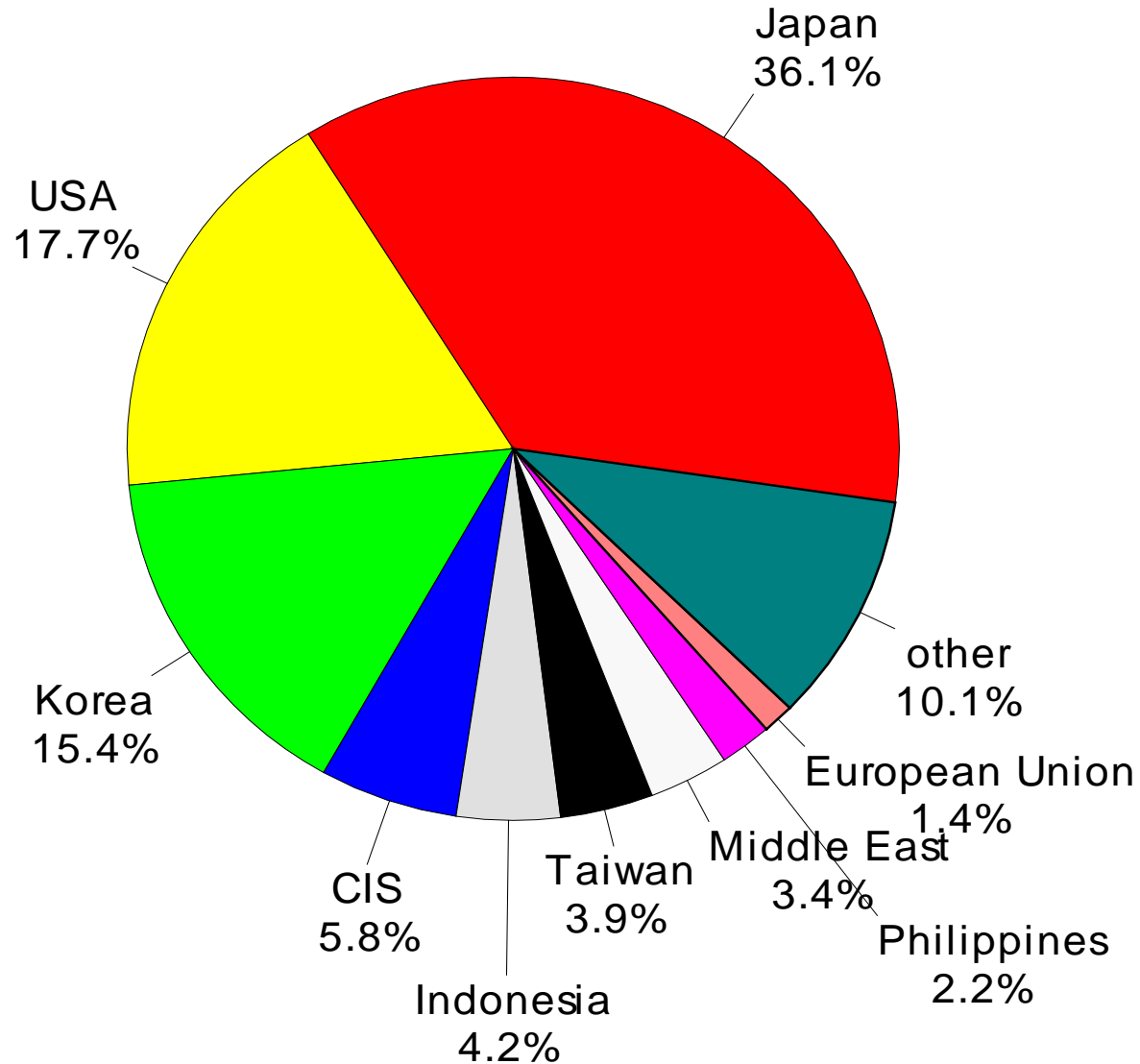


As at 30 June, as at 31 March up until 1999

Source: ABS, MLA forecasts

Australian beef exports - 2011

Total = 949,195 tonnes swt



Source: DAFF

Export market demand flat

- Volumes forecast to increase 1% in 2012 – 960k tonnes
- Export returns face challenges:
 - A\$
 - price conscious consumers
 - competition from USA in North Asia
 - competition from pork and chicken
- Tight global beef supply



Summing up current situation

Supply:

- Herd is rebuilding following seasonal improvement
- Cattle slaughter has been tighter than expected
- Forecast drier end to 2012 & a dry 2013

Demand:

- Weaker conditions in Japan, Korea, Russia & Indonesia
- USA taking up additional volume
- Subdued consumer demand is of concern in most markets
- Strong A\$ and increased competition impacting trading conditions

Long term, the outlook is bright...

Provided:

- Conventional wisdom holds:
Higher incomes + higher population = increased demand
- Global beef supplies low
- A\$ doesn't erase returns from higher global prices
- Seasonal conditions remain favourable
- BUT... there can always be shocks – disease, trade, animal welfare, consumer trends, government policies...

Thank you

