

# Policy Drivers for Australian Red Meat Competitiveness

Josh Anderson, 25 September 2017



# About MLA

Aim is to improve farmers profitability, sustainability and global competitiveness

Annual Investment (16-17) **\$250.9m**

All levies/income **\$169.8m**

Government **\$81m**

Market Access Program: ROI for Farmers



Industry impact

**\$999m**

Expenditure

**\$42m**

Benefit/cost ratio

**24:1**

**Investment maximise access to global consumers**

MSA Program: ROI for Farmers



Industry impact

**\$679m**

Expenditure

**\$54m**

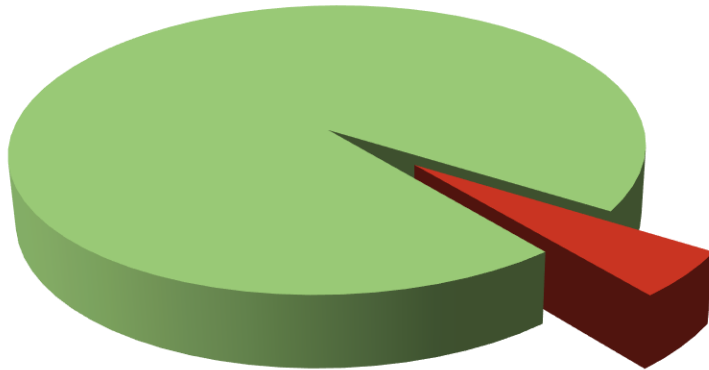
Benefit/cost ratio

**12.5:1**

**Investment maximise satisfaction of beef**

# Structure of Industry

- >95% of farms still family owned and operated
- Family farms to remain the dominant business structure over coming decades



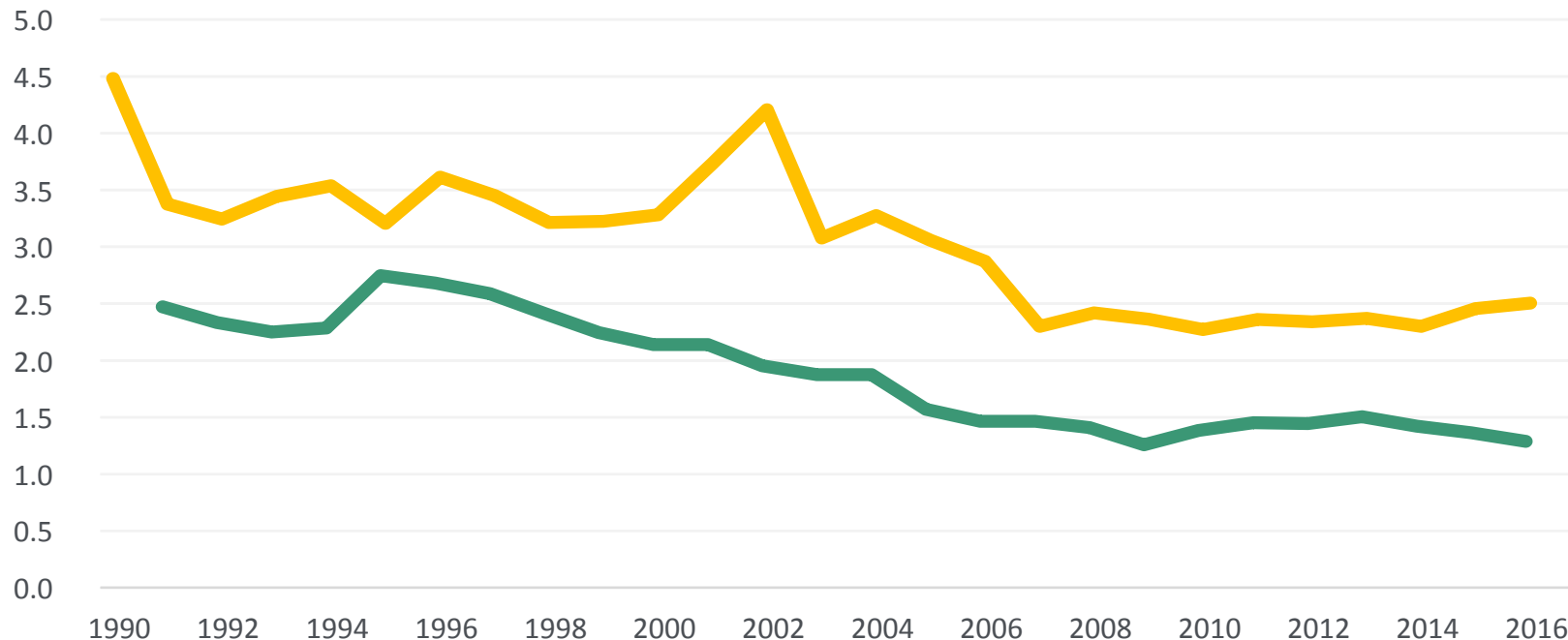
- Family owned & operated
- Corporate owned



# Agriculture's Contribution to Economy

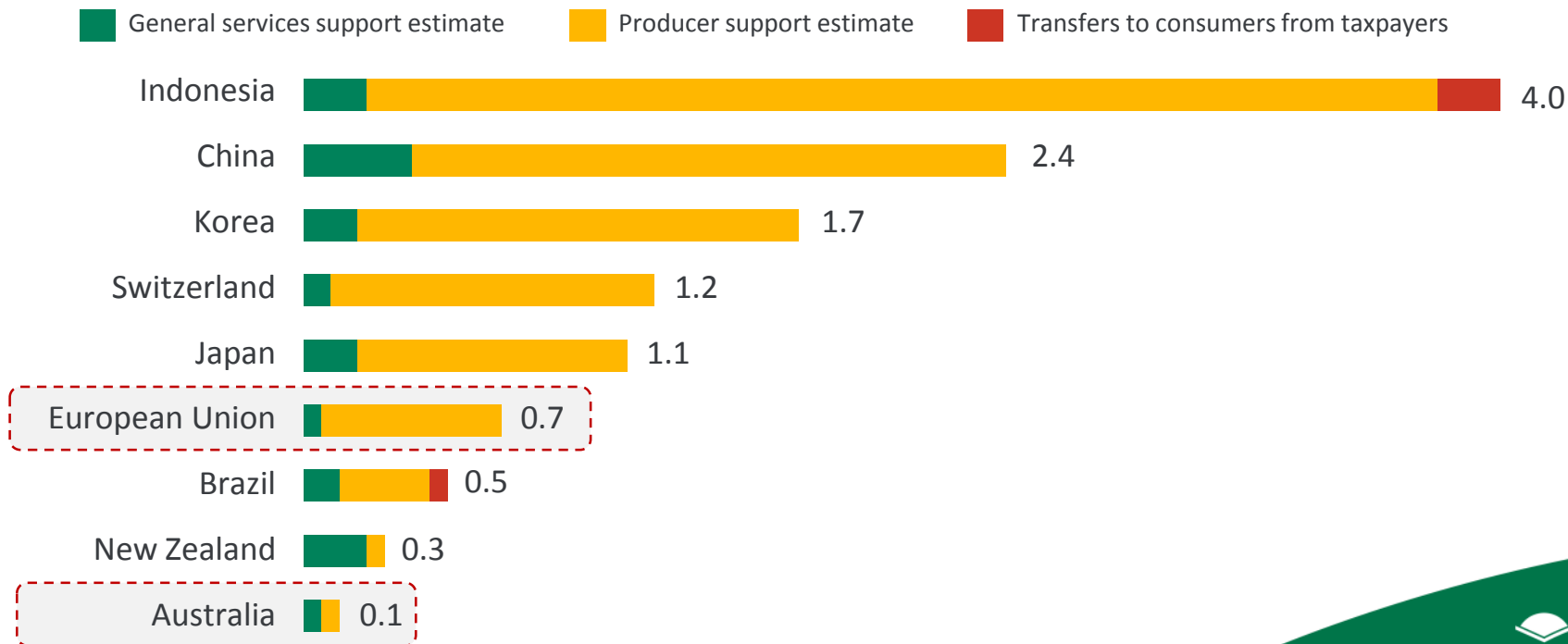
Agriculture (% of GDP)

Australia European Union



# Global Support Measures

## Composition of the total support estimate by country, 2014-16 Percentage of GDP



Source: OECD



**Policy Priority - R&D**

***Investment maximise satisfaction of beef***

# Common and Unique Challenges

## EU challenges

### LAND CONSTRAINTS:

- Opportunity costs
- Scale
- Land prices

## Shared Challenges

Production efficiency  
Declining consumption  
Competing cheaper proteins  
Sustainability requirements  
Safety/traceability requirements  
Input costs  
Labour  
Climatic Challenges  
Increased consumer health awareness

## Australia challenges

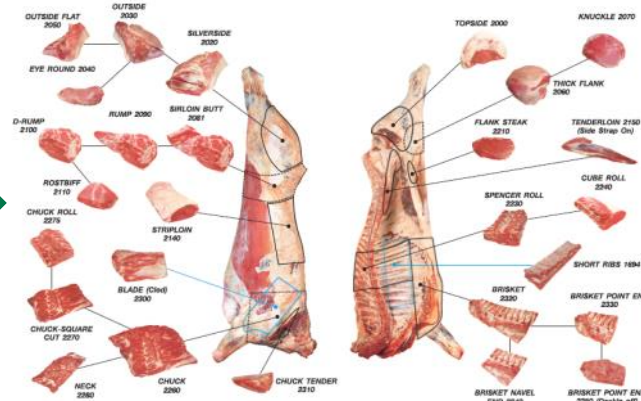
Severe climate – Drought  
Small Population



**High Cost of Production**  
**Low Farm Gate Returns**

# Disassembly VS Assembly

Reverse manufacturing



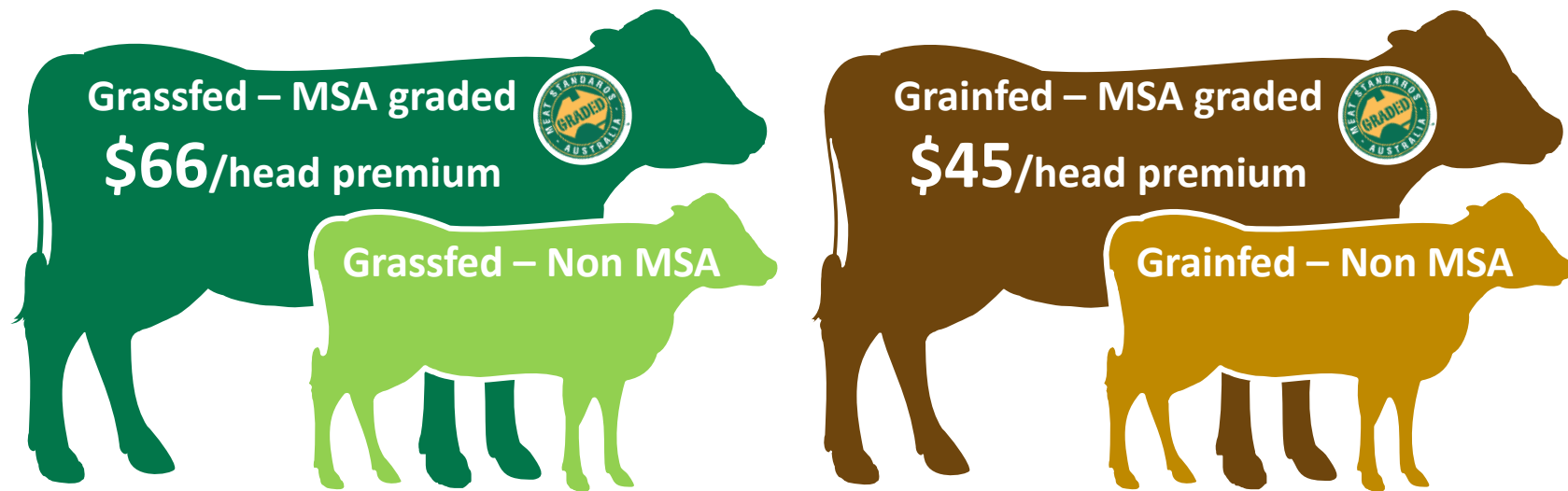
Many prices  
Many products



One price  
One product

# R&D initiatives: Meat Standards Australia

- OTH price differential for MSA young non-feedlot cattle = \$0.24/kg

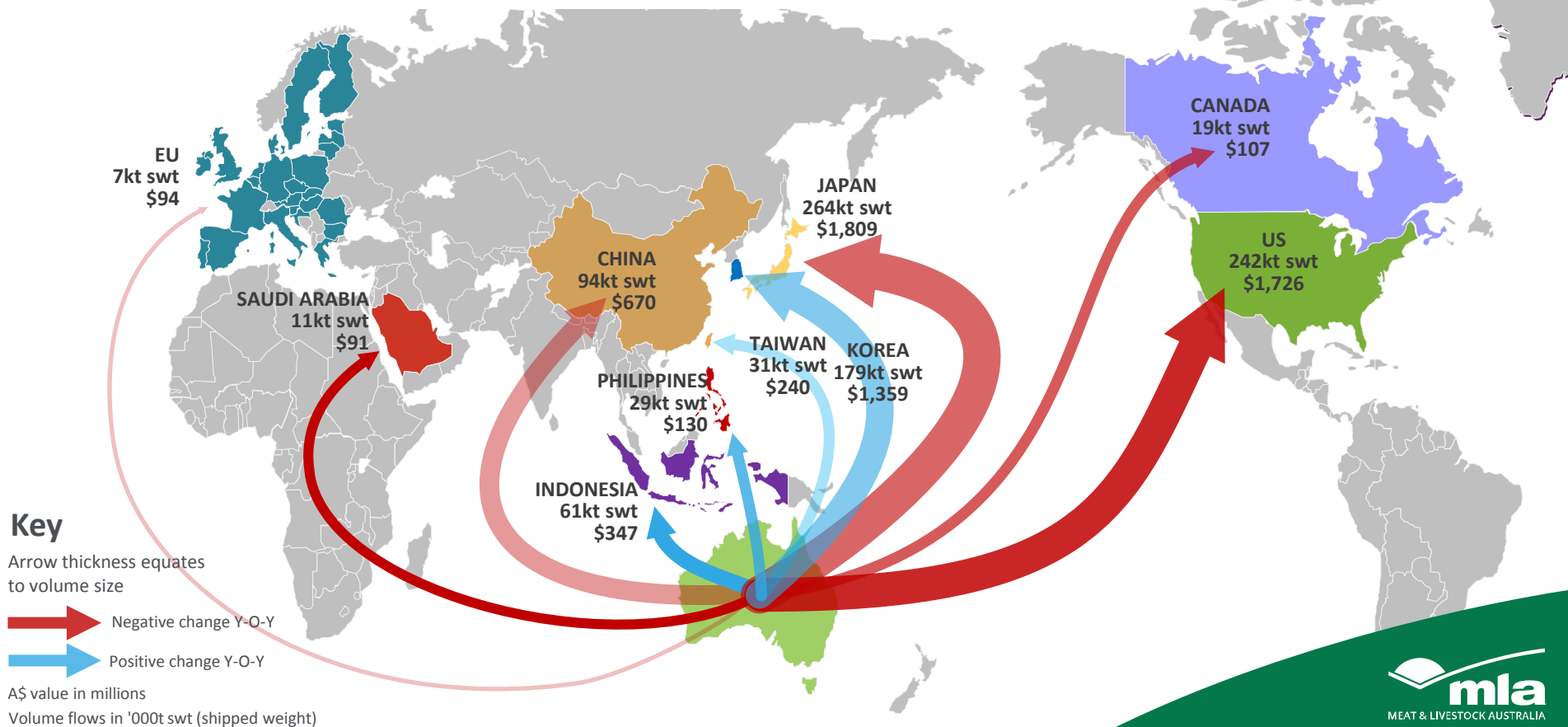


**\$153m delivered back to industry**

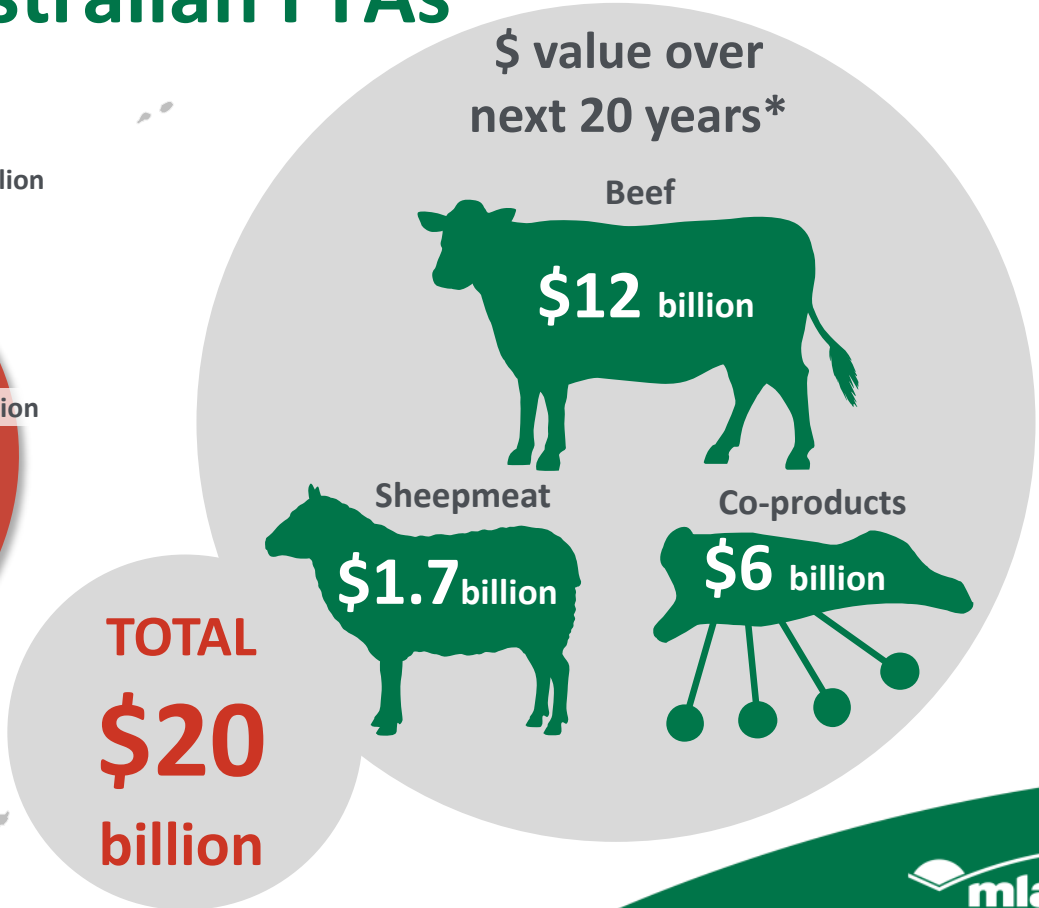
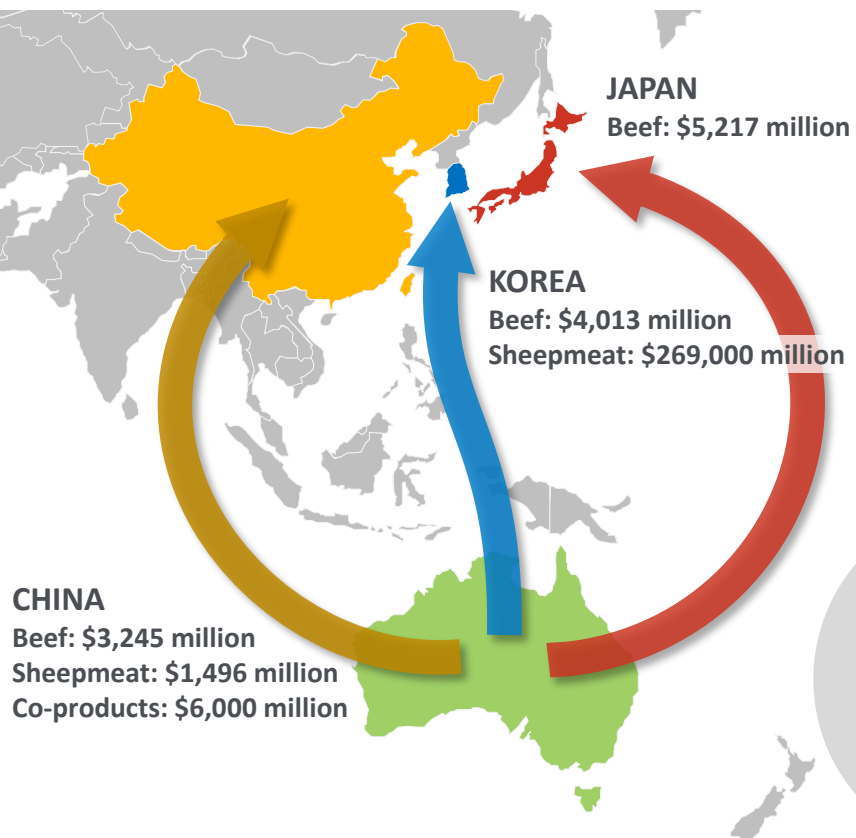


# Policy Priority – Market Access

# Exports are our life blood: beef



# Benefits of Recent Australian FTAs



Source: CIE GMI Model, Nov 2014

\*Benefits in 2013 prices & undiscounted

## Future Focus

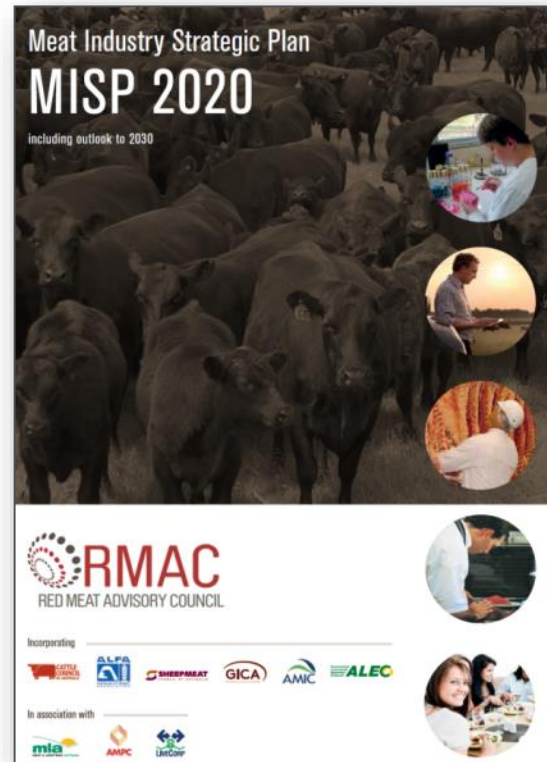
# Imperatives



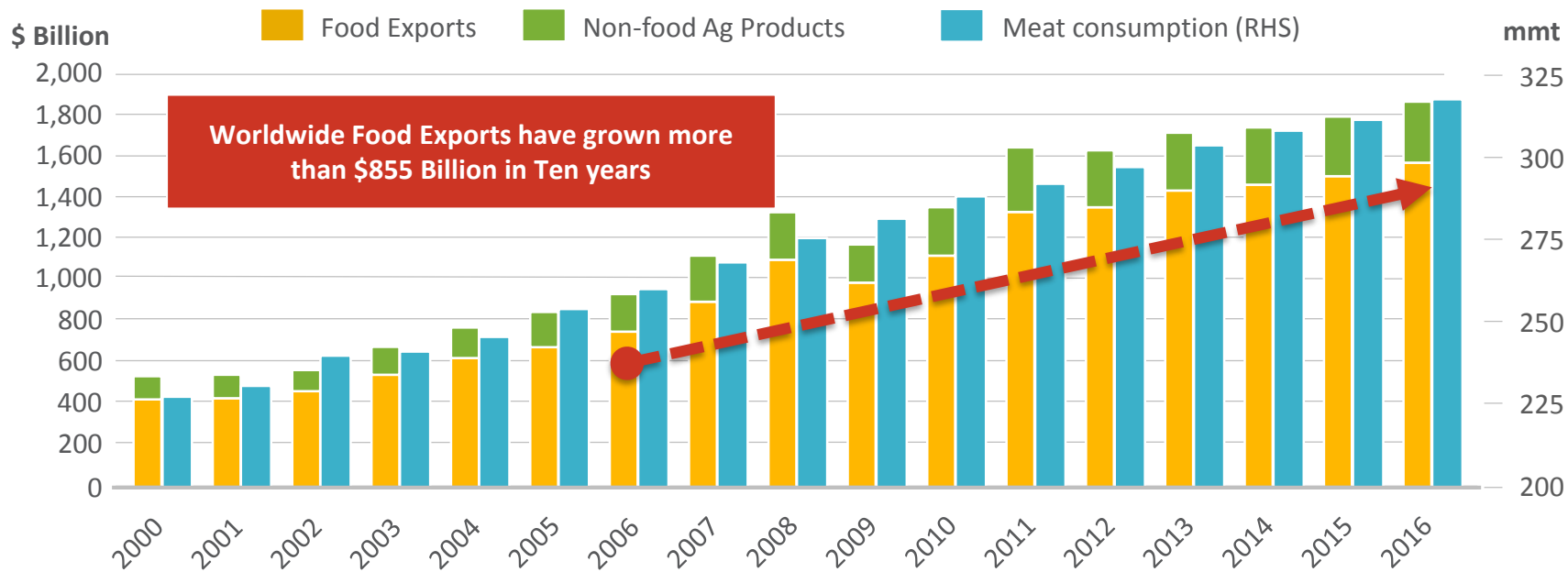
- Reduce economic barriers  
\$50m by 2020; \$750m by 2030  
[Benefit / cost ratio = 14.2/1]



- Reduce technical barriers  
\$100m by 2020; \$250m by 2030  
[Benefit / cost ratio = 9.1/1]



# World Agri Exports On The Rise



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Thank you

