

AMIC PROCESSOR GROUP WEEKLY NEWSLETTER

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An Update AMIC 2011 MEAT INDUSTRY CONFERENCE

24-25 August 2011 – RACV Royal Pines, Gold Coast

- ❑ **CONFERENCE SUMMARY** - Registered Attendees – 340 Gala Dinner Seated – 321
Despite the difficult trading environment the AMIC 2011 Meat Industry Conference was well supported by Government and industry and all feedback received to-date remains very positive. Some of the major details were:-

- ❑ **AWARDS**

- **Maersk Distinguished Australian of the Year** – Brian James (Director T&R Pastoral).



L/R: Gary Burrige (Chair-APC), Brian James (T&R Pastoral Co) 2011 Distinguished Australian of the Year and MC Sharyn Ghidella (Channel 7 news presenter)

- **Cryovac-AMIC Industry Study Award** – David Crouch (Cargill, Wagga).
- **Australian Meat Processor Corporation (AMPC) Processor Innovation Award** – Terry Nolan (Director, Nolan Meats) and Ian Peace (Nolan Meats) for their project "Nolan Meats Food Safety Reform".
- **MLA-AMPC Red Meat Industry Graduate Program**, Certificates awarded to:- Carley Garside – OBE Organic, Jonathon Cook – Machinery Automation & Robotics (MAR); Matt Boyce – The Midfield Group; Scott Phelan – Stockyard Beef.
- **Special Recognition Award** – Barry Johnson (Borthwicks, HC Sleigh and 30 years at CSIRO) – for his contribution and dedication to the industry and to AMIC

and its predecessors. Barry was instrumental in developing some of the early science on the chilled beef trade to Japan, especially with regard to shelf-life and product storage.

- **Golf Tournament** (sponsored by NAB Agribusiness) was won by:- Peter Land (NAB Agribusiness); John Hart (John Dee) Sungbok Lee (Swift Trading) and Rolf Rasmussen (ANL).
- **Fishing Tournament** (sponsored by AMIC) – won by Eduardo Bernardes (JBS Australia)

- ❑ **MEDIA**

ABC Country Hour operated live from the Conference (Thur 25 August). Radio interviews included Gary Burrige (Chairman – Australian Processor Council), Richard Raymond (Former Under-Secretary for Food Safety in the US), Tom Maguire (Chair – AMIC Emissions Trading Committee). **Beef Central Website**, **Rural Press** and the **Weekly Times** were also present. The **New Zealand Farmers Weekly** also sent a representative.

- ❑ **CONFERENCE PAPERS** – AMIC is finalising permission from each of the speakers to have their papers posted on the AMIC website. As soon as this process is complete, we will advise all members and Conference attendees of where and how to obtain copies. Any queries after that point, contact the Executive.

- ❑ **TRADE EXHIBITION** – The 27 booths were sold out well in advance of the Exhibition with new entrants this year from PwC PricewaterhouseCoopers Australia on taxation issues, Green Screen Australia, Hennessy Grading Systems, Klen International; Sew-Eurodrive, Qantum Power Ltd and Minus 40 Pty Ltd.

- ❑ **CONFERENCE SPONSORSHIP** - 22 sponsors supported the AMIC Conference with Maersk Australia, Hamburg Süd, Rabobank, the Australian Meat Processor Corporation, NAB Agribusiness and Meat & Livestock Australia our 6 premier sponsors. Other sponsors included:- AMCOR, ANZ Bank, Visy Packaging, Melbourne Port Corporation, Port of Brisbane, Marfret Compagnie Maritime, MISC Agencies, Sealedair Cryovac, Sydney Ports, the RACV Royal Pines Resort, Food Processing Equipment (FPE), Bemis Flexible Packaging, AWX Partners, Sensory Solutions, Jasol Australia and Wirra Wirra.

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□ SESSIONS / PRESENTATIONS

- **Keynote Speaker** (sponsored by Rabobank) – **John Durkan**, Director Merchandise – Coles Supermarket. John gave a well received presentation on the current retail strategy behind Coles Fresh Food grocery business. As the country's second largest retailer with 740 stores, over 100,000 employees and around 13 million transactions weekly, the Conference was told that the hormone-free beef strategy was part of a bigger agenda which was all about the provenance of food, quality of food and customers trusting where their food came from. This had been translated into areas such as sow stall-free pork, free range eggs, and even into grocery lines, like non-use of food colouring - all customer driven. He indicated the company had enjoyed double digit growth since it decision to implement its no HGP policy in January. His presentation received broad acclamation.
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- **Dr Richard Raymond** (Former Under-Secretary for Food Safety with the United States Department of Agriculture). Dr Raymond provided insights into likely food safety trends in North America and what Australia might have to do to maintain market access over the next decade. He suggested that public perceptions in the US remained a big issue in the field of food safety indicating that ground beef tended to generate bad public relations when it came to its association with food-borne organisms yet of the 60,000 cases of *E. coli* illness reported in the US each year, only 60% of those were actually sourced from foodstuffs and only 20% of those (around 7,000 cases) actually come from consuming ground beef. Even if authorities were to halve the rate of *E. coli* O157 illness from ground beef to just 3,500 cases a year, that would still leave almost 60,000 people being sickened each year by *E. coli* from other causes.
 - **Mr Vincent Lo** (Head of Group Development for Greater China, National Australia Bank, Beijing China). China's rise is changing its role in the global economy and is also changing the global economic political landscape itself. Mr Lo gave an insightful presentation on both the challenges and opportunities in China and on some very interesting statistics around the Chinese meat industry and meat imports. With almost 250 million middle class consumers in China, Mr Lo said Australia's beef sector was in a strong position to capitalise on the evolving market. He said over the last 20 years China's GDP had been growing at an annual rate of better than 7% with the government spending strongly on sponsored investment programs to stimulate private consumption and avoid a slowing down of the economy following the global financial crisis. China's population was also becoming increasingly urbanised and around half of the population lived in urban centres with this expected to increase by 10 million people per year. This growing urban population had more disposable income to spend on higher quality products such as beef.
 - **Dr John Ackerman** (MLA Country Manager - Jakarta). John spoke with some detailed experience on the cultural, political and trade related issues that influence the carton beef trade into Indonesia, Australia's 4th-largest export meat market.
 - **Nicolaj Noes** (Managing Director, Maersk Australia). Nicolaj identified 3 areas where efficiencies in the logistics system in container shipping in Australia could remove waste and make Australian exports more competitive. This included better co-ordination in the use of 20 ft and 40 ft containers, the ability to use larger more efficient vessels in Australian ports and the movement of empty containers.
 - **The Sensory Experience** Paul Squires and Mark Ellis from Sensory Solutions helped to co-ordinate an excellent presentation with MLA and Michelle Edge from AMPC on various aspects of the sensory tastes of beef products and presented a real life project on branded beef as part of an interactive session looking at different taste profiles. Response to the session was very positive and a fact sheet on the branded project will be developed with Sensory Solutions as part of the AMIC Conference presentation summaries. Michelle Edge also spoke earlier on Biosecurity Standards for the Meat Processing Industry.
 - **AMIC Members Forum** (for Members Only) – A meeting of AMIC Processor members took place during the Conference to discuss the new Australian Export Meat Inspection System (AEMIS) and proposals developed with the Minister for Agriculture for its launch later this year. Proposals put to the meeting were endorsed unanimously. AMIC members will be advised on the outcomes of those meetings by separate means.
- **ENTERTAINMENT** – Gala Dinner entertainment was Comedian of the Year and Best Book of the Year for "*The Happiest Refugee*" – Mr Ahn Do. The evening was finished off with a spectacular show from the *Laser Man*.
 - **PHOTOS** – Professional photography of all events will be available and a montage of those should appear on the website shortly.
 - **SUMMARY** – Thank you to everyone who attended and to our Sponsors, Exhibitors, Session Chairmen and Speakers. We hope this was a quality presentation that reflected the professionalism of the organisation and the industry. Any queries contact the Executive.



ITEMS OF INTEREST THIS WEEK

- **Australia** – The Australian Export Meat Inspection System (AEMIS) – Following final negotiations that took place around the AMIC Meat Industry Conference on the Gold Coast last week, the AMIC Ministerial Taskforce and the Minister for Agriculture came to an in-principal agreement over AQIS fees and charges along with further Government transitional funding that will support the roll-out of the new Meat Inspection Reform model to be known as the Australian Export Meat inspection System (AEMIS). Greg Read (AQIS) announced at the Conference that the new system would be launched in October this year. A separate newsletter will go out to members with details of the agreement. Any queries contact the Executive.
- Supermarket Ruling – The Federal Court has dealt a blow to the Australian Competition & Consumer Commission (ACCC) by approving the \$215 million merger between Metcash and Franklins in a landmark ruling that is 'likely' to help independents such as IGA and Mitre 10 compete with the larger operators such as Woolworths, Coles and Aldi. The *Australian Financial Review* suggested the decision would encourage corporate Australia to push ahead with takeovers across all sectors with the Court calling the Regulator's approach (ACCC) 'illogical' with a 'degree of artificiality'. The ACCC said its role was to oppose mergers where they believed there will be a substantial loss of competition in a market in Australia. The Federal Court has fundamentally rejected the competition watchdog's stringent approach to assessing mergers and acquisitions which experts believe may change the direction of the Regulator. The ruling is the first Court decision over a contested merger since 2003.
- ACCC Action on Meat Branding – ACCC has accused two meat retailers in Victoria of breaching consumer laws by misrepresenting their beef as coming from King Island in Tasmania, an area known for its high quality beef. The misrepresentations were both in newspaper advertisements and on their respective websites and they now face the Federal Court in October.
- Live Export Issues – A Government led scientific assessment of the restraint boxes used to improve animal welfare standards in Indonesian abattoirs has found that the most commonly used Mark-I device violated international welfare guidelines. Australia's Chief Veterinary Officer (CVO), Mark Schipp, commenced an assessment of the Mark-I and Mark-IV boxes in early June. They found the Mark-I box did not comply with several elements of the OIE standards governing animal welfare. They found the later model Mark-IV boxes do comply but noted poor animal welfare outcomes are still possible because of lack of sound operational procedures and training. The Australian Government has now placed a permanent ban on all funding support for Mark-I restraint boxes. They reportedly contributed over \$1 million to their original development. The CVO's report will be given to Bill Farmer for consideration in his review of Australia's live export trade which is due for completion by August 31.
- Live Export to Vietnam – A shipment of live cattle left Darwin this week for Vietnam carrying 1,000 head for a feedlot customer in Haiphong, the largest consignment to that market for several years. Canada has also recently announced that Vietnam has become the first Asian market since 2003 to accept live imports of Canadian breeding cattle.
- Senate Inquiry – The Senate Inquiry on Animal welfare standards in Australia's live export markets continues this week in Broome and Katherine with mainly cattle producers and transport companies appearing. Footage reportedly shot in Israel of poor animal welfare practices has also now surfaced as animal welfare groups continue to maintain the pressure.
- The Carbon Tax – The Federal Government's inclusion of red meat processing in direct carbon tax legislation threatens to create a distorted 2-tiered structure which would unfairly discriminate against larger, more efficient processing facilities and act as a tax on economies of scale. Three of Australia's major meat processors – JBS Australia, Nippon Meat Packers and the new Teys/Cargill Joint Venture all estimated this week in the media that the carbon tax could cost up to \$19 million a year for the Big-3 if their larger facilities are drawn into the \$23 per tonne carbon price. The Government is yet to identify who the 500 biggest emitters will be that will pay the \$23 tax.
- **China** – Shanghai has become the world's busiest container port, according to *Lloyd's List DCV*. Shanghai handled over 29 million teu's last year. This compares to Australia where ports are still reaching levels of around 2 million teu's. The Top-10 busiest container ports tells a very Asian story with No.4 Shenzhen in China at 22.5million teu's, Busan in Korea at 14.2million and Guangzhou at 12.6million. The 2 non-Asian ports in the Top-10 were Jebel Ali in the United Arab Emirates and Rotterdam in the Netherlands. Singapore at 28.4 million teu was the second largest.
- **Japan** – McDonald's Japan is preparing to introduce delivery-only set meals; the number of test stores in Tokyo will be increased to 7 stores from the current 2 by this autumn; McDonald's Japan plans to introduce home delivery nationwide.
- **Philippines** – The Philippines Bureau of Animal Industry has announced that it will ban certain US beef products following the reported rejection of around 27 tonnes of US beef after tests at Port of Entry identified unacceptable micro results.
- **United States** – Major meat processors along the east coast of the US appear to have been spared major damage when Hurricane Irene hit the coast last week although structural damage was reported on many farms.

