

Mr Don Challen
Chairman
and
Members
Premier's Economic and Social Recovery Advisory Council

8 October 2020

Re: Sheep and Lamb Processing in Tasmania for export to markets requiring a Tier II License

Further to the invitation by PESRAC to submit ideas for Tasmania's recovery plan, the following proposal for sheep and lamb processing in Tasmania (On Island Processing for export markets) is submitted for your consideration.

Introduction:

Tasmanian Quality Meats, Cressy, is seeking to expand its sheep and lamb abattoir operations to undertake Tier II processing, which is an abattoir licensing requirement to access most international markets.

An upgraded license from Tier 1 to Tier II would allow sheep and lamb to be processed in Tasmania for export markets, leveraging Brand Tasmania.

The cost of the TQM expansion is estimated at \$M12 of which \$M8 has already been secured through the Federal Government's Community Development Grants Program.

I am writing to you to seek your advice if it is within the remit of PESRAC and its Tasmanian recovery strategy, to help with initiatives directed towards securing top up funding required for the expansion to go ahead.

Background:

- Tasmania's annual sheep and lamb production is approximately 1.5 million head of which 1 million are shipped to Victoria for processing, each year.
- Shipping is costly and in all cases animal welfare requirements are severely compromised including that animals are crowded on trucks and are deprived of feed and water for up to 60 hours compared to the stipulated requirement of 36 hours for feed and water, and 24 hours rest.
- This is not sustainable, and even if it were, which it is not, Tasmania now could expand TQM to cater for export standard processing.
- Significantly, the export market can be and is in most cases up to \$70 per head better than Tier I prices, representing approximately \$3per kg more based on a 24Kg dressed lamb. This is clearly to the advantage of Tasmanian producers.
- Tasmanian irrigation has prolonged the feed system for breeding and fattening which means stock is available for extended periods each year which in turn supports Tasmanian processing viability and efficiency.
- The TFES subsidy of \$6 a head or \$6million annually, may also be able to be targeted towards supporting Tasmanian processing.
- The Northern Midlands Council is supportive of TQM and recognises the regional benefits that will flow if the expansion is completed.

Annual contribution to the Tasmanian Economy of On Island Processing:

Calculations:

		<u>LOSS \$ per head</u>
Lamb price losses	12% on a \$7/kilo dressed weight are 84 cents on a 25-kilo lamb	21.00
Weight loss to Victoria	up to 60 hours, boat, truck, etc. Between 1-2 kilo, say 1.5 @ \$7	10.50
Freight to Victoria	\$9 per head	<u>9.00</u>
		<u>\$40.50</u>
Say 800,000 lambs @ \$40.50		\$32,400,000 annually
To process here, say 120 employees @ \$65,000 each		\$7,800,000 annually
Economic multiplier 6 times		<u>\$46,800,000 annually</u>
Potential Benefit (current loss) to State		<u>\$87,000,000 annually</u>

Woolworths and Coles

Since the closure of local abattoirs, Woolworths and Coles do not process in Tasmania, yet buy up to 350,000 lambs here, which are shipped to Victoria and then the meat is shipped back. Clearly the Tasmanian consumer is significantly disadvantaged both in respect of quality and having to pay for the extra costs involved. For Coles and Woolworths to process in Tasmania, they require a Tier II licensed plant as they also export to China.

Springfield Export Tasmania Pty Ltd

This company was established by Mr Doug Dickinson in May 2019. The company is supported by Cuthbertson Bros established in 1840.

Doug and I supported TQM to achieve the Community Development Grant and are doing so again, through Springfield Export Tasmania, on the basis that TQM is committed to undertake service kills for Tasmanian Producers. It is a potential win win outcome if top up funding can be secured.

We have formed a working group of sheep and lamb producers supporting Tier II processing in Tasmania.

TQM has authorised Springfield Export Tasmania to make representations on its behalf. The Authorisation is attached.

Please let me know if you require any additional information and or if you would like to meet to further discuss this proposal

I look forward to hearing from you.

Regards

Bob Gozzi

Chairman, Springfield Export Tasmania Pty Ltd

