



Enquiries: Ryan Gittins
Phone:

Our Refs:

15 May 2014

By Email

Committee Secretary
Joint Standing Committee on Foreign Affairs,
Defence and Trade
Canberra, ACT 2600
jscfadt@aph.gov.au

Attention: Mr Andrew Dawson

Dear Sir

Inquiry into Australia's Trade and Investment Relationships with Countries of the Middle East

The Maranoa Regional Council (MRC) welcomes the Federal Government's Inquiry into Trade and Investment with the Middle East. The Free Trade Agreement (FTA) that is currently under negotiation with the Gulf Cooperation Council (GCC) has the potential to increase demand for Australian products, such as goat meat, in the Middle Eastern market.

The MRC is located approximately 6 hours west of Brisbane, in southeast Queensland. The region is comprised of ten townships and numerous gazetted localities throughout the 58,711 km² Local Government Area (LGA). As of 30 June 2013, the region was home to approximately 13,710 residents and 4,665 non-resident workers. In addition to the local Coal-Seam Gas (CSG) industry, the agricultural sector is a driver of economic growth and employment in the Maranoa, accounting for approximately 20% of the workforce and 50% of registered businesses.

MRC suggests that the agricultural industry should diversify into new product offerings, to satisfy the demand of GCC members. Middle Eastern countries, such as Bahrain, United Arab Emirates, Saudi Arabia, and Qatar are amongst the highest importers of goat meat in the world. The abolition of trade barriers will increase the competitiveness of Australia's goat meat products, which is currently an underdeveloped industry. ABS data indicates that live goat exports and meat products contribute only \$9 Million and \$79 Million (gross value) to the national economy respectively, regardless of the high global demand for this product. Australia is the largest exporter of goat meat; however, our national production only accounts for 0.3% of global demand. MRC suggests that goat production is a sector of importance, and should be developed with view to increasing exports into both the Middle East and China.

Maranoa Regional Council
Cnr Bungil & Quintin Streets
Roma Queensland 4455
P 1300 007 662 F 07 4624 6990
www.maranoa.qld.gov.au

Postal Address
PO Box 42
Mitchell Queensland 4465
ABN: 99 324 089 164

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The Maranoa region is positioned to support the construction and operation of a multi-purpose meat processing facility, capitalising on its close proximity to significant cattle and goat herds. In 2011/12, the Border Rivers–Maranoa Natural Resource Management (NRM) region was home to approximately 1,170,000 head of meat cattle (9.8% of QLD total), with 312,574 head sold at the Roma Saleyards over the same period.

In addition to meat cattle, farms in the Maranoa, and surrounding regions of Western NSW and Southwest QLD, account for approximately 57% of the national goat herd. A goat processing plant exists in Charleville (southwest QLD); however, anecdotal reports indicate that this facility may not have the capacity to increase its production rate. Given Roma's (and the MRC) close proximity to goat and cattle farms, it is speculated that the construction of a multi-purpose meat processing facility would result in the following benefits:

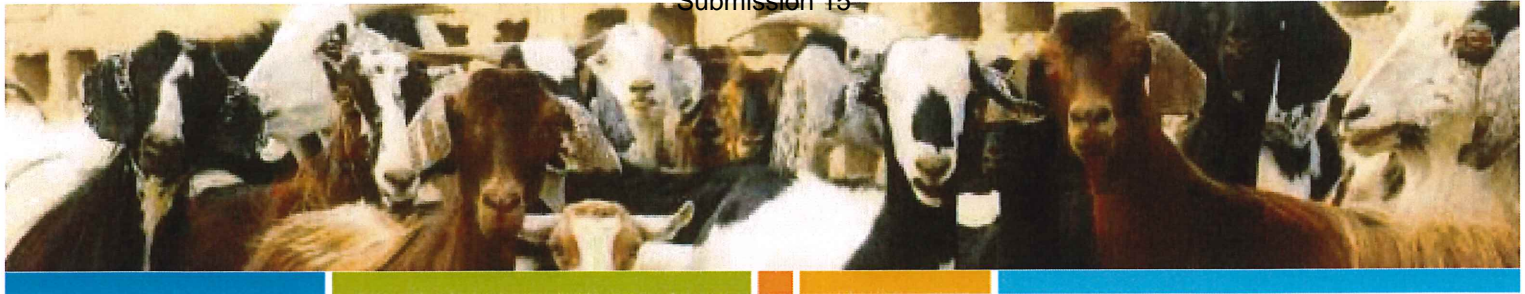
- Developing an industry that will support increased local employment. The Queensland Government's *Queensland Plan* targets increased regional population growth in the state (plans indicate that approximately 50% of the state's population will reside out of SE Qld by 2043).
- Increasing the production (and export) of goat meat to cater for the Chinese and Middle Eastern markets (the biggest markets for goat meat exports)
- Reduce transportation costs for local primary producers by locating a processing facility in a regional area. Farmer's competitiveness and sustainability may be improved, thus reducing their reliance on government subsidies in times of drought.

Council requests the Federal Government's support to commission a feasibility study into the construction of a multi-purpose meat processing facility (goat, cattle & sheep) in Roma. It is proposed that the expenses associated with the study are split directly between Council and the Federal Government, at a cost of approximately \$75,000 each.

Thank-you for your consideration of MRC's submission. If you have any further queries, please contact Council's representative, Ryan Gittins, Specialist – Business Development, on one of the numbers listed above

Yours faithfully

Julie Reitano
Chief Executive Officer



PROJECT BRIEF: ESTABLISHING AN ABATTOIR IN ROMA

Background

The Maranoa region is experiencing rapid economic growth as a result of the resources boom. Major coal seam gas (CSG) projects have a large presence in the district, contributing significantly to the regional economy. Gross Regional Product (GRP) has almost doubled over the last five years, creating opportunities for both mining and non-mining businesses to invest in the region.

Given the current economic prosperity, Maranoa Regional Council believes it is an opportune time to diversify the local industry base, capitalising on strong agricultural and mining sector activity. The Maranoa boasts a strong agricultural history associated with cattle and wheat production. In the 2010/11 financial year the region's cattle herd approximated 700,000 head, with 312,574 head sold at the Roma saleyards in the following year (2011/12). It is proposed that the construction of an abattoir in the vicinity of Roma will intensify the value of the regional agricultural output, whilst simultaneously reducing transportation expenses for primary producers.

In addition to cattle, the area is also home to a significant portion of the nation's goat tribe, with approximately 57% of the national total located in the south west Queensland, western New South Wales and Border Rivers-Maranoa Natural Resource Management (NRM) regionsⁱ. Roma is located in close proximity to the critical-mass of goat producers, making it an ideal location for a multi-purpose meat processing facility.

The demand for goat meat is set to rise, as Australia progresses towards finalising its Free-Trade Agreement (FTA) with the Gulf Cooperation Council (GCC). GCC Countries, such as Bahrain, United Arab Emirates, Saudi Arabia and Qatar are amongst the highest importers of goat meat in the world. The abolition of trade barriers will increase the competitiveness of Australia's goat meat products, a currently underdeveloped industry. ABS data indicates that live goat exports and meat products contribute only \$9 million and \$79 millionⁱⁱ to the national economy respectively, regardless of the high global demand for this product. Australia is the largest exporter of goat meat; however, our national production only accounts for 0.3% of global demand.

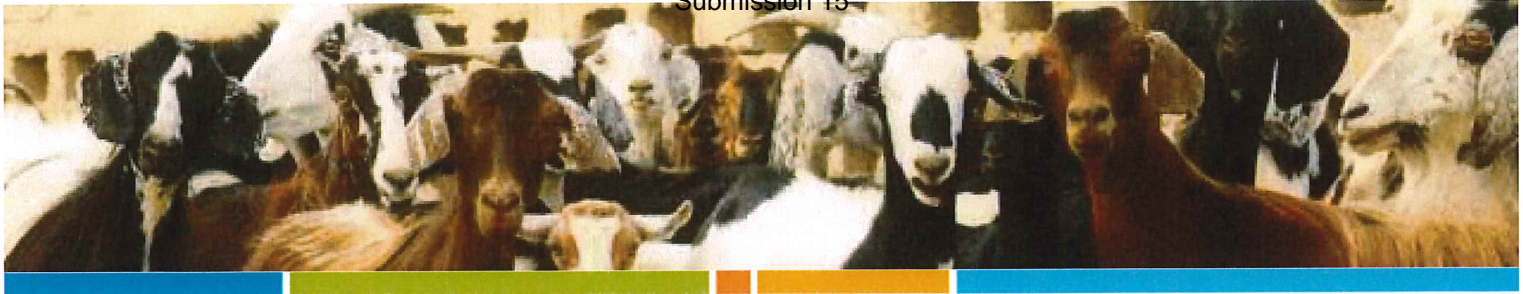
Project Objective

Council requests the Federal Government's support to commission a feasibility study into the construction of a multi-purpose meat processing facility (goat, cattle and sheep) in Roma. It is speculated that this facility will result in the following benefits:

- Developing an industry that will support increased local employment. The state government's Queensland Plan targets increased regional population growth in the state (approximately 50% of the state's population will reside outside of south east Queensland by 2043).
- Increasing production and export of goat meat to cater for the Chinese and Middle Eastern markets.
- Reducing transportation costs for local primary producers will improve farmer competitiveness and sustainability, thus reducing their reliance on government subsidies in times of drought.

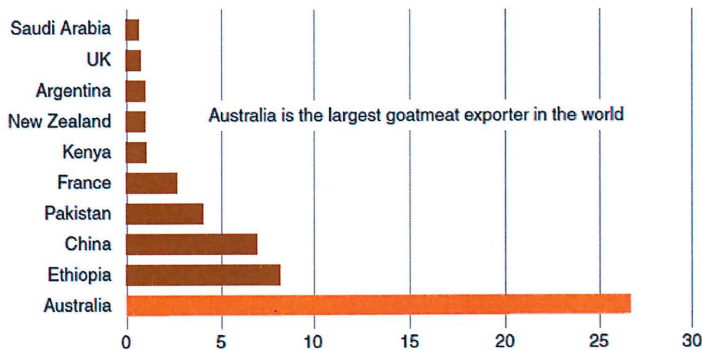
Project Funding

It is proposed that the expenses associated with this feasibility study are split directly between Council and the Federal Government, at a cost of approximately \$75,000 each.



Supporting Data

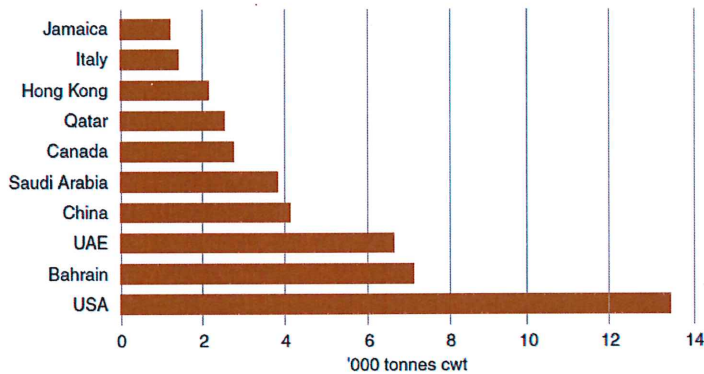
Top ten goatmeat exporters



(Figure Source: MLA 2012) ⁱⁱⁱ

Australia is the world's largest exporter of goat meat, trading approximately 26,000 tonnes of meat on an annual basis. This figure only amounts to 0.3% of total goat meat demand (FAO 2010).

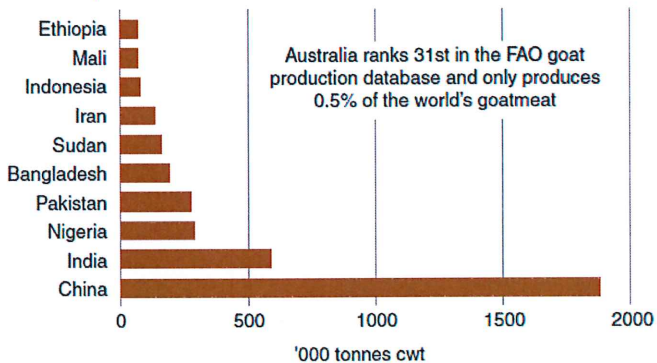
Top ten goatmeat importers



(Figure Source: MLA 2012)

Middle Eastern countries such as Saudi Arabia, United Arab Emirates, Bahrain & Qatar are amongst the highest importers of goat meat in the world. Accordingly, it is speculated that there are opportunities to increase Australia's national production of this commodity to accommodate Middle Eastern demand.

Top ten goatmeat producers



(Figure Source: MLA 2012)

Correlation exists between domestic production and consumption, with China being the world's largest producer and consumer of goat meat. Anecdotal reports indicate that opportunities may exist to export goat meat directly to China, augmenting its national production.

ⁱ Australian Bureau of Statistics (ABS) 2013, *Agricultural Commodities, Australia, 2011-12*, cat. no. 7121.0, ABS, Canberra <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/7121.02011-12?OpenDocument>

ⁱⁱ Australian Bureau of Statistics (ABS) 2013b, *Value of Agricultural Commodities Produced, Australia, 2011-12*, cat. no. 7503.0, ABS, Canberra <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/7503.02011-12?OpenDocument>

ⁱⁱⁱ Meat & Livestock Australia (MLA) 2012, *Australia's goatmeat industry, fast facts 2012*, MLA, Sydney, www.mla.com.au/files/916b6b5f-d01b-44e9.../Goat-Fast-Facts-2012.pdf