



Teys Australia Pty Ltd
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12 September 2014

Committee Secretary
Senate Legal and Constitutional Affairs Committee
PO Box 6100
Parliament House
Canberra
ACT 2600

Via email: legcon.sen@aph.gov.au

RE: CUSTOMS AMENDMENT (KAFTA IMPLEMENTATION) BILL 2014

CUSTOMS TARIFF AMENDMENT (KAFTA IMPLEMENTATION) BILL 2014

Dear Committee Secretary,

We are writing to provide our strong endorsement of the recent Joint Standing Committee on Treaties Report (#142), which recommends that binding treaty action on KAFTA (Korea -Australia Free Trade Agreement) should be taken. This submission provides a short background of Teys Australia's involvement in the Korean export market for Australian Beef, evidencing our exposure and significant vested interest in this trade.

Teys Australia Pty Ltd, is the second largest beef processor and exporter in Australia, with 100% of cattle supply sourced from Australian Beef producers. We employ over 4500 Full Time Employees (FTE) across 10 locations, heavily dominated in regional and rural areas in Eastern Australia. The economic contribution of Teys Australia, as a regional manufacturer, adds approximately \$2.6 Billion to the national GDP, and \$1.1 Billion to household income each year, generating over 17 000 jobs, when flow on effects are taken into consideration.

Korea represents a key, significant beef export market for Teys Australia; with statistics as follows:

- In 2012, Teys shipped 54 820 Tonnes, **43.5% of the Australian total**;
- In 2013, Teys shipped 43 676 Tonnes, **30% of the Australian total**;
- YTD 2014 tonnage shipped follows a similar trend.
- The value of ***Teys exports to Korea in 2012/2013, were over \$190 Million***;
 - \$82 M chilled product; \$108 M frozen.
- The value of ***Teys exports to Korea in 2013/2014 were over \$294 Million***;
 - \$107 M chilled product; \$187 M Frozen.
- Teys provides branded beef products directly into 4 major supermarkets in Korea:- *Emart, Lotte, GS Retail* and through a strong business partnership with *TESCO*;
- Teys also sells products direct to two of the three largest Korean restaurant chains, including the *Outback* restaurant chain, and *KIPS*, as long standing business partners



Our company is a strong supporter of the Korea-Australia Free Trade Agreement (KAFTA). KAFTA will see the 40% tariff on Australian beef entering Korea eliminated over a 15 year time period.

However, of vital importance is the need to ensure that KAFTA enters into force (EIF) in calendar year 2014. This time frame will bring the current 8% beef tariff differential (Australian disadvantage against US beef) back to a more commercially viable 5.3% - and subsequently guarantee that this tariff differential is not greater than 5.4% for the remainder of the 15 year KAFTA tariff elimination period.

If EIF is not secured in calendar 2014, the current 8% competitive disadvantage against US beef will be evident for each of the next 15 years – with potential significant detrimental impacts on Teys Australia's (and Australia's national) market share in Korea.

Our company strongly endorses the the recent Joint Standing Committee on Treaties Report (#142) which recommends that binding treaty action on KAFTA (Korea -Australia Free Trade Agreement) should be taken.

The two implementing KAFTA Bills which are the subject of this inquiry:

1. The Customs Amendment (KAFTA Implementation) Bill 2014; and,
2. The Customs Tariff Amendment (KAFTA Implementation) Bill 2014 -

Should also be immediately passed, in order to ensure the regulations to implement KAFTA are not delayed.

KAFTA is essential for the long term positioning of our product in Korea. The urgent completion of domestic legislative requirements, is therefore vital if the benefits from the Agreement are to be realised in a timely manner.

Should you have any questions, please do not hesitate on contacting our Charles Hollingworth directly on

Yours Faithfully,

Tom Maguire
General Manager – Corporate Services;
Teys Australia Pty Ltd

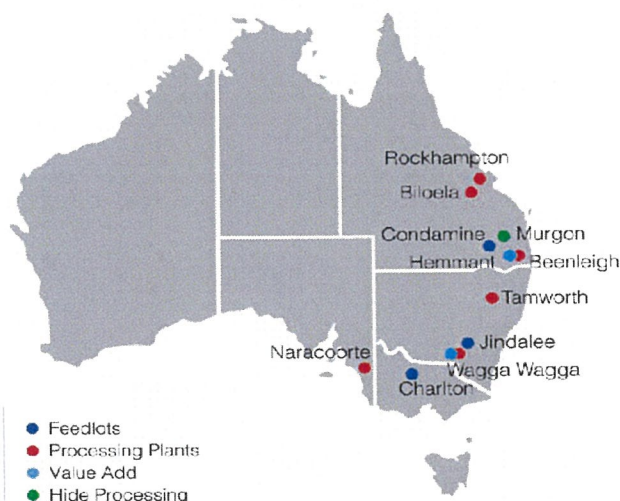


TEYS AUSTRALIA

Teys Australia Pty Ltd, is the second largest beef processor and exporter in Australia, with 100% of cattle supply sourced from Australian Beef Producers, exporting to over 40 countries across the globe. Teys Australia is proudly operated by the Teys Family, and jointly owned by the Teys Family and Cargill (50% shares).

Teys Australia's operations employ over 4500 Full Time Employees across 10 locations, heavily dominated in regional areas. The economic contribution of Teys Australia adds approximately \$2.6 Billion to the national GDP, and \$1.1 Billion to household income each year, generating over 17 000 jobs, when flow on effects are taken into consideration.

Teys' Australian Footprint



Teys Australia's Asset Footprint

The joint venture operates six modern and efficient beef processing plants strategically located across the Eastern seaboard:

- **Teys Australia Naracoorte:** in the Coonawarra wine district in South Australia; employs 400 people, making it Naracoorte's largest employer;
- **Teys Australia Wagga Complex** employs over 800 people from over 40 nationalities;
- **Teys Australia Tamworth Complex** employs over 450 personnel, and is focused on the retail markets in Australia;
- **Teys Australia Beenleigh Complex:** has approximately 800 employees, and processes grain-fed cattle from Teys' Condamine Feedlot;
- **Teys Australia Rockhampton:** remains Australia's largest single shift operation. It currently employs over 900 people and is the city's largest employer.
- **Teys Australia Biloela Complex:** located in central QLD; employs 400 employees.
- Teys operates 3 feedlots: **Jindalee** (NSW), **Charlton** (VIC) and **Condamine** (Qld).
- **Teys Australia Food Solutions**, (Brisbane) provides value added meat solutions;
- **Teys Australia Murgon** processes cattle hides supplied by the Company.