

Beef and Sheep

Invest in Victorian
agriculture and food

August 2018

Economic Development,
Jobs, Transport
and Resources

AGRICULTURE VICTORIA



Export ready
Efficient
Quality meat
products



OF AUSTRALIAN LAMB IS
PRODUCED IN VICTORIA



\$2.2_{BN}

WORTH OF BEEF WAS PRODUCED
IN VICTORIA IN 2015-16



Why invest in Victoria's beef and sheep industries?



Strong export focus

Australia exports more beef and lamb than any other country in the world. Victoria produces more than 40% of Australian lamb, and its beef industry is the most export-oriented of any Australian region.



Strong growth prospects

Victoria has the opportunity to meet increasing global demand for lamb and beef products, as emerging economies in Asia and the Middle East increasingly adopt western diets, driving demand for high-quality meats.



High quality and safe

Victoria's beef and sheep products are world renowned for their quality. The red meat sector is well established, quality assured, innovative, globally connected, sustainable and backed by world class research, development and extension (RD&E).



Opportunity for value adding downstream

Almost 40 licensed abattoirs operate in Victoria including five in metropolitan Melbourne, and the rest spread across rural and regional centres including Warrnambool, Pakenham and Colac. Victorian beef and sheep producers have the opportunity to supply processors with world class beef and lamb.



Ideal climate

Victoria's rainfall enables mostly free range production systems that support high quality beef cattle and sheep production. Victorian livestock production provides all year round supply and has the potential to sustainably intensify production.



Compelling investment opportunities

With strong global and domestic growth prospects for high value meat products, Victorian beef and sheep industries offer compelling opportunities for those looking to invest.



Connected supply chain

Efficient, modern, high quality and reliable supply chain infrastructure seamlessly links farms to markets. This infrastructure includes feedlots, saleyards, abattoirs, and road and port transport.

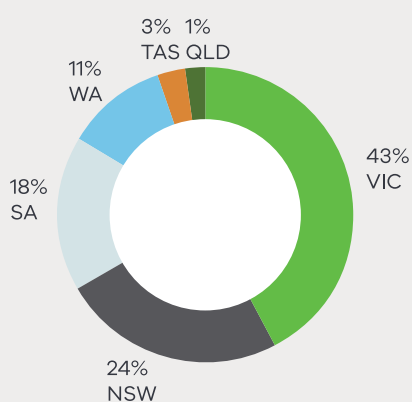


Australia's largest lamb producer and a world class producer of beef

Victoria produced \$3.6 billion worth of beef and sheep in 2015-2016.

- In 2015-16, Victoria produced over 420,000 tonnes of beef and 222,000 tonnes of lamb.
- The value of beef production in Victoria has increased by 63 per cent since 2010-11 to reach \$2.24 billion in 2015-16.¹
- The value of sheep meat production in Victoria has increased by 21 per cent since 2010-11 to reach \$1.32 billion in 2015-16.
- Victorian wool production was \$751.2 million in 2015-16.
- Victorian beef and sheep meat processing was worth \$3.0 billion in 2015-16.

Figure 1: Australian lamb production by state, 2015-16 (tonnes, NT and ACT data not recorded)



Victorian sheep at a glance (2015-16)



Number of businesses: **7,726**



Number of sheep: **13.1m head**



Total lamb produced: **222,866 tonnes**



Total mutton produced: **76,988 tonnes**

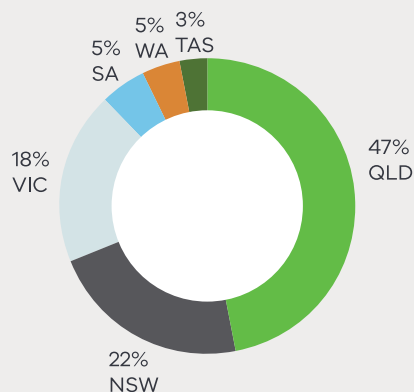


Value of lamb and mutton produced¹: **\$1.32bn**



Value of wool: **\$751.2m**

Figure 2: Australian beef production by state, 2015-16 (tonnes, NT and ACT data not recorded)



Victorian beef at a glance (2015-16)



Number of businesses: **8,816**



Number of cattle: **1.8m head**

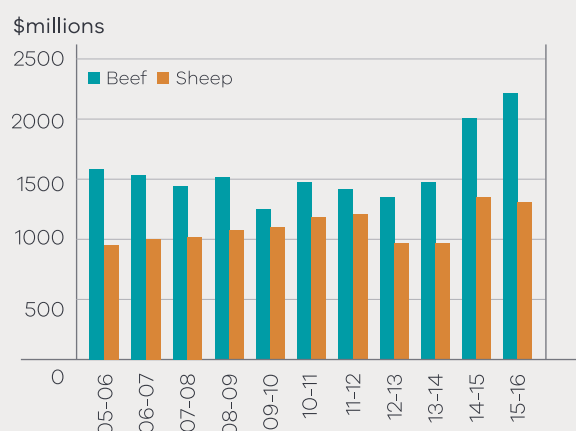


Total beef and veal produced: **420,000 tonnes**



Value of beef and veal produced: **\$2.24bn**

Figure 3: Victorian beef and sheep production, 2005-16



Sources for this page: agriculture production, ABS 7121 and 7503 2005-16; food processing value, Victorian Government estimate based on 2016 REMPLAN data and 2011-12 RISE data.

¹ Unless otherwise stated, all dollar values refer to gross values in this publication.

Competitive advantages of Victoria's beef and sheep industries

Deloitte Access Economics has assessed data on numerous factors of competitive advantage relating to agriculture and food at the regional and industry levels. Victorian beef and sheep contribute to Australia's strong international reputation for quality.

Export ready

- Australia is the world's largest exporter of beef and lamb products, including high-value, world-class chilled beef and lamb.
- Victoria has world-class export infrastructure and is home to Australia's largest container and general cargo port in Melbourne, as well as Portland and Geelong.
- Victoria is a gateway to Asia and the Middle East with strong relationships and low freight costs to key Asian economies.
- Victoria is well-placed to take advantage of growing global demand for high-quality, protein-rich meat.
- The value of wool traded in Melbourne in 2015-16 was \$1.25 billion.

Highest quality

- Meat Standards Australia (MSA) grades Australian beef and lamb based on 700,000 consumer taste tests across nine countries. This is one of the reasons why Victoria's beef and sheep products are world renowned for their excellent eating quality.
- Victoria benefits from industry and government-supported beef and sheep programs, which maximises efficiency and the quality of processed meat. Victoria also benefits from RD&E investment.
- Victoria's climate and high rainfall are ideal for grass-fed beef and sheep production.
- Victoria is known for its high quality genetics and for its superior quality cattle, which are used in high value products.



Strict safety and assurance

- Victoria is the Australian leader in life time traceability for beef and sheep, having pioneered electronic identification of cattle and sheep.
- The National Livestock Identification System (NLIS) ensures that any risks of livestock disease or other incidents are contained through lifetime traceability of stock.
- Victoria also uses licensing under *PrimeSafe* for meats, to ensure all businesses handling meat of any description in Victoria comply with the state's comprehensive food safety, quality and assurance systems.

Efficient and innovative

- The BESTWOOL/BESTLAMB and BetterBeef networks provide a framework for individual producers and groups to gain access to industry research innovations and activities that increase skills and knowledge.
- The Victorian Government's red meat centre in Hamilton also contributes to the industry's efficiency and innovation.



Ethical production

- Victoria has robust regulations, a reputation for animal welfare, and strong provenance systems (e.g. NLIS).
- Ethical meat production is more important than ever, as domestic and overseas consumers increasingly take animal welfare into account when buying meat.
- Victoria is home to modern abattoirs which slaughter animals humanely, as well as free-range, grass fed production systems, which cater to diverse consumer values.
- Feedlot-finished stock are managed according to modern codes of practice.

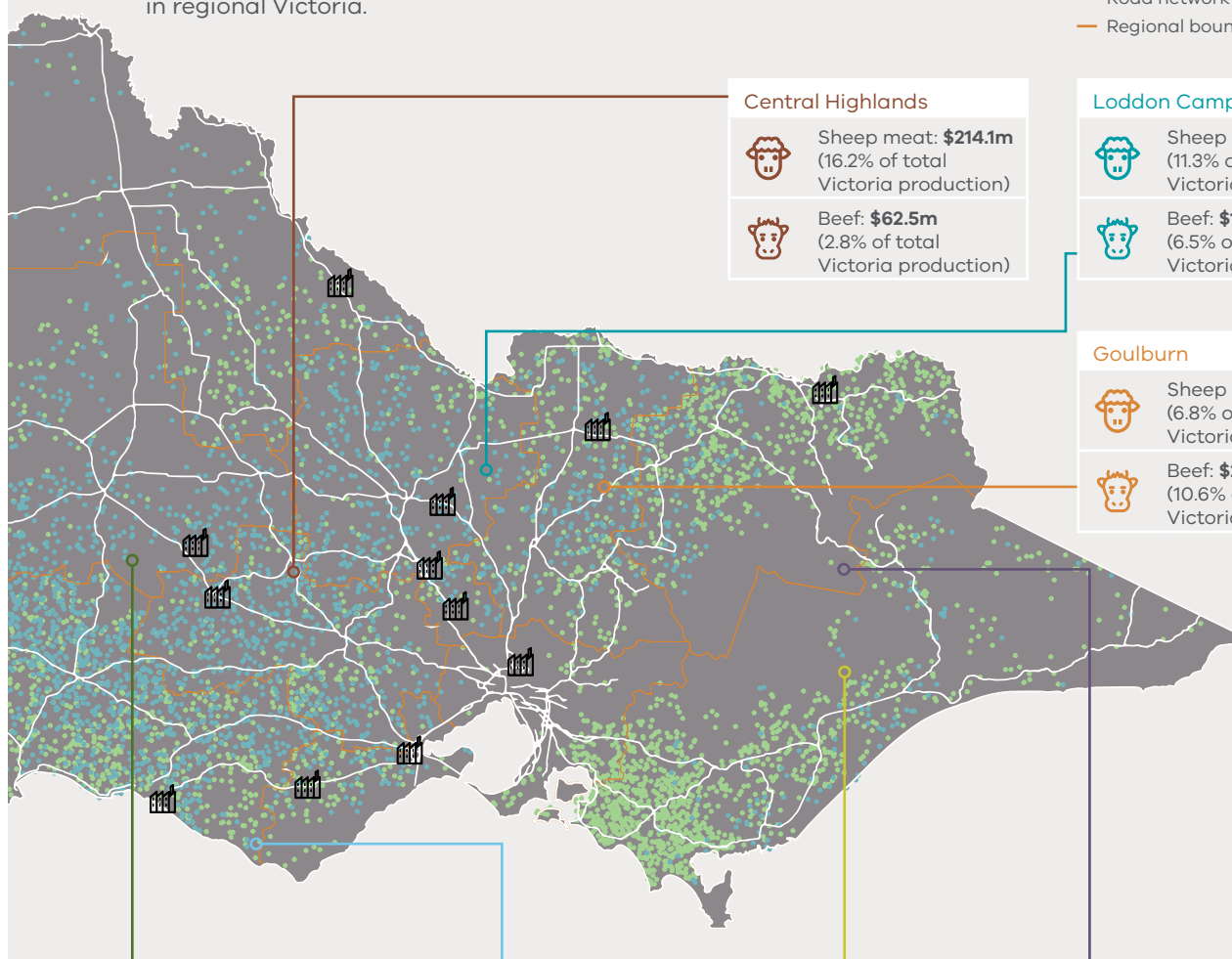
Victoria's major beef and sheep regions

Victoria's excellent climate and high rainfall means that beef and sheep can be farmed in almost any region within Victoria.

- Most of Victoria's land is suitable for producing beef, meaning production is relatively evenly distributed across the state.
- Victoria's rainfall and excellent climate allows for grass-fed production of beef and sheep across the State.
- The gross value of beef and sheep processing is \$3.08 billion and 41 per cent of this processing occurs in regional Victoria.

KEY

- Beef cattle farming areas
- Sheep farming regions
- Rest of Victoria
- 🏭 Meat processors
- Road network
- Regional boundary



Central Highlands

Sheep meat: **\$214.1m**
(16.2% of total Victoria production)

Beef: **\$62.5m**
(2.8% of total Victoria production)

Loddon Campaspe

Sheep meat: **\$149.4m**
(11.3% of total Victoria production)

Beef: **\$144.1m**
(6.5% of total Victoria production)

Goulburn

Sheep meat: **\$90.2m**
(6.8% of total Victoria production)

Beef: **\$236.7m**
(10.6% of total Victoria production)

Wimmera Southern Mallee

Sheep meat: **\$215.4m**
(16.3% of total Victoria production)

Beef: **\$30.8m**
(1.4% of total Victoria production)

Great South Coast

Sheep meat: **\$447.5m**
(33.8% of total Victoria production)

Beef: **\$629.2m**
(28.1% of total Victoria production)

Gippsland

Sheep meat: **\$61.6m**
(4.7% of total Victoria production)

Beef: **\$629.8m**
(28.1% of total Victoria production)

Ovens Murray

Sheep meat: **\$57.6m**
(4.3% of total Victoria production)

Beef: **\$278.0m**
(12.4% of total Victoria production)

Sources for this page: map, VLIS 2016; ABS Agricultural Census 2016, ABS 7121 2015-16; agriculture production, ABS 7503 2015-16; food processing value, Victorian Government estimate based on 2016 REMPLAN data and 2011-12 RISE data.

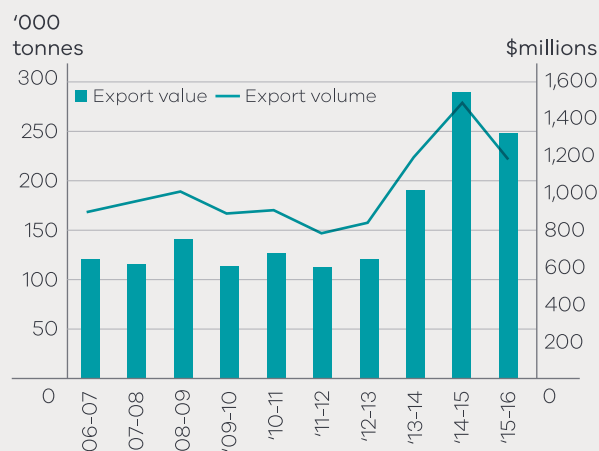
Victoria's beef and sheep industry is export oriented

Victoria's beef and sheep exports are booming, with destinations including the United States, Japan and China.

Beef

- Beef exports from Victoria were \$1.33 billion in 2015-16, accounting for 48 per cent of Victoria's meat exports and 15 per cent of Australia's beef exports in value terms.
- Victoria's world-class beef is mainly exported to countries in Asia and North America.
- As a result of recent free trade agreements with China, Korea and Japan, Victorian beef producers have the opportunity to supply high quality eligible live export beef and sheep.
- Victoria is a major supplier of cattle to New South Wales and Queensland feedlots.

Figure 4: Growth of beef exports in Vic, 2006-16



Sheep

- Sheep exports from Victoria were \$958 million in 2015-16, accounting for 35 per cent of Victoria's meat exports and more than half of Australia's sheep meat exports in value terms.
- Victorian lamb is exported to countries across the Middle East, Asia and North America.

Wool

- Victoria produces 25% of Australia's wool (by value).
- Animal fibre exports from Victoria were valued at \$1.6 billion in 2015-16.

Figure 5: Growth of sheep exports in Vic, 2006-16

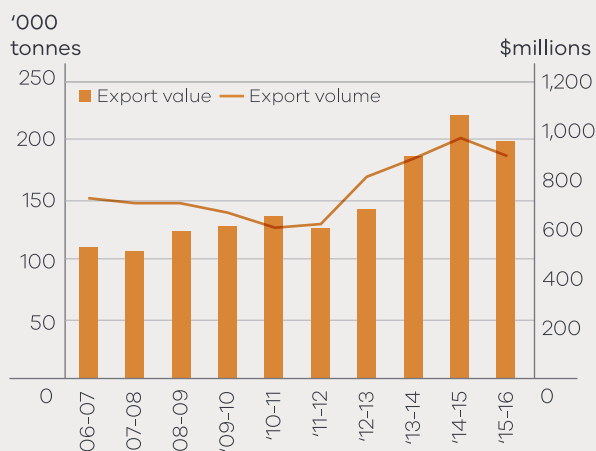
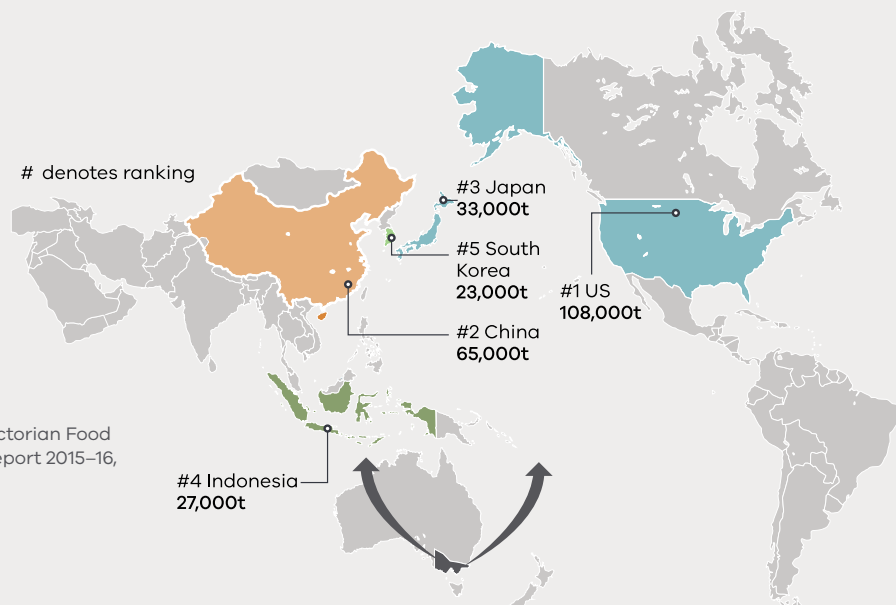


Figure 6: Australia's beef and sheep meat export markets.



Sources for this page: exports, Victorian Food and Fibre Export Performance Report 2015-16, ABS 5368 2006-16.

A wealth of skills and knowledge

Victoria has a number of top universities teaching specialised courses in agriculture and food processing. These are building the agronomic, scientific, technological and agribusiness capabilities of today's beef and sheep workforce and tomorrow's leaders.

Institution	Specialist Agriculture Courses
Skills Victoria Technical and Further Education (TAFE) Institutes e.g. The Gordon, Melbourne Polytechnic, Bendigo TAFE	Certificates and Diplomas in Food Processing, Food Science and Technology, Agriculture, Agribusiness, and Rural Operations
Rural Industries Skill Training	Certificates and Diplomas in Agriculture, Shearing and Wool Classification
RMIT University	Master of Food Science and Technology Bachelor of Science (food technology)
Victoria University	Bachelor of Applied Science (food science) Bachelor of Science (biotechnology)
The University of Melbourne	Master of Agriculture Sciences Master of Agribusiness Bachelor of Agriculture Graduate Diploma in Climate Change for Primary Industries Bachelor of Science (agricultural science)
Monash University	Bachelor of Food Science and Technology
Swinburne University	Certificate III in Rural Operations
Deakin University	Graduate Certificate of Agricultural Health and Medicine
La Trobe University	Bachelor of Agricultural Sciences Bachelor of Agriculture and Technology Bachelor of Business (Agribusiness)
Federation University	Certificate III in Agriculture Diploma of Agriculture Certificate IV in Wool Classing

Victoria also has a number of dedicated agricultural colleges such as Longerenong College and Marcus Oldham College.

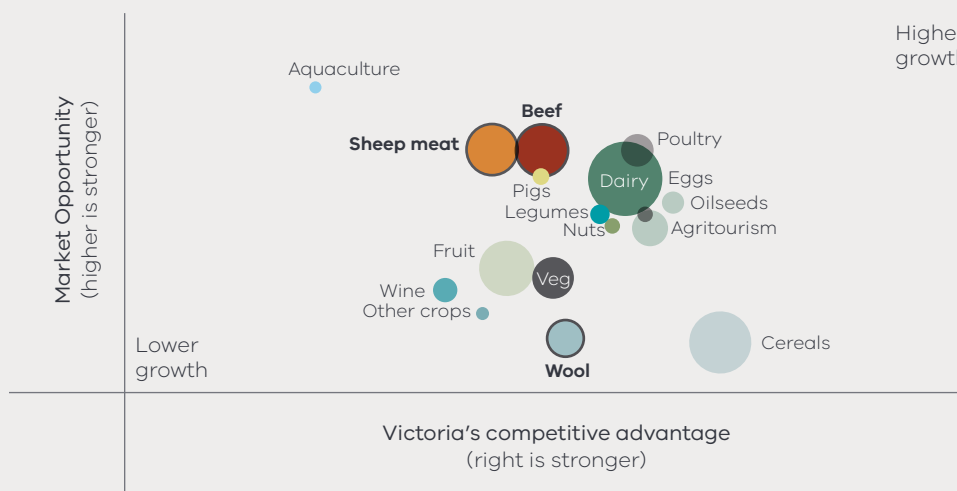
Victoria's beef and sheep growth opportunities

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An outstanding long-term outlook for Victoria's beef and sheep industries presents strong investment opportunities.

- Global demand for lamb and beef products and value add products will continue to increase as emerging economies in Asia and the Middle East increasingly adopt western diets and demand high quality, protein-rich meats.
- Strong domestic demand for beef and lamb is also set to continue in Australia, which is the second-largest consumer of meat in the world (per person) and the sixth-largest consumer of beef in the world (per person).
- Analysis by Deloitte Access Economics has identified the beef and sheep industries as two of the 'fantastic five' sectors of Victorian agriculture.²
- This assessment was based on the strong opportunity for the sector to grow in the longer term. The growth optimism was based on the strong global and domestic demand outlook – the world wants what Victorian beef and sheep industries produce and numerous factors of competitive advantage that Victoria enjoys over competing beef and sheep export nations (see diagram below).
- The chart below highlights the relative size of each agriculture and food processing sector (by the size of the bubble), the level of competitive advantage for each sector in Victoria (horizontal axis), and the opportunity for future growth based on long-term trends affecting domestic and global demand (vertical axis).
- This growth optimism makes it an ideal time to invest in the Victorian beef and sheep industries. These industries, with their strong competitive advantages, are well positioned to grow and continue to be competitive as demand for reputable and quality-assured meat products continues to rise.

Figure 7: Market opportunity and competitive advantage for Victorian agriculture (10 year estimate)



Source: Deloitte Access Economics

2 Deloitte Access Economics analysis

Investment opportunities in Victoria's beef and sheep industries

Global and domestic growth prospects for high-value meat products, combined with Victorian factors of competitive advantage, indicate that there are strong investment opportunities in Victoria. Below are just some of the many attractive investment opportunities.



1. Lamb production to supply emerging economies



Investment in response to growing demand from abattoirs for lamb.

Strong long-term demand prospects

- Victoria's abattoir capacity is expanding, illustrating the growing confidence that demand for lamb is set to grow in the future. An example is the recent Ararat Abattoir's \$800,000 upgrade and expansion to grow in an increasingly competitive international market.
- Increasing income in Asian economies is creating more demand for quality meat products.



2. Expand beef production



Investment in farm land, ways to improve the productivity of the land, and herd genetics.

Strong reputation for quality beef and long-term demand prospects

- Victoria's 'clean and green' reputation means that overseas markets trust Australian meat products.
- Emerging middle classes across Asia and the Middle East are demanding more quality beef and other meats.

The Victorian prime lamb industry produces high quality, naturally grown lamb products for domestic and export markets. – Invest Victoria

3. High-tech manufacturing



There is a strong opportunity to invest in technology that modernises existing food processors to create products for high-value target markets.

Victoria's strong manufacturing base

- Over 30 per cent of Australia's food processing RD&E occurs in Victoria. Its strong manufacturing base underpins opportunities in areas such as livestock and meat.

Almost 40 licensed abattoirs operate in Victoria

- Five licensed abattoirs operate in metropolitan Melbourne, and the rest spread across rural and regional centres including Warrnambool, Pakenham and Colac.

Victoria is a technology leader

- The highly skilled workforce in the agriculture and food processing sectors allows advanced technology transfer and adoption.

4. RD&E and technology throughout the supply chain



Investment to combine cost-competitive primary production, leading processing technologies and export market access.

Victoria's well-established RD&E sector

- Industry, Government and researchers have well-established research and development partnerships in Victoria. For example the *BESTWOOL/BESTLAMB* and *BetterBeef* networks connect individual producers and groups and provide them with access to industry research and activities that increase skills and knowledge.
- Investing in technologies that are energy and labour saving helps facilitate the industry's international competitiveness and assists in meeting the global demand for Victorian beef and sheep meat.

World-class biosecurity, food safety and regulatory systems.
– **Invest Victoria**

Examples of major beef and sheep companies in Victoria

Many top global companies have a presence in the Victorian beef and sheep industries, reaping the benefits which come with operating facilities in the region. According to IBISWorld and Deloitte's analysis, major beef and sheep companies in Victoria include:

Australian Lamb Company

The Australian Lamb Company Group is a lamb processor with facilities in Colac and Melbourne. From July 2016, the company expanded production to 2.8 million lambs per year, in response to a ten year deal to process lambs for major leading supermarkets across eastern Australia. The Australian Lamb Company Group also sells its lamb products to other retailers and wholesale outlets, and exports to 60 countries.

Ararat Meat Exports

Ararat Meat Exports is a Victorian-based meat exporter that sells high quality sheep and lamb products to countries including Russia, Algeria, Saudi Arabia, Libya, Iraq, Kuwait, the United Arab Emirates, Mexico, the Caribbean, South Africa, Malaysia, China, Taiwan, Korea and Singapore. The company processes around one million sheep per annum, and is Halal accredited to ensure its access to the Middle East and other export destinations with large Muslim populations.

Teys Australia

Teys Australia is the second-largest meat exporter and processor in Australia. Through its joint venture with Cargill Australia, Teys Australia operates six beef processing plants and three cattle feedlots. Teys Australia expanded in 2014 by acquiring a 20,000 head cattle feedlot in Charlton Victoria, and can now turn over more than 230,000 cattle annually.

The Midfield Group

The Midfield Group is a meat and dairy processing company based in Warrnambool, which employs 1,500 people in south-western Victoria. The Midfield Group processes 2.8 million beef and small livestock per year, and exports their products to 80 countries worldwide.



The Victorian Government can facilitate your next investment

The Victorian Government provides local and international investors with the information needed to establish or expand their business.

What the State Government of Victoria can provide

The Victorian Government's investment team provides free confidential services and professional advice to both existing and new investors. Invest Victoria is the first point of contact for new clients. It provides support to international investors, and can direct domestic clients to investment advisors specialising in Melbourne (Metropolitan Investment) or regional Victoria (Regional Development Victoria), including a dedicated Agribusiness Facilitation service.

Services include:

1. Help with your market-entry business case.
Our dedicated team will supply you with up-to-the-minute information on market potential, existing companies, research and development capabilities, labour market skills and costs.
2. Introductions to our great industry contacts and local suppliers.
3. Confidential expert advice to help support your choice of investment. Our experienced team can help you work through the formal approvals you might need and even visit potential sites with you and speak to estate agents on your behalf.
4. On-ground support for existing and local investors seeking assistance for their business expansion plans through our metropolitan or regional investment engagement teams. Support for international investors in their home market through our extensive network of international offices.
5. Introductions to contacts across all levels of government. Financial support to attract projects of strategic significance may also be available.
6. A large team of experienced local and overseas officers ready to give you the practical support you need to maintain your new project's momentum.
7. Investment facilitation specialists who can work with you in relation to sites, infrastructure connections and project approvals.

See the 'Who to Contact' section, on the next page, or visit: invest.vic.gov.au


Grants for businesses

The Victorian Government offers a range of grant programs to help grow Victoria's agriculture and food processing industries, infrastructure and supporting systems. To identify the programs most relevant to your project, contact us directly using the details on the following page, or browse the links below.

- Grants for the agriculture and food industries: agriculture.vic.gov.au/agriculture/food-and-fibre-industries
- Grants directed at strategic priorities, including food and fibre: invest.vic.gov.au/how-we-can-help/planning/incentives-grants-and-programs
- Grants focused on regional development: rdv.vic.gov.au
- Financial incentives offered under the Latrobe Valley Economic Growth Zone: lva.vic.gov.au/economic-growth-zone/
- Targeted programs to support business growth: business.vic.gov.au/support-for-your-business/future-industries
- Programs to support infrastructure or innovation: rdv.vic.gov.au/programs-and-grants

Further Information

This document is one of 16, which describe the investment opportunities in each of Victoria's agriculture and food processing industries and regions. The following documents are especially relevant to Beef and Sheep industries: Food Processing, Gippsland, Great South Coast, Central Highlands, Wimmera Southern Mallee and Victoria. These are available at the website below. This website also has an interactive map providing access to data on rainfall, production, processing, infrastructure, and other factors relevant to agriculture and food processing.

 invest.agriculture.vic.gov.au

Who to contact

All investment inquiries

Invest Victoria can put you in touch with the best advisors for your project:

 info@invest.vic.gov.au

 invest.vic.gov.au

Victorian regions

If you already know which part of regional Victoria you wish to invest in, you may wish to speak directly to Regional Development Victoria:

 rdv.vic.gov.au/contact-us

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