

Director, Aviation White Paper Project Office

Aviation White Paper

Department of Infrastructure, Transport, Regional Development, Communications and the Arts

GPO Box 594

CANBERRA ACT 2601

RE: Aviation Green Paper

Dear Director,

The Australian Meat Industry Council (AMIC) appreciates the opportunity to provide feedback on the Aviation Green Paper released by the government on 7 September 2023.

AMIC is the peak industry body representing 2,000 post-farm gate red meat businesses. AMIC members include meat processors, smallgoods manufacturers, boning rooms, cold stores, wholesalers and distributors, through to exporters and independent retail butchers.

The Australian meat supply chain makes a substantial contribution to the national economy each year. In 2021–22, Australia’s red meat and livestock industry turnover was \$75.4 billion which is 7.7% higher than revised 2020–21 figures and an increase of 10.7% on 2017–18 figures. Industry value add is the overall value of goods and services produced by businesses in an industry and Australia’s red meat and livestock industry value add was \$22.5 billion in 2021–22, 7% higher year-on-year. Australian red meat exports go to a broad range of markets globally via both sea freight and airfreight. Australia has distinct advantages in delivering high quality red meat protein to global markets. We are geographically located in the right region to access growing demand in the Asia Pacific and have world-leading hygienic production and shelf-life performance underpinning an expanding chilled meat trade.

However, despite these advantages, airfreight continues to present challenges for our industry. Many of these relate to capacity constraints that remain following COVID-19 travel restrictions and reduced flight numbers – both of which reduced overall air freight capacity. This led to airfreight rates skyrocketing during the COVID-19 period and have remained high still to today. Despite support from the Australian Government’s International Freight Assistance Mechanism (IFAM), the sheer lack of planes in the sky and flight cargo capacity has hit red meat exports to certain markets particularly hard. Additionally, despite increasing flight numbers post-COVID, shifts towards narrow body passenger planes by airlines has resulted in continued impacts to airfreight capacity, and therefore availability and affordability of airfreight options for meat exporters.

In addressing these challenges, it is crucial that government ensure that the improvement of airfreight capacity for time sensitive agricultural products is front-of-mind for the Aviation White Paper. And in doing so, the facilitation of access for additional airlines to our nation must be in scope. Action in this area will result in greater competition amongst airfreight providers and greater airfreight cargo capacity to encourage more options for exporters of time-sensitive chilled meat at rates that facilitate access to critical diversification markets.

An observation made by AMIC upon reading the Aviation Green Paper is that there is a favoured theme of focus on the implications of aviation settings for consumers and tourists. While AMIC appreciates the importance of this sector to the broader Australian economy, AMIC is strongly of the position that the paper must reflect more the importance of freight and trade in air services to the Australian economy, as in many cases, freight and trade in air services underpin the financial viability of flights and airlines.

The government's commitment to the delivery of a new Aviation White Paper that will be used to guide the recovery of the Australian aviation industry from the COVID-19 pandemic provides the perfect opportunity to investigate industry's current airfreight capacity needs and ultimately, implement policy and reforms that are necessary to meet those needs.

Similarly, as export meat supply chains seek to recover from COVID-related pressures and contribute to Australian agriculture's goal of a \$100 billion industry by 2030, the high-value nature of products requiring air freight capacity make it a vital link in the chain to help make this happen. For this reason, AMIC supports sensible reform of Australia's export airport's operating restrictions that would help create more international airfreight capacity into Sydney Airport.

Specifically, AMIC is aware of the complex layers of existing demand management schemes that Australia's airports are subject to. AMIC has been notified by these airports, most recently Sydney Airport, that these demand management schemes are impacting productivity and efficiency, because they prevent the limit of allocated flights per hour for these airports being achieved. These schemes are leaving an opportunity for modest capacity growth within the existing curfew and hourly movement cap.

Another initiative that AMIC is in broad support of is the work being done under the Simplified Trade System (STS) and its associated taskforce. The Aviation White Paper should ensure that its findings are aligned with and in support of the objectives being put forward by the STS taskforce so that it can take a holistic look at border systems and processes to modernise, streamline and reduce regulatory burden, duplication and costs rather than just minor changes to existing outdated systems. Importantly, the STS must also include funding and reform packages that look to make substantial, transformational improvements to the import and export processes and systems to modernise and streamline the export and import process. While there have been ad hoc modernisations and improvements in some aspects of the trade system, this has, at times, ingrained silos which result in duplication and inefficiencies that negatively impact all traders, including AMIC members.

The Australian agricultural industry and government have a joint goal of growing Australian agriculture to \$100 billion in farmgate value by 2030. To reach this value within the desired timeframe, the flow of product through the entire supply chain must be kept front-of-mind. For industry to meet these targets, it must, at the very least, have the ability to deliver export product efficiently and competitively to our trading partners. And having affordable access to increased freight capacity is pivotal in being able to do so.

It should be noted that the Australian red meat industry's highest value export products, chilled meat products, are transported overseas exclusively via air freight as sea freight logistics options do not

provide fast enough travel times for chilled product with time-sensitive shelf life. Meaning, access to additional air freight capacity would assist industry in delivering its highest value produce to our international markets.

Additionally, the restriction of cost-effective airfreight options to competitively deliver product to overseas markets threatens to undermine the benefits arising from the Australian Government's achievements in securing preferential free trade agreements with key trading partners and the industry's diversification of markets.

To reiterate the point, if we are not able to get our product effectively and competitively off our shores, many other important aspects of the industry's and government's efforts in international trade are sold short. Reaping the full gain from these trade agreements is paramount to achieving the industry/government goal of \$100 billion in farmgate value by 2030.

As such, AMIC encourages government to maximise airfreight capacity for Australian exporters where possible, including the facilitation of increased access to Australia for international airlines.

If you would value any additional feedback from AMIC in relation to this matter, please don't hesitate to contact Sam Munsie, General Manager – Trade and Technical Affairs, at smunsie@amic.org.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Patrick Hutchinson', is written over a light grey rectangular background.

Patrick Hutchinson

Chief Executive Officer, Australian Meat Industry Council

phutchinson@amic.org.au