

Committee Secretary
Senate Standing Committees on Rural Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

I refer to the Terms of Reference for the Rural Affairs and Transport References Committee's inquiry into Australia's live exports markets.

I am writing to make one simple point and that is to consider also the impact on consumers in the target markets such as Indonesia. Measures that artificially restrict supply can have a significant adverse impact on consumers with low income, many of whom are already experiencing malnutrition. The GNI/capita (using purchasing power parity (PPP) data from the World Bank) for Indonesia (\$3,720) is less than 10% of that for Australia (\$38,510). AusAID estimates that more than 13% (that's 32m) of Indonesians (240m people) live below the poverty line and many more just above it. FAO data indicates the average Indonesian consumes 56 grams of dietary protein/day compared with 106 grams/day for the average Australian. The malnutrition prevalence for Indonesian children is 35.6% (World Bank data) compared to less than 0.1% for Australia. The live cattle exports from Australia to Indonesia were part of the supply of protein for a country that has a large number of poor people, a shortage of protein and a malnutrition problem. Based on recent exports of live cattle, Australia has been supplying, through the live cattle trade, between 7% and 10% of the actual dietary protein use of Indonesians, and a much higher percentage of the protein for the poorest of the poor. An estimated 28% of beef consumed in Indonesia is imported.

The impact of the Australian ban and any plan to process cattle in Australia will be felt most by the poorest of the poor. These people will be unlikely to buy processed meat from Australia which will require refrigeration and be much more expensive. They may be able to source meat protein from other live cattle imported into Indonesia but costs are again likely to be higher with extra transport and quarantine restrictions constraining access. Against this background it's likely that supply based interventions in the trade of live cattle from Australia to Indonesia will have an adverse impact on living standards of the poor in Indonesia and increase malnutrition and death rates. Australia needs to be aware of this impact.

I suggest the impact of Australian interventions be considered by your inquiry in the context of Item 3 of your Terms of Reference, that is, 'other related matters'.

That's all.

Sincerely

David Michael
