



Response to the

Senate Standing Committee on
Rural Affairs and Transport

Inquiry and Report on
Improvements in animal welfare for
Australian live exports and related bills

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Introduction

The Pastoralists and Graziers Association of WA (Inc) (PGA) is a non-profit industry organisation established in 1907, which represents primary producers in both the pastoral and agricultural regions in Western Australia. On average, members of the PGA produce 30 to 40 percent of the Western Australian grain harvest per annum.

The PGA represents the majority of progressive Western Australian meat, wool and grain producers who believe in the benefits of competition and the reduction of government regulation within their industry. This includes pastoral leaseholders and free hold farmers through the full spectrum of ownership from some of Australia's largest corporate pastoral groups, to family-owned companies and trusts and individual landholders in Western Australia. The PGA Livestock and Pastoral Committees specifically represent the interests of Western Australian pastoralists and red meat producers.

General Comment on the Senate Standing Committee Inquiry

Rather than address all the questions posed by the inquiry, the PGA seeks leave to answer only those questions pertinent to its membership.

As a state farming organisation, the PGA is primarily and necessarily concerned with those issues arising from the conduct of agricultural pursuits within the state of Western Australia.

Other states have their own SFOs and government departments and agencies charged with looking after their own interests.

Whilst the PGA has much general knowledge on many of the issues the senate standing committee inquiry seeks information on, it may not necessarily have as much specific and detailed information as other organisations.

However, the PGA is affiliated with the Cattle Council of Australia, and the Sheepmeat Council of Australia. Western Australian sheep and cattle producers pay levies to Meat & Livestock Australia Ltd which company is charged with servicing the collective interests of producers through marketing, research, development and extension. Although the two councils mentioned above set the strategy and policy to be followed by MLA, the company is run on a day-to-day basis by independent company officers. As a company limited by guarantee, it has no shareholders in the conventional sense, but those red meat producers who register with the company can participate in the AGM of the company, in recognition of the levies they pay per head of animal production that supports the company in its activities.

The PGA understands that MLA is the only Australian based company that is actively investing in animal welfare outcomes in foreign countries. It does this to maintain access for Australian livestock exports to those countries that form a market for Australian livestock. As markets come and go, the reality is that these investments in animal welfare will remain after these markets close to Australian livestock. An example of this would be if Indonesia achieves self-sufficiency in cattle supply.



However, regardless of the motives for this investment, the result is a better and continually improving outcome for animal welfare.

Any simple historical analysis of the export of livestock from Australia will show an ever-increasing improvement in animal welfare outcomes that has travelled first from the farms and stations of Australia, to land transport, on ships, to overseas destinations.

It is well known that animals that do not reach their destination in same or near same condition as when they were consigned for transport lose their economic value. This is a powerful motivator for animal welfare and should not be overlooked in any argument, however emotional it may be.

It is not well known that mortality rates for livestock on sea transport to overseas destinations and markets is comparable to, if not better than, mortality rates experienced by human beings who may need to be hospitalised.

Undoubtedly, this is a result of the efficacy of the Australian Standards for the Export of Livestock (AESL)

The PGA endorses ASEL as they have been written after many years of research and development on behalf of industry and government. They have been proven over a number of years and are known to work. They are endorsed by depot owners, exporters, transporters and territory, state and federal governments. They are an exemplar of self-regulation.

The low mortality rates show that the current Australian regulatory arrangements are adequate and effective. AQIS surveillance ensures that non-compliant livestock are not exported and this process sends the correct messages to livestock producers who supply the export market.

It is the opinion of the PGA that the responsibility for animal welfare in overseas markets lies with the sovereign governments of those countries where the market exists. However, this does not mean that Australia should not seek to influence and guide improved animal welfare outcomes.

In fact, Regional Animal Welfare Strategies have been produced by the Australian Government and are published in foreign languages such as Indonesian, Malaysian, Thai and Tagalog (the Philippines).

Furthermore, the Australian Government has funded the Regional Animal Welfare Workshop in Bangkok and the OIE Global Conference on Animal Welfare in Cairo through the auspices of the OIE Regional Commission for Asia, Far East and Oceania.

The PGA believes that it is through government and non-government engagement in forums such as these that real, and long lasting improvements in animal welfare in overseas markets will be made.

The PGA has no doubt that the images of cruelty to animals shown on the TV program "Four Corners" supplied by animal activist group "Animals Australia" is an indirect attempt to stop the trade in livestock export rather than from any real interest in improving animal welfare outcomes.



Stopping livestock export is the stated policy of the RSPCA, who joined with Animals Australia to carry on a campaign of harassment and misinformation.

Having failed numerous times to find major fault within Australian systems of export of livestock, including land and sea transport, consignment building in live export depots and live stock handling during loading, the RSPCA and Animals Australia have moved off shore in order to damage the reputation of Australian business.

Consequently, it can be seen that the current situation has nothing to do with animal welfare; rather it is about organisations who are piqued that they have been unable to stop livestock export from Australia and are now unable or unwilling to admit that animal welfare outcomes under Australian influence are amongst the best in the world.

It is the PGA's view that both RSPCA and Animals Australia, and their animal liberationist fellow travellers must not have any input into any formal or informal monitoring and reporting structures. They have shown themselves to be antithetical to the livestock export industry, and in the case of the RSPCA, they have used their reputation to pursue an unworthy agenda.

Impact on the Domestic Livestock Production Trade

Although estimates can sometimes differ, the livestock export trade contributes somewhere between 9000 and 13,000 (Hassall 2006) jobs to the national economy, with many of those jobs in regions with limited employment alternatives.

The trade is of particular importance to the Kimberley region of Western Australia and in many cases, it is the main source of employment for indigenous communities. As an example, the Indigenous Land Corporation has invested heavily in a live export depot at Roebuck Plains Station on the outskirts of Broome. This facility provides training opportunities as well as employment for indigenous peoples.

Aside from the direct employment opportunities, the livestock export trade has a multiplier effect, providing employment for fuel merchants, road transport companies, contract mustering and fencing companies, all the way through to casual waterside workers who are employed at regional ports of embarkation for livestock.

The simple economic theory of comparative advantage explains why the export of live cattle to Indonesia is so successful.

Australia has an advantage in suitable land available for the grazing and progressive breeding of livestock, superior knowledge in animal husbandry and breeding practices, transport logistics and proximity to Indonesian markets. For example, the distance from Broome to Jakarta is 2122km and its unloading ports are closer than this. The distance from Broome to Perth is 2237km, an arduous road journey.

With respect to Indonesia, their comparative advantage is a large population who require employment opportunities. The cost of labour is less than Australia as is the cost of any regulatory burden placed on industry. Therefore, Indonesia has developed feedlots and



abattoirs that take advantage of what they are best at doing, whilst compensating for what they have least of, that is unoccupied land. To further this advantage, the Indonesian government has imposed a minimum weight limit of 350kg for live cattle imported into Indonesia. This is to ensure a ready supply of cattle for Indonesian feedlots.

In order to best cater for the specific requirements of the Indonesian market, producers in the Kimberley region of Western Australia have taken up the tropically adapted *Bos Indicus* breed. Increased use of the *Bos Indicus* breed has resulted in higher turn off and fertility, but without any environmental degradation. However, it is generally considered that the *Bos Indicus* breed has inferior meat quality compared to the *Bos Taurus* breeds that supply domestic consumption in Australia. This is not an issue in Indonesia as their methods of cooking and consuming meat do not follow the traditional European cuts of meat as seen in Australia.

Over the same period, the wider beef industry has made significant advancements in improving eating quality of processed beef in response to demand from domestic and export consumers. These divergent trends have seen clear market specifications in dentition, weight and breed content emerge for animals destined for live export to Indonesia as opposed to finishing for processing in Australia.

The changes that have occurred in the northern industry mean any transition from livestock export to the supply of chilled or frozen beef would require significant structural and genetic adjustment to the northern cattle industry.

It is also widely understood that livestock export provides a solid 'floor' in the market place and underpins the prices primary producers receive on the domestic market.

In a study commissioned by MLA in 2011, the Centre for International Economics (CIE) estimated that without the livestock export trade, average national saleyard prices for grazing cattle would drop by 4%, or approximately 7.8c/kg.

The most recent northern beef situation analysis report showed that the average beef cattle producers in northern Australia spent more than they earned in six of the past seven years.

This is not an uncommon agricultural scenario as most farming businesses generate 70% of their income in 30% of the years. This indicates that there is not sufficient 'fat' in the system for producers to absorb additional transport costs and lower prices that would be required to supply the processing sector. Given the tight economics of production, the response to an increase in cost and decrease in price is likely to be a decrease in supply.

The most severe impacts would be felt in those areas most reliant on the livestock export trade like the Kimberley and Pilbara regions of Western Australia.

Without the livestock export trade an additional 520,000 cattle Australia wide would need to be repositioned for processing. The movement of these cattle from the Kimberley region of Western Australia to southern WA would increase the transport cost to industry by \$80million. It would also put greater pressure on feed resources to add



weight to those stock. In rough terms, the number of cattle that would need to be accommodated in abattoirs is about twice the capacity of export abattoirs in Western Australia.

Due to the complementary but distinctly separate markets for beef and live cattle, the additional animals processed would need to be marketed into existing domestic and export market, lowering returns for producers.

The meat-processing sector in Australia is a highly competitive business. Its recent history in the north-west of Australia is one of closure. In Australia, those abattoirs that continue have a low margin of return that leaves them with a high exposure to volatile export markets and currency fluctuations.

To be successful, an abattoir needs have a low per unit cost of production. To achieve this, heavy carcass weights are necessary for economies of scale, as it costs the same to process a lightweight carcass as for a heavy weight carcass but with a lower return.

As mentioned above, Indonesian government weight restrictions mean that cattle would need supplementary feeding to supply consistent numbers of suitable weight animals to any local abattoir. This is a major structural adjustment for the industry

This is exacerbated by attracting and retaining skilled labour to what is essentially a 'noxious' trade. If an abattoir were to be built in the Kimberley or Pilbara region of Western Australia, it would have to compete for labour with the highly competitive and remunerated mining industry.

Other considerations would be the highly seasonal nature of weather patterns in the Kimberley region of Western Australia and the impact of this on roads and access and therefore the cattle supply to abattoirs.

It is apparent that any move to use cattle from the live export trade for boxed beef would incur all the extra on-costs associated with any value adding done in Australia. That is, the higher costs of labour and regulation are built into the retail costs.

That is why almost all Australian garment and shoe manufacture has moved off shore, for instance the iconic Blundstone boot is now made in China, as is the "Chesty Bonds" singlet.

Concluding Remarks

Australia has a strong and competitive meat processing industry that aggressively seeks new international markets. As an industry, they have not made significant inroads into the markets serviced by livestock export. Whilst complimentary, these industries exist independently, one from another.



The livestock export industry was pioneered by Australian business to overcome the decline in the fortunes in export abattoirs, the change in the terms of international trade and the rise of burgeoning Asian economies.

The level of investment in, the strength and the importance of this trade to rural Australia must not be under-estimated.

It is a sustainable industry that can remain viable as long as it is supported by continued good governance.

The PGA thanks the senate standing committee on rural affairs and transport for the opportunity to provide comment on improvements in animal welfare for Australian live exports and related bills.

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